

NORTH HERTFORDSHIRE DISTRICT COUNCIL



4 September 2020

Our Ref Cabinet – 04.09.20
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To: Members of the Cabinet:

Councillor Martin Stears-Handscorn, Leader of the Council (Chair)
Councillor Paul Clark, Deputy Leader of the Council, 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 as a

VIRTUAL MEETING

on

TUESDAY, 15TH SEPTEMBER, 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.	NOTIFICATION OF OTHER BUSINESS Members should notify the Chair 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 Chair will decide whether any item(s) raised will be considered.	
3.	CHAIR'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 Chair 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.	
4.	PUBLIC PARTICIPATION To receive petitions, comments and questions from the public.	
5.	ITEMS REFERRED FROM OTHER COMMITTEES Any Items referred from other committees will be circulated as soon as they are available.	
6.	COUNCIL PLAN 2021 - 2026 AND COUNCIL OBJECTIVES FOR 2021-2026 REPORT OF THE POLICY AND COMMUNITY ENGAGEMENT MANAGER This report proposes a refreshed Council Plan and process for finalising the Plan and corresponding appendices.	(Pages 5 - 24)

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| 7. | STRATEGIC PLANNING MATTERS
REPORT OF THE SERVICE DIRECTOR - REGULATORY | (Pages
25 - 34) |
| | To identify the latest position on key planning issues affecting the District. | |
| 8. | DRAFT DESIGN SPD
REPORT OF THE SERVICE DIRECTOR – REGULATORY | (Pages
35 - 100) |
| | To consider whether the Draft Design SPD be endorsed and approved for public consultation. | |
| 9. | FIRST QUARTER REVENUE MONITORING 2020/21
REPORT OF THE SERVICE DIRECTOR – RESOURCES | (Pages
101 -
114) |
| | To consider the First Quarter Revenue Budget Monitoring report 2020/21. | |
| 10. | FIRST QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2020/21
REPORT OF THE SERVICE DIRECTOR – RESOURCES | (Pages
115 -
146) |
| | To update the Committee on progress with delivering the Capital and Treasury Strategy as at the end of June 2020. | |
| 11. | MEDIUM TERM FINANCIAL STRATEGY
REPORT OF THE SERVICE DIRECTOR RESOURCES | (Pages
147 -
166) |
| | To consider the Medium Term Financial Strategy. | |
| 12. | COUNCIL TAX REDUCTION SCHEME 2021/2022
REPORT OF THE SERVICE DIRECTOR - CUSTOMERS | (Pages
167 -
176) |
| | To provide Cabinet with an update on how the Scheme is operating and consider whether any changes should be made to the Council Tax Reduction Scheme (CTRS) for year nine (2021/2022). | |
| 13. | CONSOLIDATION OF BUSINESS RATES AND COUNCIL TAX DISCRETIONARY POLICIES
REPORT OF THE SERVICE DIRECTOR – CUSTOMERS | (Pages
177 -
250) |
| | To compile and formally adopt the Business Rates & Council Tax Discretionary Policies in single documents. | |
| 14. | CARELINE FUTURE PROVISION
REPORT OF THE SERVICE DIRECTOR – CUSTOMERS | (Pages
251 -
258) |
| | To advise Cabinet of the current position relating to the potential expansion of the Careline Service. | |

15. 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).

16. CARELINE FUTURE PROVISION

REPORT OF THE SERVICE DIRECTOR CUSTOMERS

259 -

264

To advise Cabinet of the potential for an expansion of the Careline Service.

**17. LAND ADJACENT TO 1 NORTH END, KELSHALL, ROYSTON,
HERTFORDSHIRE**

REPORT OF THE SENIOR ESTATES SURVEYOR

265 -

290

To seek approval of terms to sell the land adjacent to 1 North End, Kelshall.

CABINET
15 SEPTEMBER 2020

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COUNCIL PLAN 2021-2026 AND COUNCIL OBJECTIVES FOR 2021-2026

REPORT OF THE POLICY AND COMMUNITY ENGAGEMENT MANAGER

EXECUTIVE MEMBER: LEADER OF THE COUNCIL

COUNCIL PRIORITY: BE A WELCOMING, INCLUSIVE, AND EFFICIENT COUNCIL / BUILD THRIVING AND RESILIENT COMMUNITIES / 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 proposes a refreshed Council Plan and process for finalising the Plan and corresponding appendices.

2. RECOMMENDATIONS

- 2.1 That Cabinet reviews and approves the draft completed Council Plan; which provides a summary of objectives and of activity to support the progression of following Council Objectives below (an amended first overarching Council objective whilst the other four remain the same); confirms the intention to amend,

- Be a welcoming, inclusive, and *efficient* **council**,
- Build thriving and resilient **communities**,
- Respond to challenges to the **environment**,
- Enable an enterprising and co-operative **economy**,
- Support the delivery of good quality and affordable **homes**.

- 2.2 That Cabinet reviews and recommends to Full Council the adoption of the following:

- Appendix A – Council Plan 2021 -2026
- Appendix B – Proposed Actions
- Appendix C – Achievements

3. REASONS FOR RECOMMENDATIONS

- 3.1 The Council plan is a key element of the corporate business planning process, as a high-level strategic document it sets out the Council's priorities for the next year. As an overarching policy framework document, it guides and influences the use of Council resources; providing a focus for activities, plans and services the Council provide. The draft Council plan has reflected the amendment to the first overarching Council Objective.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 That the objectives remain as they are, but this does not reflect the importance of the Council continuing to transform to become more efficient.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 No external consultation has been undertaken in the preparation of this report. The administration has considered and proposed a revision to the overarching objective of '*Be a more welcoming and inclusive council*' to '*Be a welcoming, inclusive, and efficient council*', which has been approved by this Cabinet. For the full draft, the Council Plan has been amended to reflect the change from the Chief Executive and Deputy Chief Executive to Managing Director organisational change. Executive Members have now considered the proposed actions against the priority areas with the Senior Leadership team. A Member workshop took place in August 2020 to consult and agree the outcomes for each of the objective priority areas. The final draft Council Plan will be considered at the Cabinet Meeting in September and thereafter recommended to Full Council.

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 The Corporate Business planning process dictates the Council's high-level objectives are determined alongside consideration of budget position (Medium Term Financial Strategy) of the authority.

8. RELEVANT CONSIDERATIONS

- 8.1 At the time of adopting this Council Plan, the Council is continuing to work hard to respond to the COVID-19 coronavirus pandemic, with much of our resource dedicated to maintaining Council services and supporting the most vulnerable in our communities. Once the restrictions imposed in response to the pandemic begin to relax, we will also need to continue to support the recovery of impacted services, the operation of the Council and the on-going community recovery. This work will take precedence over the proposed activities and projects set out in the Proposed Actions document, but where we are able to progress items we will endeavour to do so. As the length of the pandemic and the recovery are unknown the timescales for the below activities and projects are subject to change.
- 8.2 The plan identifies the actions the Council will carry out to ensure the Council Plan is being delivered. Budgets must then be allocated to enable their achievement; this is known as 'policy led' budgeting and enables the authority to best reflect not only services it must deliver by statute, but those over which it has a degree of discretion.

8.3 The Council Plan also therefore needs to reflect any recent changes in:

- Legislation, which may require changes to existing services, or delivery of new services.
- Capacity, the Authority has continued to deliver staffing efficiencies which reduces capacity whilst statutory requirements placed on the authority have continued to rise.
- Financial constraints – work on the future funding of Local Authorities through a Fair Funding Formula and 75% retention of Business rates has not progressed in line with the original timetable. Alongside the delay to Central Government carrying out a Spending Review, this means that there is significant uncertainty over funding over the medium term. This is covered in more detail in the Medium Term Financial Strategy (MTFS) but means that the Council has to prudently plan what it can afford to deliver until there is greater certainty.
- Population – the need to plan for an ageing population which requires health, social care and Council service providers to consider how necessary support can be provided together.
- Patterns and location of deprivation have changed in the past five years (evidenced by the Indices of Multiple Deprivation) so we should ensure that our services, and how they may be delivered, respond accordingly to these; in times of increased financial constraint it is all the more important that limited resources, both those of the Council and its partner agencies working in the local community, are directed to areas of greater need.

8.4 The Council Plan highlights key issues and aims of the district. The plans set out the context in which the local authority operates, its ambitions, and the links to the Medium-Term Financial Strategy. The format of the plan has been reviewed to provide an easy summary of key information. The Council plan will inform the subsequent agreement of the service plans as prepared by directorate within the Council; setting out each service, team and individual's objectives. Having considered the relevant factors, the Council Objectives for 2021-2026 are to be the following:

- Be a welcoming, inclusive, and efficient **council**,
- Build thriving and resilient **communities**,
- Respond to challenges to the **environment**,
- Enable an enterprising and co-operative **economy**,
- Support the delivery of good quality and **affordable homes**.

8.5 Subject to Cabinet's consideration, the Council Plan at Appendix A will be referred to Council for adoption. All projects included in the Corporate Plan will be subject to the provision of sound business cases with specific targets established as they are introduced. The Council's performance against these will be monitored and reported on a regular basis.

9. LEGAL IMPLICATIONS

9.1 Cabinet's terms of reference include at 5.6.35 the power, by recommendation "to advise the Council in the formulation of those policies within the Council's terms of reference".

- 9.2 Full Council's terms of reference provide "approving or adopting the policy framework which at 4.2.1 (f) include "Priorities/ Objectives for the District." The Council Plan 2021-2026 at Appendix A represents the objectives and priority areas of work
- 9.3 The corporate objectives agreed for 2021-2026 onward will provide high level reference points that will assist the Council making clear and effective decisions

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from the specific change to the overall Plan proposed by this report. Indeed, the proposal to add "efficient" to the first objective reflects the forecast financial constraints that the Council will face and the need to respond to these. The Council Plan is supported by the proposed actions in Appendix B. These actions have been substantially updated from the previous Plan. As the Council goes through the budget-setting process for 2021/22 and beyond, there may be a need to prioritise how and to what extent those actions can be delivered. This report is considered alongside the Medium-Term Financial Strategy, which sets out the forecast financial context. The Council will continue to face difficult spending decisions in view of the current pandemic, 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.

11. RISK IMPLICATIONS

- 11.1 Adoption of the Council Plan and within it the Council's objectives for 2021 – 2026 commences the Council's Business Planning processes for the next financial year. A robust Corporate Business Planning process that links the Council Plan with the Medium-Term Financing Plan is an important component of managing the Council's identified Corporate Risk of "Managing the Council's Finances".

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 In setting its Council Objectives, the council is seeking to address equality implications in the services it provides and through the remainder of the Corporate Business Planning Process will carry out Equalities Impact Assessments for those Efficiency or Investment options that are taken forward.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. Environmental impacts assessments will be carried out against the relevant proposed actions as they reach fruition in the civic year.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no additional human resource requirements arising from this report other than the capacity issue raised at paragraph 8.3. The resources needed to deliver services are considered and addressed through the Corporate Business Planning process. Once these objectives are agreed for retention, then these will be cascaded to staff with several reminders via Insight, the SCF and the intranet.

16. APPENDICES

- 16.1 Appendix A – Revised Council Plan 2021 - 2026
- 16.2 Appendix B – Proposed Actions 2020
- 16.3 Appendix C – Achievements

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 Previous Cabinet report 21 July 2020: [COUNCIL PLAN 2021-2026 AND COUNCIL OBJECTIVES FOR 2021-2026](#)

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DRAFT Council Plan

Working with our communities, it's Your Council

Foreword by the Leader

In this plan our administration is demonstrating how we are continuing to keep the promises we made to you, our residents, in the last election, now taking into account the need to continue to keep residents safe and give support to our local businesses as we respond to the pandemic.

In putting the plan together, we have again sought to use the skills and insights of all our councillors, working with the professional advice of our officers.

We trust you will find the plan readable and find in it a clear understanding of our vision and priorities as we ensure your Council provides the best services, we can within the constraints of continuing government cuts to our resources.

Martin Stears-Handscomb

Leader of the Council

Introduction by the Managing Director

The Council Plan and the Objectives are the cornerstone for how we organise and undertake our work. The Plan provides the policy context for our budget setting, shapes the services that we provide and how those services are delivered to the community.

This Plan is of course being published whilst we are still responding to the Covid-19 pandemic and we will have to be flexible on how we deliver our services and objectives whilst the pandemic is ongoing.

Our recent Corporate Peer Challenge has identified some really exciting and interesting opportunities for the Council and our community, and I look forward to working with colleagues, councillors and the community as we develop those ideas.

Anthony Roche

North Hertfordshire District Council's Managing Director

DRAFT Council Plan



Our Values

We will operate in line with the principles of a co-operative council. The Council will be one that builds the co-operative values of mutual support, accountability, fairness and responsibility into everything it does.

Our Organisational Values are expected to be demonstrated by staff whilst delivering Council services. These values are embedded in our appraisal system to ensure our plan is delivered in a co-operative manner. The values ("We are") are matched with corresponding behaviours for staff ("I am"). The values and behaviours are:-

DRAFT Council Plan



Purpose of the plan

The Council plan sets out the priorities that the Council will address over the next five years. The plan also lays out how North Hertfordshire District Council will achieve its aims for the district. Appendix A sets out the administration's proposed actions and these will be supported by the more detailed Service Delivery Plan and supporting Action Plans on how these Objectives and actions will be delivered by the individual service areas. Appendix B also sets out the achievements of the Council in 2019/20.

Vision

To make North Hertfordshire a district in which everyone who lives, works or visits is able to flourish.

Objectives

- **A welcoming, inclusive, and efficient council,**
- **Build thriving and resilient communities,**
- **Respond to challenges to the environment,**
- **Enable an enterprising and co-operative economy,**
- **Support the delivery of good quality and affordable homes.**

DRAFT Council Plan

Objectives

Objective One - Be a more welcoming, inclusive and efficient council

This means:

We will engage with and welcome the contributions of residents, community groups and businesses; working collaboratively with local people.

Objective Two - Build thriving and resilient communities

This means:

We will work on frequent and regular opportunities to improve the partnership and relationship that the Council has with local citizens. Some of this will be achieved by change in culture, tone and communications but more will be done through direct measurable activity, intervention and consultation.

We will develop a range of innovative ways in which local communities, from small groups to whole towns and communities of interest can be encouraged to become more involved in supporting, planning, improving and maintaining local environments.

This work stream will focus particularly on engaging with young residents and those who are disadvantaged or in any way socially excluded, to ensure such innovations are fit for the future and imaginative in concept and delivery.

Objective Three – Respond to challenges to the environment

This means:

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.

Objective Four: Enable an enterprising and co-operative economy

This means:

We will aim to become an increasingly innovative and inclusive Council, committed to generating community wealth, by seeking commercial and investment opportunities and through proactive engagement with a wider range of small and medium sized businesses to build a sustainable local economy. We will continue to engage with residents, staff and Councillors to continue to embrace modern working practices through the use of IT and a commitment to working towards a paperless Council whilst increasing the efficiency of services and access to them by residents.

DRAFT Council Plan

Objective Five - Support the delivery of good quality and affordable homes

This means:

We will enable and support the delivery of good quality and affordable homes in the district, ensuring both new and existing housing is fit for purpose, including a commitment to consultation and ensuring communities have the infrastructure they need. We will build more effective relationships with local housing associations and recognise our role in the fight against homelessness. We will continue to support Parishes with Neighbourhood plans.

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Council Plan – Proposed Actions

Objective One: Be a welcoming, inclusive, and efficient council

1. Continue to ensure that individuals and community groups presenting petitions, grant applications, opinions or objections to Committees, Cabinet and Council are treated as welcome guests at all times; that Chairs are encouraged to take a flexible and enabling approach to their participation.
2. Maintain our programme of regular engagement and survey activities which will enable us to measure progress in how the Council's work with residents and community groups is perceived, and how it encourages new ideas for improvement.
3. Continue to review the 3C's (Comments, Compliments, and Complaints) Policy and where appropriate act on feedback from customers.
4. Trial a range of additional online activities for events such as Holocaust Memorial Day (HMD), Local Democracy week (now will be Parliamentary Week), Chair's Reception/Volunteer Awards, Town Talks, Village Voices, Cabinet Question Times, Young People's Question Times, and Village Talks.
5. Launch the established Community Engagement and Co-Operative Development Cabinet Panel to give local organisations and residents a district wide voice on strategic decisions.
6. Encourage young people to become more involved in local democracy through increased work to promote local democracy week, working with youth councils, schools and youth clubs as well as other organisations working with young people.
7. Encourage councillors to actively engage with children and young people to enable them to have a voice and better influence decision making.
8. Ensure that we maintain access to our services for all residents.
9. Ensure that all parts of the district are given opportunities to participate fully in a range of engagement activities such as both general and subject specific Town Talks and Village Voice forums, as well as all-party councillor surgeries, whether remote or in person.
10. Ensure that new and existing councillors are offered a range of opportunities to become fully equipped to help residents through induction and on-going development opportunities in all aspects of their roles, including the use of remote (Zoom) meetings for Council and Community Engagement purposes, accessing Local Government Association learning platforms, and other relevant training modules.
11. Undertake some specific work to ensure that we find new and innovative ways to ensure the involvement and engagement of our Black and Minority Ethnic (BAME) communities in Council work, to include learning and development from the Black Lives Matter (BLM) Movement and other relevant bodies.
12. Continue to value our staff and the staff of our contractors, who are also part of our community.
13. Continued focus on delivering services as efficiently as possible, but mindful of potentially significant reductions in our funding. Any fundamental budget reviews will involve public consultation to help identify the services that residents value the most.
14. Continue to ensure that the Council's website encourages public use and engagement, particularly in relation to high use areas.

Objective 2: Build thriving and resilient communities

15. Continue to work with the full range of voluntary and charitable organisations both during Covid-19 and afterwards to assist with the needs of all local residents in terms of food, housing and financial assistance.
16. Ensure that we have the best possible officer and member-led partnership working with the County Council and the Police and others, to ensure that the views of the public are heard and that partners are fully engaged on matters of local priority.
17. Ensure that the public and councillors are fully aware of the District Council's remits and initiatives in Community Safety Matters including: Health and Wellbeing, Safeguarding and Community Safety concerns (such as environmental crime and other types of anti-social behaviour).
18. Work with our Executive members (Community Engagement and Co-operative Development) to promote and support Arts & Culture across North Herts including the Hertfordshire Year of Culture 2020 activities which have been postponed due to Covid-19, and encourage outdoor visual and performance art.
19. Exploring opportunities for funding the Healthy Hub and its associated activities such as inter-generational work and support for carers and people living alone, from its current remote status back to active community engagement as soon as this is possible.
20. Review all charges for council services and introduce concessions where they're needed and it's possible.
21. Aim to restore indoor and outdoor leisure facilities as rapidly as can be achieved safely, to reflect their importance as a community asset.
22. Deliver Council-led community safety events across the district to raise public awareness and address specific issues such as dog fouling, fly tipping, household waste duty of care, and other community and environmental issues.

Objective 3: Respond to challenges to the environment

23. Set up a community tree planting programme to provide 10,000 whips and help the residents of North Herts plant them and care for them.
24. Set up a Climate Change Partnership, working with the community to develop and promote schemes and ideas to deal with Climate Change across the district.
25. Rewild areas of council land including wildflower areas and bee corridors and support the setting up of community orchards and gardens, consulting with residents as necessary.
26. Identify the Council's current carbon footprint and set a target for the reduction of the council's own carbon emissions (compared with a 2019/20 baseline) for this year and the following four years and review annually.
27. Further involve local people in the discussion around the Climate Emergency and the necessary plans and actions to tackle it, by Town Talks & Village Voice forums around the district focussed on Climate Change.
28. Hold Waste Electrical and Electronic Equipment Events (WEEE) for people to dispose of their electrical equipment for recycling or repurpose. This will take the form of one event per town, per year, once the pandemic is over. We will investigate large village venues too.
29. Roll out the separated recycling bins across the district (including bins in parks and green spaces) not just in Hitchin and Royston.
30. Run campaigns to improve rates of recycling and composting across the district.

31. As part of the 'Sustainable North Hertfordshire', work to include the development and support of policies that encourage electric vehicle use and other 'cleaner air' initiatives. This includes the issue of bus and car idling, particularly outside schools and on taxi ranks.
32. Continue to oppose the adverse environmental and transport impacts of the current planned expansion of Luton Airport Expansion upon North Hertfordshire.
33. Work to progress the implementation of a better cycle network in North Herts, linking the District and beyond.
34. Introduce trial/experimental Electric Vehicle (EV) charging points in North Hertfordshire.

Objective 4: Enable an enterprising and co-operative economy

35. Ensure that the Council's income generating activities should never look to disadvantage non-profit or charitable community groups out of principle.
36. Explore how the 'real living wage' could be incorporated into NHDC contracts.
37. Develop and support projects that not only provide good value for the council, but which also have a clear community and social benefit.
38. Support business rates reform with particular regard for small business and the self-employed and protect the services provided by the Council to its communities.
39. Work with BIDs (Business Improvement Districts) and other town partnerships to relaunch and recover our local economy.
40. Promote and support the creation of cooperatives and community interest companies.
41. Support different ways of trading as we develop a new normal, including the creation of flexible workspaces and business hubs.
42. Continue to expand promotion of Credit Unions and advice organisations particularly in light of the current economic uncertainty.
43. Investigate how to promote a local, ethical supply chain to benefit local businesses.
44. Promote and support local people to complete applications for assets of community value through the development of sustainable, alternative business models, such as co-ops or Community Interest Companies.
45. Continue our support and give advice to local organisations on apprenticeships.
46. Continue to pursue the possibilities for renewable community energy schemes.
47. Improve and simplify the means for Council car parking payments, including investigating the possibility of introducing pay on exit parking at NHDC car parks.

Objective 5 - Supporting the delivery of good quality and affordable homes

48. Assess and plan for current and future housing needs for the local population (development of the Local Plan and promotion of Neighbourhood Plans).
49. Continue to build strong relationships and to work with our local social housing providers to build new 'General Needs' housing, and to work together to support initiatives/institutions which provide for the needs of those most vulnerable in our society.
50. Seek opportunities to support new co-operative and community-led housing schemes, in line with our commitment to engage with communities and work with our residents.
51. Seek to drive up the quality of existing housing for all residents through the disabled facilities grants (via Hertfordshire Home Improvement Agency - HHIA) and the Home Improvement Grant (HRG).
52. Actively work with and support SADA (Survivors Against Domestic Abuse) who provide help to the victims of domestic abuse in ensuring the victims get the housing support they need.

53. Encourage local Housing Associations to implement robust tenant engagement policies that enable all tenants to have their voices heard on the management of their homes.
54. Work jointly with our partners to prevent homelessness and support the development of a new homeless shelter in Letchworth.
55. Develop and implement a cohesive Empty Homes strategy.
56. Urge any new developments to include and deliver the appropriate infrastructure (e.g. roads, education, health care), include links to existing communities, and implement high standards in quality, design and environmental standards.
57. Work robustly to deal with and address statutory nuisance.

Objective One - Be a more welcoming and inclusive council:

The Council has created a programme of regular engagement and begun survey activities which will enable us to measure progress in how our work with residents and community groups is perceived, and how it encourages new ideas for improvement.

We have expanded the use and promotion of Town Talks and Councillors' Surgeries. Since the COVID-19 pandemic this has included the use of virtual Town Talks and Councillors' Surgeries which has helped to engage demographics which have typically interacted less with these activities.

Throughout the lockdown, we have worked with our IT and Committee Services staff to ensure that our democracy continues through video conferencing and public streaming of meetings on our YouTube channel.

The Council is in the process of implementing a "customer account" for customers to access specific information relating to them and to enable them to transact with the Council from a single log-on.

The Council is testing and in the process of implementing a Chatbot on our external website for online assistance for residents.

The Council has joined the Co-operative Councils Innovation Network (CCIN), declared itself a Co-operative Council, and used funding from the CCIN to develop our engagement with Young People in the District and to prioritise work on Enterprise and Co-operative Development.

Objective Two - Building thriving and resilient communities

The Council has created a programme of regular engagement and begun survey activities to measure progress in how the Council's work with residents and community groups is perceived, and how it encourages new ideas for improvement.

The Council has established productive and active engagement with young people across the District, including engagement with YC Herts and their Youth Council. It also engaged young people in events for Local Democracy Week.

The Community Safety team have assisted Councillors in re-establishing regular communications with police and other community safety partners.

Amidst the COVID-19 pandemic, the Council established the Community Support Fund in order to ensure the continued functioning of community groups who had come under pressure as a result of the crisis. The Council has provided funding through this to groups working on food provision, mental health support, and domestic abuse support, and continues to do so in order to ensure the resilience of our communities.

Objective Three - Responding to challenges to the environment

At the Annual Meeting we declared a Climate Emergency, set up a Cabinet Panel on the Environment, and have since made progress on reducing the Council's carbon footprint, ensuring the Council uses renewable energy and "greening" the Council.

We have introduced concessions for taxi drivers who use hybrid or electric cars and are working towards a completely electric fleet.

We reversed the previous administration's policy of reducing waste and recycling collections for flats, etc. and made progress in tackling the failings of the Waste Contract.

Under consideration is having Ultra Low Emission Vehicles for all future operational vehicles leased or purchased by the council and encouraging contractors to adopt similar measures.

The Council have begun exploring opportunities for tree planting throughout the district and have conducted meetings with the Woodland Trust in order to explore how best to do this.

The Council is working on establishing its carbon footprint in order to move towards our net zero carbon by 2030 target. We have gone through the procurement process and selected a consultant who has now begun undertaking this work.

The Council has reviewed our approach to air pollution and taken action to limit idling, particularly outside schools.

The Council established Waste Electrical and Electronic Equipment (WEEE) Events, to help residents dispose of their electrical equipment to be repurposed/recycled. These events have currently been put on hold due to the pandemic.

The Council have explored ways to encourage local communities to take some responsibility in supporting, improving, and maintaining their local environment. For example, we have made it easier for residents to access litter picking toolkits and equipment.

Through the Environment Panel, the Council has consulted and engaged with the public and with interest groups on strategies for tackling challenges to the environment and on achieving net zero carbon emissions by 2030. It will continue to do this.

The Council has switched to renewable energy sources for our buildings' gas and electricity.

As part of our work on sustainable transport, the Council have conducted a public consultation to inform the development of the Electric Vehicle Strategy (found here: <https://www.north-herts.gov.uk/home/council-and-democracy/consultations/electric-vehicle-strategy-consultation>), and has outlined an Electric Vehicle Charging in Town Centres Policy here: <https://www.north-herts.gov.uk/sites/northherts-cms/files/North%20Hertfordshire%20District%20Council%20Operational%20Guidelines.pdf> <https://www.north-herts.gov.uk/home/council-and-democracy/consultations/electric-vehicle-strategy-consultation>

The Council ended the program of removal of equipment from play areas with the exception of any locations where there was local support for removal. For example, in June 2019 new play and fitness equipment was installed at Priory Memorial Garden in Royston.

We have worked with Stevenage Leisure Limited (SLL) to begin eliminating single use plastics from Leisure Centres and Swimming Pools. Blue plastic overshoes were removed from Royston Leisure Centre and Hitchin Swim Centre on 13/12/2019 and 24/02/2020 respectively.

Concessionary charges for garden waste collection for vulnerable residents were agreed in August 2020. The ability to pay for collection by direct debit has been agreed and may be implemented in August 2020 depending on capacity amid the current pandemic.

Council led environmental health action days (including dog fouling, fly tipping, dumping of waste), such as those held on the 9/12/2019 in Letchworth and the 3/12/2019 in Hitchin. <https://www.north-herts.gov.uk/environmental-action-day-comes-letchworth>

Objective Four - Enabling an enterprising and co-operative economy

The development of a Property Acquisition & Development Strategy with a view to its adoption by NHDC for the next 5 years. The key elements of the Strategy are:

- NHDC's core goal and objectives for property acquisitions and developments.
- Funding the acquisitions and developments.
- Risk management and governance.
- Due diligence.

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ('the Regulations') came into force on 4 April 2020. The Council has therefore put in place arrangements for meetings to be held remotely in line with these new regulations. Council meetings are also available to view on YouTube.

During the full implementation of the national lockdown, staff were able to transition to full homeworking with minimal disruption to services, with the ability to access systems online and use video conferencing to conduct internal and external meetings.

The Council has established the Cabinet Panel for Community Engagement and Co-operative Development.

Objective Five - Supporting the delivery of good quality and affordable housing.

The Council has continued to look at opportunities to make infrastructure more ecologically friendly. Examples include the planned pedestrian/cycle bridge over the A505 at the A10 roundabout, as well as new bicycle racks across the district.

The Council has continued to support and progress the development of John Barker Place.

A review of the Planning Code of Good Conduct was completed and presented at the Council meeting in January 2020.

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CABINET 15 SEPTEMBER 2020
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*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: STRATEGIC PLANNING MATTERS

REPORT OF: SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR PLANNING & TRANSPORT

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

<p>1. EXECUTIVE SUMMARY</p> <p>1.1 This report identifies the latest position on key planning issues affecting the District.</p> <p>2. RECOMMENDATIONS</p> <p>2.1. That the report on strategic planning matters be noted.</p>
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3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

4.1. None

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1. The Executive Member for Planning 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 ongoing Local Plan 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. **Welwyn Hatfield** – additional virtual hearing sessions took place during July and August. An indicative [timetable](#) has been published for the next stages of the examination, including further Hearing Sessions in 2021.
- 8.2. **Central Bedfordshire** – A [consultation on additional evidence](#) ran for eight weeks from 18 June 2020 to 12 August 2020. The consultation documents included technical papers on housing, transport and employment and an updated sustainability appraisal. Following submission of the above consultation responses to the Planning Inspectorate Central Beds are now waiting to hear if further Hearing Sessions are required later in the year.

North Hertfordshire Local Plan

- 8.3. The Council's response to the latest household projections and updated information on housing land supply have been submitted to the Inspector under the delegated powers granted by Full Council in April 2017 and with the agreement of the three political group leaders on the Local Plan Project Board. These responses have been [published on the Council website](#) (refs ED191A and ED191B).
- 8.4. In summary, they propose that the housing requirement in the Plan is reduced to 13,000 homes over the period 2011-2031 (vs. 15,950 in the version submitted for examination in June 2017). However, no changes are proposed to the draft housing allocations. This reflects that the expected delivery of some proposed allocations will now extend beyond 2031, allows for an increased level of flexibility in current circumstances and seeks to ensure that Government requirements relating to housing delivery can be met on an ongoing basis providing greater protection against development on unallocated land.
- 8.5. Following this, the further hearing sessions for the North Hertfordshire Local Plan - originally to be held in March 2020 but postponed due to the coronavirus pandemic - have now been re-scheduled to commence on Monday 28 September 2020. The sessions will take place 'virtually' and will take place over the following dates:
- Monday 28 September - Thursday 1 October
 - Monday 12 October - Friday 16 October
 - Monday 19 October - Friday 23 October

- 8.6. The Inspector issued his Further Matters, Issues and Questions (MIQ's) in January for the hearing sessions which were to be held in March. He has received and read all of the hearing statements submitted in response to those Further MIQ's and he will take them into account when reaching his conclusions concerning the soundness of the Local Plan.
- 8.7. However, some of the questions in his Further MIQ's have been superseded with the publication of further evidence documents. This has necessitated an update to the Inspector's Further MIQ's and the Inspector is now inviting hearing statements in response to these updated questions.
- 8.8. The Inspector's Guidance Notes, Inspector's Further MIQs and Draft Hearings Programme can be found at <https://www.north-herts.gov.uk/planning-policy/local-plan/local-plan-examination/further-hearing-sessions-2020/further-hearings>
- 8.9. A finalised programme and information on how the sessions will be delivered virtually will be provided by the Inspector in due course.

Neighbourhood Plans

- 8.10. An examiner was appointed in July 2020 for the Baldock, Bygrave and Clothall Neighbourhood Plan and has undertaken the examination for the neighbourhood plan. The examiner's report has been received and the next steps are the subject of further discussion with Bygrave Parish Council and the Neighbourhood Planning Group. Any further updates will be provided at the Cabinet meeting.
- 8.11. Consultation on a draft neighbourhood plan for Ashwell has been undertaken by the Parish Council. The original consultation deadline has been extended to 14 September 2020. The Council's response is being prepared and any update will be reported verbally to the meeting.

Government announcements

Planning for the Future White Paper

- 8.12. The [Planning for the Future White Paper \(August 2020\)](#) proposes comprehensive reforms to the planning system. Key proposals include:
- Local Plans based on a zonal system, categorising land into one of three categories: Growth areas, Renewal Areas and Protected Areas. The designation of such areas would provide the basis for whether planning permission would be granted on a given site.
 - Local Plans to be developed and agreed within 30 months (or 42 months from adoption where a Plan is at examination when the proposed new system takes effect). This would be enabled by a streamlined process and assessed against a single statutory Sustainable Development test. The existing tests of soundness and Duty to Cooperate would be abolished.

- The standard method for assessing local housing need would be amended, establishing a standard requirement that is binding. This would be for a minimum of ten years.
- A review of affordable housing thresholds to support Small and Medium Enterprise (SME) developers, possibly increasing the threshold above which affordable housing is required.
- Removal of Section 106 legal agreements and the Community Infrastructure Levy (CIL) to facilitate the creation of a nationally set Infrastructure Levy for developer contributions.
- A rules-based system with the use of design codes.
- Development management policies in Local Plans would be set nationally and would not be included in Local Plans.
- A more digitally focussed and visual planning system to encourage greater public participation.

8.13. Consultation on the White Paper closes on 29 October 2020 and Members will be given an opportunity to contribute to the Council's response.

Amendments to the Use Classes Order

8.14. The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 came into force on 1 September 2020. This marks a radical reform of the planning system by way of amendment to the use classes which categorise land use types. By broadening the range of uses within the use classes in this way, it reduces the need for planning permission, providing greater flexibility between uses. This is part of a wider range of measures by Government to respond to the Covid-19 pandemic, however the changes represent a permanent change to the planning system.

8.15. The changes are as follows:

- Class E: 'Commercial, service and business class': this combines Use Classes A1-A3 (retail, financial/professional services and restaurants), B1 (office), parts of D1 (health, crèches and nurseries) and parts of D2 (indoor sports and recreation). Any changes between these Class E uses are no longer considered as development and no permission is required.
- Class F: 'Community and learning' (this is in 2 parts):
 - F1: 'Learning and non-residential institution' – this includes the majority of current D1 uses but excluding crèches, nurseries and health which are now covered under Class E
 - F2: Local community class – this includes local shops (restrictions apply) and community halls, outdoor leisure and swimming/skating rinks
- In addition, Use Classes A4 and A5 will become Sui Generis, as will some establishments which formerly fell under Use Class D2, such as cinemas, live music venues, concert, bingo and dance halls. Changes of use to, from and between Sui Generis use require permission.

London Luton Airport

- 8.16. Officer meetings regarding the proposed expansion for Luton Airport and the Luton Airport Regional Forum had been placed on hold during the Covid-19 pandemic, it is anticipated that officer meetings will recommence shortly and officers are waiting on further information from LLAL in this regard. As previously advised, LLAL continue to [state on their website](#) that they are expecting to submit their Development Consent Order application to the Planning Inspectorate in 2021.

Other transport, planning and infrastructure matters

- 8.17. **Intalink Submissions for towns/areas feasibility studies 2021/22** – Hertfordshire County Council have provisionally informed NHDC that Hitchin has been selected for one of three feasibility studies to be undertaken during 2021/22, the others being Hemel Hempstead and a bus corridor, (location unknown currently). Officers are currently awaiting further details from HCC.
- 8.18. **England's Economic Heartland draft Transport consultation** – EEH are currently undertaking a 12-week consultation on its [draft Transport Strategy](#) which closes on 6th October. A response will be prepared in consultation with the Executive Member and reported to a future meeting of Cabinet.
- 8.19. **Department for Transport, (DfT) Emergency Active Travel Fund** – last month the DfT have provisionally allocated HCC approx. £8m as part of the Emergency Active Travel Fund to encourage cycling and walking in response to the COVID-19 pandemic. The funding is in two tranches:
- Tranche 1: £1,247,329 - supports the installation of temporary projects for the COVID-19 pandemic
 - Tranche 2: £6,791,000 - the creation of longer-term projects which must be completed by Spring 2021.
- 8.20. NHDC officers submitted several cycle way schemes to HCC for consideration, including for Hitchin, Letchworth Garden City, Baldock and Royston, we are currently waiting to hear from HCC if any have been shortlisted
- 8.21. In addition, as part of the Tranche 1 funding NHDC was invited by HCC to submit proposals for new cycle stands in high street/town centre locations. NHDC officers submitted proposals for over 90 new cycle stands for locations in Hitchin, Letchworth Garden City, Baldock and Royston. NHDC were successful in receiving the funding for the cycle stands. HCC will be arranging for the installation of the stands to be installed on the public highway; NHDC will be responsible for arranging the installation of those on NHDC land. Any further update will be reported verbally at the meeting.
- 8.22. **Department for Transport, (DfT) new cycling and walking plan** – last month the DfT published a new cycling and walking plan for England, 'Gear Change; A bold vision for cycling and walking'. This outlines the Government's vision to make England a great walking and cycling nation. It sets out the actions required at all levels of government to make this a reality, grouped under four themes:

- better streets for cycling and people
 - cycling and walking at the heart of decision-making
 - empowering and encouraging local authorities
 - enabling people to cycle and protecting them when they do
- 8.23. As part of the new cycling and walking plan, new standards for cycling infrastructure have also been published and these will be overseen by a new inspectorate, Active Travel England, which will be responsible for the cycling budget and help make sure schemes are compliant with the new standards.
- 8.24. **Other matters** – In response to the Covid-19 pandemic, the Government has extended Permitted Development rights to grant permission to demolish vacant commercial buildings and rebuild as residential homes without the need to apply for planning permission to the District Council. These new rights potentially undermine the Council's emerging employment strategy in the new Local Plan and the Article 4 Direction for employment areas made by the District Council which came into force 20 July 2020.
- 8.25. However, following review of the detailed regulations, a further Article 4 Direction is not being prepared. This is for a number of reasons:
- It is considered that the Council cannot introduce an Article 4 Direction with immediate effect to remove these new rights;
 - It would be challenging to introduce a non-immediate direction within the transitional time period (which expires in July 2021); the existing Article 4 direction was subject to a 12-month notice period before coming into force;
 - The new rights are subject to stricter 'Prior Approval' requirements which allow greater consideration of (in particular) residential amenity compared to other rights (e.g. for the conversion of offices to residential use);
 - Monitoring shows only a small number of premises within North Hertfordshire's main employment areas are potentially 'at risk' under the new rights; while
 - A further Government review is anticipated in advance of, or to coincide with, the end of the transitional period next summer.
- 8.26. Officers will monitor the impacts of the new rights on an ongoing basis to inform any future recommendations to Cabinet.
- 8.27. Officers have prepared a Draft Design Supplementary Planning Document (SPD) for public consultation which provides additional detail on planning policies and sites in the emerging Local Plan and is also subject to a separate report to this meeting.
- 8.28. Pending further progress on the Local Plan examination (see above), the Council's land supply figures for decision-making purposes have been updated to 1 April 2020. This is based on the Government's 'standard method' and currently stands at 2.2 years. This is somewhat short of the five-year supply required by national guidance; the presumption in favour of development set out in the National Planning Policy Framework will continue to be applied to relevant decisions and recommendations to the Planning Committee.

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. In previous financial years, funding has been available for local planning authorities (LPAs) in respect of neighbourhood planning. LPAs could claim £20,000 once a date has been set for a referendum following a successful examination. The [Government has announced](#) it will allow local planning authorities to submit claims for new burdens grants at an earlier point in the neighbourhood planning process in 2020/21. Claims will be able to be made when the Council announces its decision to send the plan to referendum.
- 10.4. The financial risks associated with planning were reviewed and updated as part of the budget-setting cycle for 2020/21. 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 Corporate 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. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. There are no new human resource implications arising from the contents of this report. Workload and vacancies are monitored on an on-going basis.

16. APPENDICES

- 16.1. None

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18. BACKGROUND PAPERS

- 18.1 None

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CABINET 15 SEPTEMBER 2020
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*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: DRAFT DESIGN SPD

REPORT OF THE SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR PLANNING & TRANSPORT

COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES / RESPOND TO CHALLENGES TO THE ENVIRONMENT / 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 the nature of the SPDs that shall be produced to support the new Local Plan.
- 1.3 Following the draft Developer Contributions SPD, that was reported to Cabinet in January 2020, the Design SPD also supports the emerging Local Plan. Cabinet are asked to note the contents of the draft Design SPD and approve a six-week public consultation which will inform any final version of the document.

2. RECOMMENDATIONS

- 2.1 That the draft Design 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 report back to Cabinet following the consultation with the final Design SPD.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To allow the Design 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.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Council could retain the existing Design SPD or delay consultation on this draft. However, the current Design SPD dates from 2011 and is not reflective of the emerging Local Plan policies or national planning policy and design guidance. Officers therefore consider it important that a revised Design SPD is prepared. Also, this will allow applicants to consider the proposed approach of the Council in advance of adoption of the Local Plan, as set out in paragraph 8.10 of this report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member and Deputy for Planning and Transport have been briefed and given an opportunity to comment on the draft SPD.
- 5.2 Relevant officers across Council departments have been involved in developing the draft SPD.

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 15th August 2019.

7. BACKGROUND

- 7.1 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.
- 7.2 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 must undergo public consultation and are taken into account as material consideration in planning decisions.
- 7.3 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 Design SPD dating from 2011 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 extended nature of the Local Plan examination as an adopted SPD must relate to an adopted plan policy.

8. RELEVANT CONSIDERATIONS

- 8.1 The National Design Guide, commissioned by MHCLG as part of the national suite of Planning Policy Guidance (PPG), demonstrates what the National Planning Policy Framework (NPPF) means by 'achieving well-designed places'. The National Design Guide sets out the purposes and outcomes of good design but leaves it up to local guidance to define how to achieve it in detail for the local area. Good design is not just what a place looks like but how it functions and how users experience it.
- 8.2 The Design guide sets out what the local aspirations are for North Hertfordshire, setting the context in terms of the landscape and settlement pattern and what measures can be taken to create high quality development in a sustainable way which addresses climate change. The Design SPD contains guidance to help those involved in the development process to

create better buildings and places in North Hertfordshire. The aim of the document is not to overload with information but rather to highlight what we expect development to achieve in terms of design and quality and to signpost other sources of guidance and information. This is done through setting out our expectations, identifying links to other sources of information and setting out checklists to ensure that different aspects of design have been addressed.

- 8.3 The Design SPD is intended for use by everyone involved in the development process including developers, local authority officers and members, consultants, designers, parish councils and neighbourhood planning groups, self-build, and individuals. It applies to all scales of development from a house extension to a large mixed-use site. It should be used from the earliest stages in the development process when assessing the suitability of a site, through pre-application discussion with officers to the final design of the scheme.
- 8.4 The Design SPD is set out in sections which provide information and guidance from the broad district level down to the more detailed site level, including public spaces and future maintenance of schemes. Within each section there are boxes containing links to other sources of information either on the NHDC website or external websites and checklists setting out issues to be considered. Guidance is also included on house extensions and shopfronts.
- 8.5 The Design SPD links to the Council's Climate Change Strategy and refers to sustainable forms of development. Reference is also made to the current Council Plan and the final version will take into account the Council's actions for 2021 which are currently under discussion.
- 8.6 The Design SPD also includes sections on Masterplanning of large sites and Design Review Panels which are beneficial for all sites. North Hertfordshire District Council are seeking the advice of an independent, not-for-profit organisation, who promote design excellence across the south east of England. Design Review Panels are about constructive dialogue to achieve the best outcome for everyone and will assist in creating high quality development within North Hertfordshire.
- 8.7 The final form of the Design SPD is intended to be web based, including photos and diagrams and signposting other sources of information and guidance. This will also allow the Design SPD to be kept up to date with changes from other sources.
- 8.8 The draft Design SPD is attached as Appendix A. The SPD is drafted based on 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 Design 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.
- 8.9 Subject to approval by Cabinet, the draft Design SPD will be made available for public consultation for a period of six weeks. This is longer than the statutory minimum of four weeks given the importance of the SPD and to afford all key stakeholders time to submit comments. It is proposed that consultation will take place in the Autumn. Any comments received will inform the final version of the SPD which would then be re-presented to Cabinet for approval and adoption as an appropriate time.
- 8.10 It is proposed to bring forward the draft Design 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 on the guidance as set out in the draft Design SPD;

- So that the preparation of the draft Design SPD can be completed to allow for its adoption as close to any adoption of the new Local Plan as practical; and
- To enable use of the draft Design 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.

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 regulation including the Planning and Compulsory Purchase Act 2004 (as amended) and the Localism Act 2011. Detailed requirements for the preparations of SPDs, including requirements for consultation, are stipulated in the Town and Country Planning (Local Planning) (England Regulations 2012).

10. FINANCIAL IMPLICATIONS

- 10.1 The general costs of preparing Supplementary Planning Documents are met through existing revenue budgets.
- 10.2 There are no specific revenue implications arising from this report as the costs of running the consultation for the draft Design SPD will be covered by existing budgets.

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 Design SPD include:
- lack of clarity and uncertainty to case officers and applicants when preparing, 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 high quality development that contributes to the character of North Hertfordshire.

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.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

- 14.1 A Strategic Environment Assessment Screening Determination Statement is under preparation and the relevant consultees will be notified. Supplementary Planning Documents (SPDs) are required to undergo a Strategic Environmental Assessment screening assessment by the Environmental Assessment of Plans and Programmes Regulations 2004.
- 14.2 The draft Design SPD reflects the current policy within the proposed Local Plan with regard climate change and sustainability. Full Council has agreed two year funding following adoption of the Local Plan to deliver a single issue review to incorporate any emerging Council Priorities re: the declared Climate Change Emergency, into formal planning policy, which will include future iterations of this Design SPD.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no new human resource implications arising from the contents of this report. Consultation for the draft Design SPD will be undertaken within existing staff resources.

16. APPENDICES

- 16.1 Appendix A - Draft Design SPD

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18. BACKGROUND PAPERS

18.1 Review of Existing North Hertfordshire Planning Guidance report to Cabinet, 25 July 2017

<http://srvmodgov01.north-herts.gov.uk/documents/s353/Item%2010%20-%20Review%20of%20Existing%20NHDC%20Planning%20Guidance.pdf>

NORTH HERTFORDSHIRE DISTRICT COUNCIL

Draft Design SPD

1. Introduction	The purpose of the Design Guide and how it works including reference to National and Local guidance and to the Council's priorities.
2. North Hertfordshire	The character of the natural and built form of North Hertfordshire
3. Site context	The setting of the site and how it links into surrounding networks and facilities
4. Site infrastructure	Creating a sustainable layout
5. Design Review Panels	Independent assessment of development proposals
6. Buildings and form	Development that creates its own identity and enhances the local environment
7. Public spaces & maintenance	Places and spaces that contribute to a well functioning environment and are well looked after
8. Master planning	Guidance for larger sites
9. House extensions	Guidance for changes to individual properties to enhance the local character
10. Shopfronts	Guidance on design of alterations or new Shopfronts
Glossary	
Additional links	

DRAFT

1. INTRODUCTION

What are we trying to achieve... to inspire, raise standards and influence the design of development to ensure that it respects and enhances the existing built character and natural environment of the district. Good design should also consider the impacts of climate change and appropriate mitigation measures.

1.1 What is the Design guide for?

1.1.1 This Design guide sets clear guidance on design principles to help those involved in the development process achieve a high-quality standard of design that respects and enhances the existing built character and natural environment of the district. Its purpose is to inspire, raise standards and influence the design of all development in North Hertfordshire.

Legislative context

1.1.2 Supplementary Planning Documents (SPDs) are documents which add further detail 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 SPDs.

(The Town and Country Planning (Local Planning) (England) Regulations 2012)

1.1.3. This design guide is a Supplementary Planning Document (SPD) and will replace the previous Design SPD produced in 2011 and will therefore be a material consideration in determining planning applications submitted to North Hertfordshire District Council.

Further guidance

Each section provides further guidance by signposting other relevant documents and websites that are helpful in achieving good sustainable design. (in green boxes)

Have you considered?

Checklists are included in each section which set out issues to consider when assessing and designing new development. The checklists should be used to ensure that all aspects of the design have been considered. The check lists will be used as part of the assessment process at pre-application, outline and detailed planning application stages. (in blue boxes)

They are not to be used as a simple tick-box exercise but as issues for consideration, assessment and to be responded to.

1.2 Who is the Design guide for?

1.2.1 This Design guide is for everyone involved in the development process eg. developers, self-build, council members, development management officers, planning policy officers, architects, urban designers, landscape architects, parish councils and neighbourhood planning groups and individuals. It is for anyone designing and building commercial development, housing and infrastructure. This applies to all scales of development from a house extension to large mixed-use site.

1.2.2 Applicants must be able to demonstrate that they have considered the relevant development plan policies, information in this Design guide and have completed the checklists to demonstrate their applications to achieve good design in their development proposals.

1.3 What is good design and why do we need it?

1.3.1 Achieving well-designed places and high-quality buildings is at the heart of the National Planning Policy Framework 2019 and a key aspect of sustainable development. Well-designed developments are functional, visually attractive, respect local character, are safe, inclusive and accessible. Attracting people to live and work in the area, well-designed places also contribute to happier, healthier communities. This Design guide considers the importance of green spaces, accessibility to different transport modes, functional public spaces and layouts that link into and support existing infrastructure and communities.

1.3.2 Good design also considers quality for existing and future users. It is important to consider how future growth can be delivered as sustainably as possible. Good design also includes adaptable infrastructure which has the ability to change as people's lifestyle changes.

1.4 The value of good design

1.4.1 The buildings, streets and spaces around us affect our wellbeing and how we use our environment. Well-designed places can help to improve our health and create a sense of community. High quality development will work well now and in the future. An important aspect of achieving a high-quality development is to assess and understand the context of the building location or site. This plays an important part in helping any new development to assimilate into its surroundings to ensure that it respects and enhances its surrounding whilst contributing to a sense of place and ensuring that any impact is minimised

1.5 Sustainable design and construction

1.5.1 We need to consider how development will mitigate the impacts of climate change and deliver a sustainable and resource efficient development by looking at: energy consumption both for construction and during the life of the development; waste products; reducing water consumption during construction and the types of product used in the buildings; source of materials and their re-use; biodiversity opportunities; and minimising pollution.

1.6 What are the benefits of sustainable design and construction?

Environmental benefits	Contributes to the protection and enhancement of the natural and built environment by using natural resources prudently, ensuring materials are responsibly sourced and consumption of resources are minimised. Reusing or recycling resources.
Social benefits	Can help to reduce fuel bills through construction of energy efficient buildings and retrofitting existing properties. Improving access to facilities and green space. Ensuring communities are able to adapt to climate change.
Economic benefits	Ensuring new development transitions towards a zero carbon economy that is more resilient to energy market fluctuations and climate change. Helping businesses benefit from new technology and prudent use of resources to help long-term sustainable growth.
Individual benefits	Well-designed places contribute to individuals feeling of well-being and are known to reduce stress and improve emotional and mental health.

1.7 Climate Change Emergency

1.7.1 Climate change emergency is a global issue so we are all facing the same problem of more extreme weather conditions. North Hertfordshire District Council declared a Climate Emergency on 21st May 2019 and pledges to do everything within its power to achieve net zero carbon emissions in North Hertfordshire by 2030. The Council has since approved a new Climate Change Strategy and action plan to help tackle climate change in the district. The Council will consider how policies, and our related decisions and actions, affect our contribution to climate change.

1.7.2 By using the Design SPD and the Climate Change Strategy we expect the design of new developments to discourage car use and encourage sustainable alternatives such as walking, cycling and use of public transport. New buildings should include environmentally friendly construction and usage techniques such as appropriate insulation, solar panels, electric vehicle charging points, reduced water usage, water recycling and rainwater storage. Existing infrastructure and buildings could become more environmentally friendly by seeking to improve non-car access into town centres and other key destinations and reducing the need to travel through technological improvements such as broadband enhancements. Reducing the use of resources and by utilising sustainable design and construction methods we can seek to lower consumption of resources at both the construction and use phase helping to protect the environment.

1.7.3 We need to ensure that new development is resilient to climate change. All aspects of development need to respond to the climate change issue. Climate change is not dealt with in a separate section but is embedded through the whole Design guide

1.8 How will we achieve good design?

1.8.1 Design needs to be considered at the earliest stages of the development process. It is important to understand the context of the site, to know how the infrastructure functions, what facilities are available and how accessible they are. This information will help shape the development and how it can adapt over time as well as how it will relate to existing neighbouring communities.

1.9 Masterplanning process

1.9.1 We will expect applicants and developers of larger sites to engage with the Council prior to submitting any planning application to ensure that discussions take place to achieve the best scheme for the site. The Council have adopted a Design Review process to set out the steps required and ensure that the scheme considers all aspects of the site. See section 8 Masterplanning.

1.10 National and local guidance/policies

1.10.1. The government has produced a National Design Guide which outlines the Government's priorities for well-designed places in the form of 10 characteristics based on national planning policy, practice guidance and objectives for good design as set out in the NPPF (National Planning Policy Framework). The government expects specific, detailed and measurable criteria for good design to be set at the local level. The Government has promised a National Model Design Code.

1.10.2 The Government's National Design Guide states that 'specific, detailed and measurable criteria for good design are most appropriately set out at the local level.' This design guide is North Hertfordshire's response. This draft will be consulted upon, before a final document is produced.

1.10.3 The guide has been produced by North Hertfordshire District Council to provide detailed information to support the policies in the emerging Local Plan. In particular, it expands on strategic Policy SP9: Design and sustainability, and the development management policies D1: Sustainable design and D2: House extensions, replacement dwellings and outbuildings in section 9 Design.

1.10.4 This document relates to the Council's objectives and actions set out in the Council Plan 2020-2025.

Further guidance

Climate Change Act 2008

<http://www.legislation.gov.uk/ukpga/2008/27/contents>

Ministry of Housing Communities & Local Government

<https://www.gov.uk/guidance/climate-change>

North Hertfordshire Climate Change Strategy 2020-2025

<https://www.north-herts.gov.uk/home/council-data-and-performance/policies/climate-change>

Nation Planning Policy Framework

Section 12 The creation of high quality buildings and places is fundamental to what the planning and development process should achieve.

<https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Planning Practice Guidance

Information on Design can be found on the Government website.

<https://www.gov.uk/government/collections/planning-practice-guidance>

National Design Guide (September 2019)

Planning practice guidance for beautiful, enduring and successful places.

<https://www.gov.uk/government/publications/national-design-guide>

North Hertfordshire District Council Local Plan 2011 - 2031

Emerging Local Plan Strategic policies & Development Management policies.
(Main Modifications)

<https://www.north-herts.gov.uk/sites/northherts-cms/files/Local%20Plan%20-%20Main%20Mods%20track%20change%20version.pdf>

Council Plan 2020-2025 for North Hertfordshire

The Council Plan sets out priorities that the council will address over the next five years.

<https://www.north-herts.gov.uk/sites/northherts-cms/files/Council%20Plan%20and%20action%20plan%202020-2025.pdf>

British Standard BS 8300 2018 Design of an accessible and inclusive built environment - Part 1 External Environment – Code of Practice

<https://www.bsigroup.com/en-GB/about-bsi/media-centre/press-releases/2018/january/Standard-for-designing-accessible-buildings-and-facilities-revised-to-be-more-inclusive/>

The Design Council at www.designcouncil.org.uk

Inclusive Environments Hub brings together best practice, guidance and legislation on inclusive design in the built environment.

Building Better, Building Beautiful Commission report 'Living with beauty'

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/861832/Living_with_beauty_BBBBC_report.pdf

Committee on Climate Change

www.theccc.org.uk

1.11 Structure of the Design Guide

1.11.1 The guide is separated into different sections. It starts with a broad introduction to the North Hertfordshire landscape and urban character, moving thorough the site's context and connections into its surroundings, then looking in more detail at building form, open space and future maintenance and management of development. Finally, there are sections dealing specifically with masterplanning, house extensions and shopfronts which set out the process and checklists to assist with applications.

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2. NORTH HERTFORDSHIRE NATURAL AND BUILT ENVIRONMENT

What we want..... to conserve and enhance the natural beauty of the landscape of North Hertfordshire and the local character of the settlements.

2.1 Key facts about North Hertfordshire

2.1.1 North Hertfordshire is predominantly rural, covering 375 square kilometres of undulating countryside following the chalk escarpment of the Chiltern Hills and the East Anglian Chalk landscape. A large proportion of the rural area is covered by Green Belt, currently 142 square kilometres mainly in the western part of the district and along the A1(M) corridor. An outlier of the Chilterns Area of Outstanding Natural Beauty (AONB), an area designated for its nationally significant landscape, extends into the north-west part of the district. A Management Plan to guide development within the AONB and also effecting its setting is produced by the Chilterns Conservation Board.

2.1.2 There are four main towns within the district, Baldock, Hitchin, Royston and Letchworth, the world's first Garden City, together with around 40 villages and hamlets. Hitchin, Letchworth and Baldock are located close together in the central part of the district which creates interdependency while Royston is situated on the north-eastern edge of the district and has stronger connections with Cambridgeshire.

2.1.3 The district is served by five railway stations which lie along the London to Cambridge Line. The main east coast railway line runs north-south through the district as does the A1(M) which links London with the north. The London to Peterborough railway line also runs through the district. The main east-west road route across the district is the A505 linking Luton, in the west, to Royston, in the east, via Hitchin, Letchworth and Baldock. Luton airport is located on the western boundary of the district.

2.1.4 The district is facing a number of key challenges and opportunities:

- Requirement for new housing expanding the towns and villages;
- Proposed expansion of Luton Airport and the associated transport and environmental implications within North Hertfordshire;
- Growth along the A1(M) corridor;
- East-west growth corridor between Oxford and Cambridge including infrastructure improvements;
- ECML railway ability to accommodate increased numbers of passengers;
- Pressure on the existing Green Belt / new Green Belt;
- Long-term aims of the Chiltern AONB;
- Pressure on existing open space and biodiversity;
- Increased demand for high quality public open spaces.

2.1.5 As well as global challenges and opportunities:

- Creating more sustainable forms of development and infrastructure;
- Responding to the climate change emergency.

2.2 Natural Environment

2.2.1 North Hertfordshire has a diverse range of green infrastructure and environmental assets of local, regional and national importance. These include Sites of Special Scientific Interest (SSSIs), Local Nature Reserves (LNRs), Wildlife Sites, protected trees and woodlands, extensive areas of agricultural land, minerals reserves, rivers, floodplains, and a comprehensive network of open space.

2.2.2 The District also contains a variety of habitats for wildlife and plants, including areas of high biodiversity - notably the chalk grasslands and chalky boulder clay woodlands and meadows in the east of the district, the oak and hornbeam woodlands in the west and the wet meadows and fens along the River Hiz and its tributaries.

2.2.3 North Hertfordshire comprises a broad band of attractive undulating countryside following the chalk escarpment of the Chiltern Hills. This ridge forms the watershed between the river basins of the Thames and The Wash. The highest point is Telegraph Hill at Lilley, at 184m above sea level and the lowest point of 32m above sea level is where the River Rhee leaves the district north of Ashwell. Most of the rural area is farmland, although there are woodlands, especially in the west of the district.

2.2.4 Landscape character assessment is the process of identifying and describing variation in character of the landscape. The assessment identifies and explains the unique combination of elements and features that make landscapes distinctive by mapping and describing character types and areas. National Character Areas (NCAs) have been produced by Natural England and divide England into 159 distinct natural areas. Each is defined by a unique combination of landscape, biodiversity, geodiversity, history, and cultural and economic activity. Their boundaries follow natural lines in the landscape rather than administrative boundaries. North Hertfordshire lies mainly within NCA 87 East Anglian Chalk in the eastern part and NCA 110 Chilterns in the western part with the boundary running between Hitchin and Letchworth. There is a small area in the north in NCA 88 Bedfordshire and Cambridgeshire Claylands and a small area within the south lies within NCA 86 South Suffolk and North Essex Clayland.

2.2.5 North Hertfordshire has produced a local landscape character assessment (North Hertfordshire Landscape Study (Character, Sensitivity & Capacity) 2011) characterising the district at a more detailed level. This shows that North Hertfordshire has a varied landscape ranging from the series of small, dry valleys in the west to the open chalk escarpment in the east.

2.2.6 The Chilterns AONB extends into the north-west part of the district to the north of the A505. Much of the adjoining landscape is of similar quality and development should consider its impact on the setting of the AONB as well as the AONB itself.

2.2.7 Much of the district outside the settlements is agricultural land with small areas of woodland and hedgerow field boundaries. A range of habitats support local

wildlife and there are several national and local designated wildlife sites including 6 SSSIs and a number of County Wildlife Sites (CWS).

Further guidance

Chilterns AONB Management Plan 2019-2024

<https://www.chilternsaonb.org/conservation-board/management-plan.html>

Natural England – National Character Areas

<https://www.gov.uk/government/publications/national-character-area-profiles-data-for-local-decision-making/national-character-area-profiles>

North Hertfordshire District Council Landscape Study (Character, Sensitivity & Capacity)

<https://www.north-herts.gov.uk/files/cg16-nherts-landscape-study-2011-part-1pdf>

<https://www.north-herts.gov.uk/files/cg16a-nherts-landscape-study-2011-part-2pdf>

2.3 Built Environment

2.3.1 The settlements of Hitchin, Baldock and Royston are all historic market towns each with their own distinctive character. Letchworth Garden City evolved from Ebenezer Howard's original concept of a self-contained settlement combining both town and country living. Hitchin, Letchworth Garden City and Baldock are located close to each other and have strong inter-relationships in terms of housing markets and employment movements. All four towns are service centres with a range of shops, jobs and community facilities that serve their respective rural hinterlands.

2.3.2 All the towns and most of the villages have historic designations. There are 44 conservation areas, approximately 2,750 listed buildings, many Buildings of Local Interest as well as numerous Areas of Archaeological importance and Scheduled Ancient Monuments (SAM). The District is crossed by the prehistoric Icknield Way and contains many ancient monuments, including the iron age Ravensburgh Castle at Hexton, the largest fort in south-east England. There are also several registered historic parks and gardens.

2.3.3 The Conservation Area Reviews and Character Statements should be taken into account when considering design and character to ensure development enhances the setting of Conservation Areas and respects designations such as Listed Buildings and non-designated Buildings of Local Interest.

2.3.4 Urban Design Assessments have been undertaken for each of the four main towns and Knebworth which set out the character of the settlements. The villages of Ashwell, Pirton and Whitwell have produced Village Design Guides and some of these have been incorporated into Neighbourhood Plans.

2.3.5 Town Centre Strategies have been produced for Baldock, Hitchin, Letchworth and Royston to provide guidance on development specifically within the economic core of the settlements. These were produced between 2004 and 2008 and are due for updating.

2.3.6 Baldock, Hitchin and Royston have early medieval origins which can still be seen in their street patterns and plot layout. Burgage plots are usually long and narrow and set at right angles to the street sometimes with a lane running along the rear. This grain has shaped the way these towns have developed and the designation of their town centres as Conservation Areas.

2.3.7 The origins of Letchworth Garden City date back to the 1900s and are based on low density, mainly low-rise built form. Garden City Principals shaped the layout with set features such as vistas, groups, small greens and a dominant verdant character creating avenues and tree-lined verges. Letchworth Garden City Heritage Foundation (LGCHF) are responsible for the management of the world's first garden city, generating income to re-invest in the community and landscape of the town.

Baldock

2.3.8 Baldock is located on the crossroads of the A505 and the Great North Road as a coaching stop on the route between London and the north. Baldock has retained its traditional market town character with its historic core containing buildings from the medieval and Georgian periods. It is one of five towns listed by the council for British Archaeology as being of national importance for its early occupation as an Iron Age and Romano British fort. Following the opening of the A505 Baldock bypass in 2006 enhancement works within the town centre have reinforced its rural town character by creating space for the market and other town events.

Hitchin

2.3.9 Hitchin's medieval origins are visible in the street pattern, plots and historic buildings in the town centre. The town retains a strong local identity centred on St Mary's Church, River Hiz and Market Place which hosts a number of events. The railway station, which lies about 1km to the north east of the town centre has been a second focus of development spreading outwards. This has resulted in the town expanding more on its eastern side. Character of development reflects its origins with Victorian terraces close into the town centre and later estates developed in the 1970s and 80s located on the outskirts. As well as the Conservation Area covering the town centre Hitchin boasts a further 3 conservation areas – Butts Close, Hitchin Hill Path, and Hitchin Railway and Ransoms Recreation Ground within the town.

Letchworth Garden City

2.3.10 Letchworth Garden City is the world's first garden city and was established in 1901 with an arts and crafts style. Letchworth's layout is based on the broad avenue vista running along Broadway, through Broadway Gardens to the railway station. Residential roads spread out from this central feature. The town centre boasts spacious streets with wide footways. Letchworth GC is fortunate in having its railway station on the edge of the town centre making it easily accessible by train. As well as the Conservation Area covering Letchworth GC town centre there is a Conservation Area in Croft Lane, an early garden city residential area in the arts and crafts style. There are also Conservation Areas covering the adjoining historic villages of Norton and Willian.

Royston

2.3.11 Royston lies in the north-east corner of the district situated at the junction of two ancient routes – the pre-roman Icknield Way and the roman Ermine Street. Royston's historic roots are evident in the lattice of narrow streets within the compact town centre. Royston sits within a north facing bowl-shaped landform and has expended northwards fanning out across the flatter land of the Cambridgeshire Plains. The railway station, located about 500m to the north of the town centre, has

been a second focus of development. The rising ground to the south provides some views out northwards to the Cambridgeshire plains. Its location closer to Cambridgeshire has resulted in buildings using the characteristic gault brick and slate roofs. The town expanded in the 1960s, 1970s & 1980s creating many residential areas. Royston has a separate employment area in the north-west part of the town, Orchard Road, which links through to the A505 bypass where shopping and other services are provided. Royston lacks permeability as many of the residential development areas are cul-de-sacs.

Villages

2.3.12 There are about 40 villages and hamlets located throughout the district. Many are covered by Conservation Area designations and all have their own unique character. Details on this can be found in the Character Statements prepared for each Conservation Area and in documents prepared by local parishes and within Neighbourhood Plans. The large villages of Ashwell, Codicote and Knebworth support local centres.

Great Ashby

2.3.13 Great Ashby is a newer urban extension on the northern edge of Stevenage which lies in North Hertfordshire and has local centre.

Further guidance

Baldock Urban Design Assessment 2007;
Hitchin Urban Design Assessment 2007;
Letchworth Garden City Urban Design Assessment 2007;
Royston Urban Design Assessment 2007;
Knebworth Urban Design Assessment 2007.
(Link to be provided)

Baldock Town Centre Strategy 2006

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan-current-policy/town-centre-strategies/baldock-town-centre>

Hitchin Town Centre Strategy 2004

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan-current-policy/town-centre-strategies/hitchin-town-centre>

Letchworth Town Centre Strategy 2007

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan-current-policy/town-centre-strategies/letchworth-garden-city>

Royston Town Centre Strategy 2008

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan-current-policy/town-centre-strategies/royston-town-centre>

Letchworth Garden City Design Principles (LGCHF)

<https://www.letchworth.com/your-home/altering-your-home>

Neighbourhood Plans

<https://www.north-herts.gov.uk/home/planning/planning-policy/neighbourhood-planning>

Conservation Area Appraisals & Conservation Area Character Statements
<https://www.north-herts.gov.uk/home/planning/conservation-and-heritage/conservation-areas>

2.3.14 The local built and landscape character changes across the district. Design, scale and materials in one part of the district may not be appropriate in another. The characteristics and context of sites should be considered individually to ensure the development's design and identity is appropriate.

Have you considered?

The landscape character of the district.

Built character, materials and structures in the local area.

Historic and cultural context of the site.

The relationship between the natural environment and built environment.

Designations for landscape, heritage and environmental assets.

Locally identified priorities and concerns set out in any Neighbourhood Plans or village parish plans.

3. SITE CONTEXT

What we're looking for ... well-designed places that contribute to local distinctiveness. Development that addresses local issues and local character and enhances the local setting. To set a high standard of design that will create great places to live, work and relax

3.1 Local Character

3.1.1 The distinctive characteristics of an area contribute to the local identity and create a sense of place. Well-designed buildings and places should respect and enhance the local character. Features of the local setting, such as layout, planting, architecture and materials can influence the initial design and help new development to contribute to the local distinctiveness. Those who are looking to build should consider at the earliest stages how their design protects and retains the existing local identity to ensure that all new development addresses local issues and enhances the local setting. Assessing the existing conditions provides an understanding of the opportunities and constraints presented on site and off site. This section provides guidance on assessing the existing conditions of an area to inform the initial design and help achieve a high quality development.

3.1.2 To retain local identity new developments should consider incorporating characteristic features found within the surrounding area. If there are no positive distinctive features or unique sense of identity or nearby developments are not considered to be of good design, new development proposals should take the opportunity to improve the character and quality of an area and the way it functions. This could also create a sense of identity and benefit the surrounding areas.

3.2 Sustainable location

3.2.1 The location of the site will influence the type and amount of development that is appropriate. Does it lie within a town centre or near a railway station? Is the site in a sustainable location? Can facilities be accessed using public transport or by cycling or walking? Sites within the town centre or close to train stations may be able to accommodate increased density and higher building heights.

3.3 Connectivity

3.3.1 Development proposals should consider how the scheme will integrate with the existing circulation patterns particularly pedestrian, cycle and public transport. New developments should provide routes which are safe, direct, convenient and accessible for all abilities to use. It is important to consider site connections to ensure there are good links to local facilities such as shops, schools and health facilities.

3.4 Urban Grain

3.4.1 Existing street patterns and the orientation of existing buildings will inform the layout and access of a site. Planning applications should demonstrate that they have considered the existing built and natural environment to ensure all new development enhances the local setting. New development should not dominate street scenes or have a negative impact on the surrounding area which will include views to and from the site. Schemes that improve locality and are more accepted in existing communities consider the existing built and natural environment around them.

3.5 Landform and Landscape and Land use

3.5.1 The local landform and existing vegetation should influence the form of development. Sloping sites may be more visible especially from long distance views and the retention of any existing vegetation should be considered to help screen and assimilate development into its surroundings. Landform and vegetation will inform building heights and density.

3.5.2 For larger sites, or sites with high visibility or feature landscapes, a Landscape and Visual Impact Assessment (LVIA) should be carried out to inform the scale, form and amount of development to ensure that its impact on the landscape and visual amenity of the area is minimised and that appropriate mitigation measures are undertaken.

3.5.3 The surrounding land uses should inform the type and form of development. Residential development will sit more comfortably within an existing residential area but may be appropriate on the edge of commercial areas. Minimise the impact of new development by considering the relationship with adjoining uses.

3.5.4 Edge of settlement development should include appropriate planting to the boundary with the countryside to adequately soften the impact of the development. Appropriate buffers should be implemented, setting development an appropriate distance from site boundaries, to provide necessary, strong landscape boundaries with the open countryside and Green Belt beyond. This will help screen development where necessary and provide a softer, transient boundary between the development and countryside to avoid harsh/ stark urban-to-rural boundaries.

Consideration should also be given to reduced density and building heights.

3.6 Conservation Areas

3.6.1 There are 44 Conservation Areas within North Hertfordshire covering villages and the four towns. It is important to check whether the site lies within a Conservation Area or whether it adjoins one, as this will have an impact on the new development. Conservation Area Appraisals or Character Statements are available for each Conservation Area on the NHDC website and should be consulted as part of the design process.

3.7 Listed Buildings and other designations

3.7.1 Check whether there are any listed buildings (LB) on or near to the site which will need to be taken in to account when considering the form of development. National and Local designations such as Sites of Special Scientific Interest (SSSI), Scheduled (Ancient) Monuments (SAM) or County wildlife sites (CWS) and listed Parks and Gardens will also affect the form of development and should be protected and preserved. Although a Listed building may not be immediately adjoining a site there may be views of it from the site which could be protected in the layout and development on the site may affect the setting of a listed building.

3.8 Non-designated local assets

3.8.1 Buildings of local importance and other features of local interest or function should be taken into account when designing any scheme.

3.9 Neighbourhood Plans

3.9.1 Neighbourhood Plans have been prepared by a number of communities to guide development within designated areas in their local area. Check whether your site falls within a designated Neighbourhood Plan area as this will need to be taken into account when designing development. Sites which fall within a Neighbourhood Plan area should check the adopted Neighbourhood Plan before applying for planning permission to ensure the proposed scheme meets their requirements.

Further guidance

National Design Guide

<https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Conservation Areas and heritage assets

<https://www.north-herts.gov.uk/home/planning/conservation-and-heritage>

Neighbourhood Plans

<https://www.north-herts.gov.uk/home/planning/planning-policy/neighbourhood-planning>

Historic England

<https://historicengland.org.uk/>

BS.5837:2012 Trees in Relation to design, demolition and construction.

Recommendations. Vegetation surveys, maintenance works and protection methods during construction works.

Listed Buildings

<https://historicengland.org.uk/>

Buildings of Local Interest

<https://www.north-herts.gov.uk/home/planning/conservation-and-heritage/locally-important-heritage-assets>

Have you considered?

The character of the site and its surrounding area.

The local vernacular and architectural features that contribute to local character. Are there important architectural features in the surrounding area such as individual buildings, local materials, windows, chimneys, roofs etc.

Typical patterns of built form and materials that contribute positively to the local character.

The existing density of development and building heights in the local area?

Are there Heritage assets such as archaeological features or Conservation Areas?

Are there listed buildings in the vicinity or Buildings of Local Importance?

Any features within the site or on adjoining land that have national or local designations.

Any features within the site or on adjoining land that are locally important.

Proximity to County Wildlife Sites, Local Nature Reserves, Sites of Special Scientific Interest and other designated sites.

Any existing trees and shrubs either on the site or adjoining the site which would be affected by the proposals?

Topography and changes in ground levels. How has the topography of the site influenced the design and layout of the scheme?

Existing drainage and potential for Sustainable Drainage Systems (SuDS).

The soil condition and type of the site?

Investigating former site uses for potential land contamination, particularly on brownfield or town centre sites

Existing vegetation and how will this influence the design layout and planting for the scheme? Should a condition survey be undertaken in accordance with BS5837:2012, Trees in relation to design, demolition and construction - Recommendations?

What are the sites existing boundary features? Are there hedging, trees, or other plants? Are there walls or fences? Do they provide screening?

Should a Landscape and Visual Impact assessment (LVIA) be carried out to assess the impact of the development and any potential mitigation measures needed? What are the short, mid-range and long-distance views of the site and from the proposed development?

Is there sufficient information on the biodiversity interests for the site?

Any local landscape features such as open spaces, footpaths, green spaces.

Local wildlife or habitat issues on or adjoining the site that might affect development proposals? What changes can be made to improve the sites biodiversity, including existing and potential wildlife habitats.

Ecological designations within the locality that might be affected by the development such as CWS?

DRAFT

4. SITE MOVEMENT & PERMEABILITY

What we're looking for ...a well-connected site for all users with safe access and linking into adjoining footpath and road networks and services. A well-defined network of routes within the site that provides permeability and legibility and prioritises walking and cycling and encourages the use of public transport and reduces the need to use the car. Good connections to facilities and services.

4.1 Sustainable development

4.1.1 The layout of any development should ensure that it connects into the existing network of paths and roads and that there are safe and accessible routes within the site for pedestrians and cyclists which link into the network of routes outside the site. It should be easy to navigate and find your way around the site and to access local facilities and services.

4.1.2 Well-designed places should be well connected to existing networks and services to facilitate movement. It is important to consider site connections in the early planning stage as this can influence the overall design of a place. This section seeks to provide guidance to help create places that are legible, permeable, safe and well connected to existing networks and services by all modes of transport.

4.1.3 Routes for pedestrians and cyclists should be prioritised so that they find it easy to navigate their way through development and the routes are direct and safe.

4.2 Access and Networks

4.2.1 When assessing the existing road network, it is important to consider the hierarchy of routes in the surrounding area and the potential connections to and through the site. This will help inform the initial design concept as you will need to consider how the new roads and paths will connect into the existing roads, cycle routes and footpaths around the site. Well-designed sites will have a main access point that can be easily accessed by all modes of transport.

4.2.2 New developments should consider how delivery vehicles, waste collection vehicles and emergency vehicles will access the site. However, the site layout and character should not be dominated by vehicular movement. New developments should favour walking and cycling routes to reduce car usage and promote active lifestyles. All routes should be designed as part of the layout to ensure that they are accessible, well integrated with appropriate surveillance and are well used. Providing a clear structure of safe and direct routes with recognisable features such as buildings, open spaces and signs will help individuals find their way round the site.

4.2.3 Design of a development layout should take advantage of potential links and routes to integrate a site into the existing built development. For example, ensuring there are pedestrian and cycle links even if vehicular links aren't appropriate. This will help with both physical movement, promoting an active lifestyle, and also social integration between existing and proposed communities. Avoid long stretches of boundaries with no links which create barriers between existing and new neighbourhoods. This may require discussion and agreements or negotiations on rights of access with adjoining landowners which should be done at an early stage in the process, e.g at pre-application stage.

4.2.4 Gated communities restrict access of movement and are not encouraged as part of any development proposals.

4.3 Access to services

4.3.1 To ensure sustainable development, new sites must have access to local facilities and transport services. Therefore, consider how close the proposed development is to a local bus services, local shops, schools or railway station and assess how pedestrians and cyclists will reach these services. Pedestrian footpaths and cycle routes which link to the site will encourage residents to choose these travel options to reach local facilities. New developments should provide routes which are safe, direct, convenient and accessible for all abilities to use. By considering the permeability of a site, such as routes of movement, access to facilities and network hierarchy will help residents improve movement by different transport modes.

4.3.2 Larger sites can provide walking and cycling routes for recreational purposes as well as for functional purposes. The site layout and links into adjoining networks can encourage people to engage in activities and adopt a healthy lifestyle.

4.4 Vehicle and Cycle parking

4.4.1 Where provision for parking spaces needs to be made, the design and potential visual impact of cars should be considered at an early stage of the layout. On plot parking and/or garages should be provided where possible. If parking courts are being proposed their visual impact needs to be considered as well as access and security. On street parking may also be appropriate but should not dominate the character of the street. The Council's Parking Strategy needs to be taken into consideration in terms of mitigating any impacts on streets. Although sustainable forms of transport such as buses, cycles and walking should be promoted and provided for, appropriate provision for car parking should be made available. If insufficient spaces are available, ad-hoc parking can damage pavements, verges and planting as well as impact on the functioning of the roads.

4.4.2 Provision should be made for cycle parking and considered at an early stage of the design layout. Access, security and provision of suitable cycle storage facilities should be taken into consideration. Any development should take account of the NHDC Vehicle Parking at New Developments SPD and the Council's emerging Electric Vehicle Strategy.

Further guidance

Local Transport Plan (LTP4 2018 – 2031)

<https://www.hertfordshire.gov.uk/services/recycling-waste-and-environment/planning-in-hertfordshire/transport-planning/local-transport-plan.aspx>

PROW Definitive map

[http://webmaps.hertfordshire.gov.uk/row/row.htm?layers=\[1:0,1,2,3,4\]](http://webmaps.hertfordshire.gov.uk/row/row.htm?layers=[1:0,1,2,3,4])

North Hertfordshire Green Infrastructure Plan 2009

<https://www.north-herts.gov.uk/files/nhe15-green-infrastructure-report-august-2009part1pdf>

<https://www.north-herts.gov.uk/files/nhe15-green-infrastructure-report-august-2009part2pdf>

NHDC Parking Strategy 2018 – 2031 (January 2019)

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

NHDC Vehicle Parking at New Developments SPD (2011)

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan-current-policy/supplementary-planning-documents/vehicle-parking>

Neighbourhood Plans

<https://www.north-herts.gov.uk/home/planning/planning-policy/neighbourhood-planning>

Hertfordshire County Council Healthy Places

<https://www.hertfordshire.gov.uk/services/Health-in-Herts/Healthy-places/Healthy-places.aspx>

Transport for New Homes

<https://www.transportfornewhomes.org.uk/>

Better Planning, Better Transport, Better Places (CIHT)

https://www.ciht.org.uk/media/10218/ciht-better-planning-a4_updated_linked_.pdf

Have you considered?

Reducing the impact of vehicles by prioritising walking and cycling and public transport through the creation of routes that are safe, direct, convenient and accessible and attractive.

Opportunities for public transport within the site? Promote bus services, talk to bus companies, bus shelters, seats, etc.

Ensuring that servicing & delivery vehicles and emergency vehicles can access the whole site but that provisions to enable them to do so don't dominate the layout.

Have all pedestrian access points into the site been considered?

Are bus stops easily accessible for pedestrians.

Are there safe and accessible pedestrian routes for all users to local facilities such as schools, shops, health centres, etc.

Are there safe and accessible cycle routes into the site? Are these connected to local facilities such as train station and employment areas. Can cycle routes within the site be linked into them?

Are there safe vehicular access points into the site?

Is the surrounding road network able to accommodate the increased vehicular traffic, including refuse and delivery vehicles? Are there opportunities to improve existing network?

Is the site connected to any PRowS which could link into the wider countryside?

How is the site connected into the local Green Infrastructure network such as green space, hedgerows, street tree planting and biodiversity sites? How can this be enhanced?

How permeable is the surrounding area? Is there a good network of routes which make it easy to move through the area to promote walking and cycling or is it mainly cul-de-sacs which restrict movement?

Creating a hierarchy of roads and paths to help with movement around the site.
Locating key buildings to create vista and aid legibility.

5. DESIGN REVIEW PANELS

What we're trying to achieve... independent advice and guidance to help resolve issues, identify solutions and achieve the best scheme for the site.

5.1 Design Review Panels

5.1.1 We value the input from Design Review panels which provide an independent view of proposals and facilitate the production of high-quality schemes.

5.1.2 The NPPF requires Local Planning Authorities to make use of tools and processes to assess and improve the design of development. Design Reviews allow assessment of development proposals and provide feedback to developers and the local authority. Benefits include assisting in resolving design issues, achieving a higher quality of design and creating a smoother planning process. They derive the most benefit if used at the earliest stage possible in the development of the scheme which allows the opportunity to review the scheme at different stages throughout its evolution.

5.1.3 North Hertfordshire District Council have procured the services of Design: South East to provide independent advice on applications for development within the district. Developers and applicants will be expected to sign up and commit to 100% of the costs of the design review and the resulting independent report will be co-owned and will be a public document.

5.1.4 Information on Design South East can be found on their website www.designsoutheast.org or they can be contacted at info@designsoutheast.org.

5.2 Thresholds

5.2.1 There are different levels of design review depending on the size of the scheme. Costs and further details associated with each level of design review are available on North Hertfordshire District Council website.

5.2.2 Thresholds for applications are:

Scheme size	Design review expectations and output
300 units and above	At least a 3-stage process of initial full-day workshop/review, followed by a half day review and culminating in a desktop review. This will be an iterative process.
Between 50 and 299 units	2-stage process of standard half-day review followed by a follow-up or a Chair's review.

5.2.3 For schemes seeking Reserved Matters approval on various phases greater than 50 units an allowance may be made not to go to design review panel.

5.2.4 Schemes of fewer than 50 units may be required to undergo a Design Review Panel at the discretion of the Council.

Further guidance

Design Review Panels

To be put on NHDC website at

<https://www.north-herts.gov.uk/home/planning/planning-advice-and-guidance>

<https://www.north-herts.gov.uk/home/planning/planning-policy/local-plan-current-policy/supplementary-planning-documents>

Design:South East

www.designsoutheast.org

6. BUILDINGS AND FORM

What we're looking for ...buildings of a scale and design that do not dominate their surroundings, whose juxtaposition and grouping creates a sense of place and spaces that are safe and functional. Development should respect the local context whilst ensuring high quality, innovative design and sustainable methods of construction and materials.

6.1 Introduction

6.1.1 This section should be read in conjunction with sections 3 and 4, in that the context and connections of the site will inevitably inform the buildings and form that will shape a high-quality development.

6.1.2 "Built form is the three-dimensional pattern or arrangement of development blocks, streets, buildings and open spaces" (National Design Guide, 2019). These elements cannot be separated, in that they all inform one another. The following should guide intended users of this SPD as to how we expect buildings and form to be considered when designing a development proposal.

6.2 Layout

6.2.1 Views and vistas should be identified and inform the layout, making the most of landform, surrounding features and site connections. Existing features should be retained and respected, including landscape features such as mature trees. Retention of landscaping and topographical features should inform the proposed layout. Layouts should introduce, where appropriate, features to increase legibility, either on corner plots or on plots of greater visual dominance within a street scene.

6.2.2 When laying out a new development, taking into consideration the sites location (i.e. centre, urban, sub-urban, and edge) as well as its context, consideration should be had to the following:

6.2.3 Spacing: If the site is in a centre, or urban location, then spacing between buildings along the street will be minimal in line with the site's context. Edge of centre and suburban sites will likely require greater separation between buildings and wider plots in order to fit the sites context. In terms of front to front spacing, again, this should be context driven. Innovative use of space in front of buildings will be promoted. This space could be used not only for vehicle and pedestrian movement and access, but also street parking punctuated by sections of mature shrubs, hedging, trees or green space to create pockets of green space. This could double up as a swale as part of a SUDs scheme.

6.2.4 Back to back depths and separation: Back to back distances are regularly measured in terms of sunlight daylight as well as privacy. These considerations have resulted in cases where narrow, short gardens provide insufficient amenity space for the occupiers of the proposed buildings. Consideration should be made to scale of amenity space against the size and number of occupants in the proposed building, access to daylight and sunlight (in the amenity space and elevations of opposing buildings) as well as privacy, when laying out a new development. If large back-to-back distances are required, again, the Council will take a flexible approach to innovative use of the space, including parking so long as reasonable surveillance can be assured by design.

6.2.5 Orientation: When laying out blocks of development, consideration should be had to the topography of the site as well as access to light, in both amenity spaces and buildings. Natural daylight and sunlight is a resource which can be utilised to create efficient buildings and ensure high quality amenity space. Orientation of buildings and building blocks can optimise natural insulation and ensure high quality amenity space with access to daylight and sunlight for all.

6.2.6 Building lines: Attention should be had to any consistency in building lines in the area surrounding the site. A centre or urban site will likely have a hard, steep building line close to the street. An edge of centre or suburban site will likely be set back from the street. Dependent on the context of the site, either consistent or varied building lines may be appropriate, for example, in Letchworth Garden City, blocks will likely be stepped back and forth from the street to create a sense of space and punctuate the street scene. Blocks should not be overly long or deep which create an impermeable expanse of built form.

6.2.7 Parking: Car parking should not be visually dominant. Car parking can be provided within the building envelope, on the building plot or within appropriately screened parking forecourts if the existing landscape and space within the development site allows. Where previously car parking in rear parking courts have been discouraged, the Council will consider blocks laid out with rear parking courts where the benefits to the street scene and greater privacy in rear gardens outweigh the more limited natural surveillance. Car parking between buildings in the street scene will be considered, however, care should be taken not to create artificial and

disproportionate spacing. Frontage parking will be considered so long as strong landscape screening can protect the street scene. Parking is a problem for waste collection, particularly on street parking. Design and location of parking should ensure that bins are not required to be pulled passed parked cars, from the collection point to the collection vehicle.

6.2.8 Streets: Streets will meet the technical requirements of the Local Highways Authority or the Manual for Streets as appropriate. A good landscape scheme to promote trees, hedging, shrub planting, grass verges and green space within the street will be required. The landscaping of streets should follow the hierarchy of the streets and be considerate to the intended user of that street. Innovative use of street-space will be considered favourably. Refuse collection and servicing should be considered in the design of any external space in relation to access and layout. Sufficient turning space must be made available for the size of refuse vehicle contracted for servicing at the time of application.

Further guidance

Manual for streets and Manual for streets 2

<https://www.gov.uk/government/publications/manual-for-streets>

Hertfordshire's Local Transport Plan 2018-2031 (LTP4)

<https://www.hertfordshire.gov.uk/media-library/documents/about-the-council/consultations/ltp4-local-transport-plan-4-complete.pdf>

Vehicle Parking at New Developments SPD

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan-current-policy/supplementary-planning-documents/vehicle-parking>

NHDC Parking Strategy

https://www.north-herts.gov.uk/sites/northherts-cms/files/NHDC%20Parking%20Strategy%20%20Final%2029%2001%202019%20Final_0.pdf

NHDC Parking Operational Guidelines

<https://www.north-herts.gov.uk/sites/northherts-cms/files/North%20Hertfordshire%20District%20Council%20Operational%20Guidelines.pdf>

HCC Residential Dropped Kerbs Terms and Conditions

<https://www.hertfordshire.gov.uk/media-library/documents/highways/dropped-kerb-terms-and-conditions-apr-2019.pdf>

Waste and recycling provision

<https://www.north-herts.gov.uk/home/planning/waste-and-recycling-provision>

Avoiding rubbish design - Providing for bin storage on new housing developments –February 2015 www.nhbcfoundation.org
<https://www.nhbcfoundation.org/publication/avoiding-rubbish-design-providing-for-bin-storage-on-new-housing-developments/>

Have you considered?

Does the layout provide legibility to make it easy to move and around and find the way to places?

Does the layout create a sense of identity and sense of place?

Are the buildings lines, spacing and blocks context appropriate?

Does the layout provide and secure long terms quality living conditions for future occupiers?

Is the layout optimising solar gain for all properties?

Is the allocated parking well-screened and secured by natural surveillance?

Do your proposals keep clear of the roots and canopies of trees?

Have you considered access for waste collection vehicles avoiding the need for unnecessary or difficult manoeuvres?

6.3 House Type and Tenure

6.3.1 The design of dwellings will be influenced by the location of the site and the local character.

6.3.2 Terraced properties are an efficient use of land, energy and materials. They can be traditional in terms of ground-floor living accommodation or townhouses which have integral garages or a parking space within the building envelope. Parking provision and location should be carefully considered when designing terraced properties. Terraces can be used to create landmark buildings and for creating groups which enclose spaces.

6.3.3 Detached dwellings can be individually designed or of a similar, consistent design, type and material to create a sense of character.

6.3.4 Semi-detached dwellings can assist with making a more efficient use of land and can be designed as identical, as a handed pair or as a means of turning a corner having the two properties facing different directions

6.3.5 Bungalows are good for people with limited mobility but take up a larger footprint than a similarly sized property over two or more floors. This can be addressed by designing them as semi-detached or short terraces.

6.3.6 Flatted residential development is a high-density form of development which may be appropriate in centre or edge of centre sites. Where flats are required in the housing mix on a large residential development, they should be positioned appropriately. Buildings containing multiple dwellings should respect the scale, height and form of the site's context. Larger buildings can assist in legibility and are good ways to address a corner or junction. Consideration should be had to providing flats above shops or offices, providing a mixed-use development which can promote sustainability and social cohesion.

6.3.7 Affordable housing should be of a type that is required to meet local needs of the district of North Hertfordshire. Affordable housing should be indistinguishable from market housing. Affordable housing should be dispersed, in small groups, through the development to ensure residents are part of the community, where registered providers allow. The amount of affordable housing is set out in Policy SP8: Housing in the Local Plan.

Further guidance

North Hertfordshire Local Plan 2011-2031 Proposed Submission Local Plan Incorporating the Proposed Main Modifications

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan/local-plan-examination/main-modifications-and-additional-work>

North Hertfordshire Developer Contributions SPD

<https://www.north-herts.gov.uk/home/planning/apply-planning-permission/planning-obligations/draft-developer-contributions>

Housing Needs Survey

<https://www.north-herts.gov.uk/home/housing/housing-strategies-and-plans/housing-need-north-hertfordshire>

Have you considered?

What is the surrounding land use?

If it's residential is there a prevalent type such as detached, semi-detached, terraced or blocks of flats?

What is the prevalent scale within the site's context? Are they generally larger buildings in terms of height and footprint or are they smaller buildings?

What is the required market and affordable housing split and the required mix of housing?

Are there specific considerations which would justify any variation in housing mix?

6.4 Internal Space

6.4.1 The Technical Housing Standards – nationally described space standard should be achieved to ensure that accommodation is fit for purpose and adaptable for the changing needs of residents. This may require space for internal lifts, the ability to extend, and adequate storage space.

6.4.2 The orientation of buildings or blocks can assist in making the most of natural ventilation, light and energy efficiency. The design and layout should make an efficient use of natural ventilation, natural light, orientation and energy efficiency.

6.4.3 Dual aspect dwellings and layouts will be considered favourably. Where single aspect dwellings are proposed, the internal layout should ensure that no single aspect dwellings are served purely by north facing windows, as these units would be unacceptable in terms of the living conditions of future occupiers. Arguments for single aspect north facing dwelling units, such as similar units being approved elsewhere or sold, will carry very limited weight. Whilst roof lights can assist in providing light into rooms, they add little in terms of outlook. Roof light only dwellings will not be considered acceptable for this reason.

Further guidance

Technical Housing Standards – nationally described space standard
<https://www.gov.uk/government/publications/technical-housing-standards-nationally-described-space-standard>

Have you considered?

Have you met the standards in the internal space standards technical guidance? If not, why not?

Is the internal space adaptable / flexible for future needs of residents?

Has the design and orientation been influenced by the opportunity to maximise natural daylight and sunlight into the building and to reduce the need for energy to artificially light the home?

Are fittings being incorporated that improve on the requirements of Part G of the building regulations?

Is a rainwater or grey water recycling system being incorporated into the scheme?

Is adequate space provided for internal and external storage of waste, including recycling?

6.5 External Space

6.5.1 A town centre or urban site may have strong building lines with either no, or small gaps, between buildings which create a continuous frontage along the street. A suburban or edge context will provide a different ratio of buildings to the space around them creating a different character.

6.5.2 We encourage the provision of front gardens which are deep enough to create a buffer between the street and the house. An appropriate spacing should be informed by a balance struck between the site's context as well as the requirement to maximise the efficient use of land. Any parking spaces proposed within the buffer should meet the above-mentioned requirements in regard to layout. Private and public external space should be identifiable, but not excessively demarked. Demarcation methods should be informed by the site's context. Parking spaces and associated hard surfacing should be reduced to the minimum required and be screened or shielded from public vantage as far as possible by either soft landscaping or discrete siting.

6.5.3 Rear gardens are informed by the layout of the proposed development and width of the building to which they relate. Careful consideration should be had to depths of rear gardens in regard to the amount of usable amenity space being commensurate to the building, overlooking and dominance of proposed buildings factoring in site topography, and access today and sunlight in regard to orientation of plots. Rear gardens are necessarily private. Specific focus should be given to the quality of boundary treatments when discernible from the street. Brick wall or hybrid brick plinth and column with fence panels will be preferred where the boundary presents to the street.

6.5.4 Balconies and roof gardens/terraces can be appropriate in high density contexts in order to make efficient use of land while preserving some amenity space for future occupiers. Care must be taken to provide such space in a way by which the living conditions of the occupiers of other premises are not compromised.

6.5.5. Garages may be desirable, and appropriate, depending on the site's context. Garage sizes should align to the minimum space standards set out in the Supplementary Planning Guidance on Vehicle Parking (or any subsequent document). Integral garages will be promoted, either in a townhouse form, or within a single storey side projection. Mews to coach-house relationships will also be considered where context appropriate. Detached garages or en-bloc garages are not encouraged unless discretely located with natural surveillance. Garages will be discouraged where the layout suggests access to garages from a rear parking court, as the garages would impinge any natural surveillance.

6.5.6 Storage is an important and often overlooked aspect of external space. The Council will expect all storage to be concealed and indiscernible from public vantage points while retaining easy access to promote its use. Storage is required for garden furniture and tools, cycles and bins. Preference will be given to single storage solutions for all requirements to reduce cluttering. Solutions may, for individual dwellings, be extending garage space to provide a separate section and entrance for all storage needs. If no garage is within the plot, then a single outbuilding capable of secure cycle, garden furniture and covered bin storage will be required.

6.5.7 A condition may be imposed for further details and implementation of storage means if such items are not shown on proposed plans. Such a condition will meet the tests of conditions as:

- The provision of secure cycle storage is necessary to promote alternative modes of transport to private vehicles;
- Covered bin storage would promote the use of storage areas, decreasing the risk of street clutter by bins left on the street and promoting high quality street scene for the future of the development site;
- Residential paraphernalia storage is necessitated as a condition will likely be imposed on new residential development to restrict the erection of outbuildings so as to preserve a reasonable amount of amenity space for future occupiers.

6.5.8 Private amenity space must be designed so as to be accessible without traversing through the building. Such access should promote the use of discreet bin storage and allocated collection points. Planting should discourage the use of private space between streets and buildings as informal bin storage, further promoting the use of dedicated bin storage.

6.5.9 Hard surfacing is required for vehicular, pedestrian and cycle access and egress as well as parking requirements. Surfacing for parking areas, private drives, footpaths and patios should be permeable to prevent surface run-off. Streets within a development will have a hierarchy which should be made legible through changes in the surfacing and character of streets. Streets will meet the technical requirements of the Local Highways Authority or the Manual for Streets as appropriate. Outside of the technical requirements for size of streets, pavements and cycle routes, hard surfacing extent should be minimised, with care taken as to the position, extent and soft landscape screening for vehicular parking areas. Parallel parking within streets provision would minimise hard surfacing by marginally increasing the width of streets for said parking. Parking courts should be located in areas of high natural surveillance while being well screened from streets by way of layout, access and landscaping. Bay parking just off, and at right angles to, the street in front of terraces is not high-quality design and will be discouraged in all contexts.

6.5.10 Existing soft landscaping, including trees, shrubs and hedgerows should inform the proposed built form. Existing trees and shrubs provide structure and screening as well as character and maturity to the area also ecological and health

benefit. Planting schemes should provide biodiversity benefits, consider reduced maintenance regimes and be able to tolerate extreme weather conditions.

6.5.11 The provision of open space within a scheme should be of a size and location that benefits all users. The main green space should be centrally located and linked to smaller green spaces creating a hierarchy of open space and green corridors that can provide a landscape structure to the scheme as well as shade and screening. Open spaces within a site should, where possible, link with open countryside beyond the site. Schemes will be expected to achieve a 10% net gain in biodiversity as part of landscape proposals for the site.

Further guidance

Manual for streets and Manual for streets 2

<https://www.gov.uk/government/publications/manual-for-streets>

Hertfordshire's Local Transport Plan 2018-2031 (LTP4)

<https://www.hertfordshire.gov.uk/media-library/documents/about-the-council/consultations/ltp4-local-transport-plan-4-complete.pdf>

Vehicle Parking at New Developments SPD

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan-current-policy/supplementary-planning-documents/vehicle-parking>

Site layout planning for daylight and sunlight

<https://www.bregroup.com/services/testing/indoor-environment-testing/natural-light/>

Neighbourhood Plans

<https://www.north-herts.gov.uk/home/planning/planning-policy/neighbourhood-planning>

Have you considered?

Has the design included surface water drainage which avoids, reduces and delays the discharge of rainfall run-off to watercourses and public sewers using SuDS techniques?

Have water efficiency and other mitigation measures been taken to reduce both the risk of surface water or groundwater flooding to the development and to ensure the development will not impact on flood risk elsewhere?

Have vegetation condition surveys been carried out in accordance with BS5837: 2012 Trees in relation to design, demolition and Construction; recommendations?

Does the development accord with the National Planning Policy Framework and accompanying guidance in respect of development and flood risk?

Has sufficient space been allocated to provide external storage space for non-recyclable waste and recyclable household waste?

Have you enhanced or created new habitats or features for biodiversity within your scheme? E.g. incorporated bird, insect or bat boxes, created a pond, sown wildflower seeds, enabled movement for species such as fish passage or proposed landscaping with native tree(s), shrubs or herbaceous borders?

Has the potential to provide green roofs or street trees for example to connect with wildlife corridors and provide habitat been considered?

6.6 Sustainable Methods of Construction and Use of Energy and Materials – Combating the Climate Emergency

6.6.1 Consideration should be given to the installation of a full range of existing sustainable energy generation or sustainable energy use methods on any new buildings. Sustainable energy and construction is an ever evolving set of technologies. The climate emergency is ongoing, and requires constant and continuing attention as we design the next generation of buildings.

6.6.2 The Council will take a positive approach to all reasonable sustainable energy generation methods fitted to new dwellings in order to meet the climate change emergency. Care must be taken in the design of new buildings and proposed use of sustainable energy production to ensure that such provision does not conflict with other policies such as the protection of heritage assets.

6.6.3 Where a site's context and location allows, suitably designed modular construction building methods will be considered favourably. Off-site modular construction methods are considered sustainable and is a high performance method ensuring fast and effective delivery.

6.6.4 Existing examples of sustainable energy production or energy saving construction techniques include, but are not limited to, photovoltaic cells, insulation, natural air ventilation, heat pumps, bio-generation, wind turbines, mechanical heat recovery ventilation, and creative and efficient sourcing of local and environmentally friendly materials (including recycling and re-use). It is cost effective to implement many these sustainable energy facilities during construction as opposed to retrofitting.

6.6.5 Permeable surfaces should be constructed to reduce run-off. Where conditions allow Sustainable Drainage System (SuDS) schemes should be included in the drainage scheme. These should be fully integrated within the scheme and play a role in the green space of the development. SuDS long term management and maintenance is a material consideration, and will be conditioned or included in a legal agreement as appropriate. Consideration should be had to management and

maintenance of SuDS schemes in line with the public spaces section of this guide and any other applicable guidance.

6.6.6 Electric vehicle charging (EVC) points should be installed for new residential properties either for each house or centrally for block of flats or parking areas. Commercial development such as public car parks or buildings should also be considered for EVCs.

6.6.7 Sustainable and renewable energy sourcing is an quickly evolving and developing subject. The Council will take a favourable view on any innovations which supersede those listed or described above, where they achieve an appropriate context-led design.

Further guidance

BRE (Building Research Establishment)
<https://www.bre.co.uk>

Have you considered?

Have materials been specified with lower environmental impacts over their lifecycle and which are responsibly sourced?

Does the scheme generate and store energy from renewable sources?

Does the design incorporate features which enable the use of electric vehicles with appropriate charging points?

Have sufficient secure cycle storage facilities been provided to promote the wider use of bicycles as transport, thus reducing the need for short car journeys with associated emissions?

Are homes being constructed according to Passivhaus standards?

Are homes being constructed according to the BRE customer assessment known as the Home Quality Mark?

Will the proposal accord with any other construction standard?

Has consideration been given to the average water consumption per person per day as set out in policy D1 of the 2011-2031 Proposed Submission Local Plan?

Has a rainwater or grey water recycling system been incorporated into the scheme?

6.7 Scale

6.7.1 Scale relates to individual buildings as much as the density and number of units within a site. Scale means the height, width and length of each building within the development in relation to its surroundings. These elements are inter-related, and great importance and focus should be placed on the relationship of the scale of individual buildings to their surroundings. The width and length of buildings should relate to the site's existing context and surroundings. A narrow, deep building proposed adjoining a context of wide shallow buildings will result in additional height and incongruous lengths, failing to respect the character of the site's surroundings and usually resulting in prominent roofscapes. Care should be taken in considering the height, width and length of existing buildings which form the site's context when configuring the scale of new buildings.

6.7.2 In North Hertfordshire most dwellings tend to be no more than 2.5 floors/stories although apartment blocks or residential over shops and other commercial properties tend to be 3, 4, 5 or 6 floors particularly in town centres. Heights of buildings should be taken into consideration during the design process as taller buildings can dominate skylines and street scenes.

6.7.3 Taller buildings can create landmarks which help with legibility of a development by identifying junctions or focal points and can also help with creating a sense of place.

6.7.4 It may be desirable to increase the density on site from the surrounding areas as a balance needs to be achieved between providing housing and efficient use of land. Efficient use of land should not be achieved at the expense of a high-quality design.

Have you considered?

Have you accurately established the height and scale of built form surrounding the site?

Have you positioned taller buildings on corner plots or at the end of street vistas to increase legibility?

Does the proposed development strike an appropriate balance between design in its context and making efficient use of developable land?

6.8 Roofscape

6.8.1 The roof form and materials are an important element of design, which in large schemes can have a big impact on spacing and massing of built form in a scheme. As with all sections, consideration should be had to any typical roof form or material in the surrounding area.

6.8.2 If a site does not have a strong connection with any existing roof form or materials, then a flexible approach can be applied to roof design. This will especially be the case where creative roof design improves the appearance of an area or the way it functions. Examples may be flat roofs with roof gardens, roof forms which orient and promote installation of low visual impact solar panels, or create a distinctive appearance which reacts well to proposed site conditions including layout and/or building lines.

6.8.3 When considering the context of a site in regards to roof form, proposals should be informed by roof types (i.e. pitched, hipped, half-hipped, gabled, flat, gable winged blocks, flat, mono-pitch) as well as the angles of any roof forms in the sites surroundings (steep, shallow, etc.). Roof pitches should not be artificially inflated to accommodate additional living spaces. Roofscapes should not exceed the proportion to facing elevation of buildings forming the sites context. It will often not be appropriate to have a single dominating roof form within a large development site. Design should seek some variation and interest in roof form and details. Consideration should be had to roof form and orientation when laying out built form where roof design can create some additional spacing between built form.

6.8.4 An important consideration in roof design is features and details. Chimneys create visual interest in roof designs. When considering chimneys in a proposal, the sites context should inform positioning, height, and detailing on the chimney stack itself. It will be dependent on the developer as to whether chimneys are a purely visual feature or functional. Fascia's, eaves and guttering are also considered important. In regard to contextual roofing materials, consideration shouldn't only be had to colour or material, but also the shape of tiles in the surrounding area.

Have you considered?

What is the dominant roof form (hipped, gabled, etc) and pitch (shallow, steep, mixed, etc.) in the area surrounding the site?

Can an innovative dominant roof type, or mixed set of designs, be implemented to give the development a unique character?

Is there a dominant roof feature or architectural detailing in the sites surroundings which can reinforce local character in the developments roof scape?

Is there a dominant roof material considering tile size, form and colour?

6.9 Windows and Doors

6.9.1 The ratio of glazing to external wall has an impact on the character of a building. Fenestration openings, in terms of siting, number and size, should respect the function and character of the proposed building. Usually, but not exclusively, fenestration detailing should be positioned in a rhythmic fashion. Windows should be largest at ground floor level, and decrease in size as the floor levels increase. There

may be examples where this advice is contrary to good quality design, for example, where a heritage asset is changing use to residential and the design intention is to refrain from residential appearance.

6.9.2 Consideration should be given to the orientation of buildings when materials, positioning the size and location of windows. On south facing elevations they will allow light to penetrate but also be a source of heat. We would encourage applicants/designers to consider natural light and heating when designing internal layout and subsequent window and door size and positioning.

6.9.3 Dormer windows on new developments may be acceptable on front elevations dependent upon the site's context. Dormer windows in new build sites should be well designed and fit in with the site's surroundings and the context of the development site itself. Dormer windows should be proportionate to the roofscape, thereby respecting the appearance of the building. Roof lights may also be acceptable on new build development sites on roof slopes which do not address the street. Care should be taken when designing a development with living space in the roof that the roof pitch of the new buildings accurately relate to the site's surroundings, and that that roof pitch can accommodate living quarters.

6.9.4 Sun pipes are a good way to increase the amount of natural light entering a building if there are limitations on windows in facades.

6.9.5 Front doors are an important feature of dwellings. Doors should be clearly visible from the street and accessible from parking spaces or garages. This is also relevant for blocks of flats as they need to have a main door opening out onto the street for ease of use and safety and surveillance.

Have you considered?

Does the ratio of glazing reflect the purpose and use of the building?

Are the fenestration details set out in a rhythmic fashion appropriate to the site's context?

Are dormer windows appropriate, and where they are, are the dormer windows appropriately located and designed?

Are front doors positioned to interpret the orientation of the building and address the street?

6.10 Elevations

6.10.1 Details are important in achieving high quality facades and elevations which give a quality finish to the design of a development. Small details such as rainwater goods and gas piping and metres can make a big difference in the final appearance of a street scene. Consideration to innovative methods of reducing the visual impact

of these details from the façade will be greeted with positivity from the Local Planning Authority. In terraced or flatted buildings, gas pipes can be enclosed by a section of removable cladding in a small section of recessed brickwork between premises. Downpipes can also be sited in recessed brickwork and be composed of a similar colour to the external material of the elevation in order to reduce visual impact. Gas metres could be positioned within a small cupboard within storm porches as opposed to in plastic boxes presented on facades.

6.10.2 External materials should be informed by the site's context. Where there is one dominant form of facing material in the site's surroundings, this should form the basis for the site, and variation in the street scene or between blocks should be focussed on an alternative method. Where there is more than one facing material in the site's context, this could be utilised to create interest in the development.

Have you considered?

Has your development taken into account local distinctiveness, locally typical materials and/or other design principles set out in either an emerging or adopted village/community design statement or Neighbourhood Development Plan

Is there a dominant material such as brick or render or cladding?

6.11 Self-build

6.11.1 The same design guidance should be followed as for other development but also see the detailed guidance as to how self-build should be delivered in section 5.3 of the Developer Contributions Supplementary Planning Document.

Further guidance

Self-Build and Custom Build register

<https://www.north-herts.gov.uk/home/planning/planning-policy/self-build-and-custom-build-register>

North Hertfordshire Developer Contributions SPD

<https://www.north-herts.gov.uk/home/planning/apply-planning-permission/planning-obligations/draft-developer-contributions>

Hertfordshire County Councils: Building Futures

<https://www.hertfordshire.gov.uk/microsites/building-futures/about-us.aspx>

6.12 Vehicle Parking

6.12.1 Where provision for parking spaces needs to be made, the design and potential visual impact of cars should be considered at an early stage of the layout. On plot parking and/or garages should be provided where possible. If parking courts are being proposed their visual impact needs to be considered as well as access and security. On street parking may also be appropriate but should not dominate the

character of the street. Nor should parking obstruct the functioning of the street as a route for vehicles particularly emergency or refuse vehicles. The design and location of parking spaces should avoid congestion and overcrowding of road space with parked vehicles. Pedestrian safety is important and pedestrian routes should be designed to encourage walking by creating direct, safe and attractive routes. Although sustainable forms of transport such as buses, cycles and walking should be promoted and provided for appropriate provision for car parking should be made available. If insufficient spaces are available, ad-hoc parking can damage pavements, verges and planting as well as impact on the functioning of the roads.

6.13 Street furniture and Signage

6.13.1 Signs are important to provide information and directions but should be grouped together to reduce street clutter.

6.13.2 Street furniture, such as benches, waste and recycling bins should be provided where appropriate to benefit users of the space. The position of street furniture can also be used to define space, reduce traffic speeds and create a sense of place. The design of street furniture should be appropriate to the character of its location.

Further guidance

Vehicle Parking at New Developments SPD

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan-current-policy/supplementary-planning-documents/vehicle-parking>

NHDC Parking Strategy

https://www.north-herts.gov.uk/sites/northherts-cms/files/NHDC%20Parking%20Strategy%20%20Final%2029%2001%202019%20Final_0.pdf

Have you considered?

Making sufficient provision for parking on site as well as taking into consideration impact on on-street conditions, such as highway safety, available on street capacity as well as likely pedestrian and environmental impacts.

7. PUBLIC SPACES AND MAINTENANCE

What we're looking for ...safe, functional, well-designed and well-maintained areas that have good connections and provide routes and spaces for leisure and recreation. Integrated streets, squares, green open spaces, etc that are appropriately located, high quality and attractive public places. Spaces that can adapt over time to remain fit for purpose.

7.1 Public spaces and places

7.1.1 Public spaces and places are open areas available to everyone. They can take the form of streets, squares and green spaces. Public areas are considered a valuable community asset as they provide a space which brings people together and where people can socialise. Public spaces are also a fundamental part of good urban design and when used as an integral part of well laid out development, can create an oasis of green as a balance to buildings and infrastructure. Open spaces should be considered as destinations which locals and visitors would wish to use.

7.1.2 The National Design Guide recommends that well-designed public spaces and places should be fit for purpose, durable and that they should bring pleasure to everyone. Access to well-designed public spaces can help with improving general physical health and wellbeing. This section provides some recommendations to help achieve new or regenerate existing areas to be well-designed public spaces.

7.2 Creating recognisable public spaces

7.2.1 Open areas should be recognisable as a public place which all people can use. In large open spaces, planting trees, shrubs or other plants, can provide a structured layout for the area. Green spaces can help mitigate climate change and improve biodiversity by creating new ecosystems. Including features such as sculptures, monuments and water features can produce a focal point to public spaces, creating a greater sense of place and enhance the local character of the area. In addition, providing street furniture such as benches and signs will have an impact on the attractiveness and usability of the public space.

7.2.2 Public spaces and places should benefit the local community. This can be achieved if the area provides a location for a range of activities such as a space for events, public art, meeting areas, relaxation spaces, play areas, cafes or temporary units. Providing multifunctional areas can benefit the local community by creating a sense of community, attracting visitors to the area and helping the local economy. Consideration should be given to providing sources of power, such as power bollards, for equipment and events.

7.3 Inclusion and Accessibility

7.3.1 Public spaces and places are valuable for contributing towards community cohesion. By providing social areas which are accessible for all ages and abilities, they can create a sense of belonging to the area. Well-designed public areas should be

planned to meet the needs of the most vulnerable user in order to protect diversity and inclusion. Therefore, it is important to consider physical or perceived barriers or features which could directly or indirectly discriminate against a particular person or group.

7.3.2 If public streets, parks and incidental spaces are attractive, safe, and well-designed people are more likely to use them for walking and cycling.

7.3.3 When determining the location of public spaces, it is important to consider the routes people will use to access them. Well-designed spaces should provide a network of routes which facilitate movement between and through them. These routes should also encourage sustainable transport modes by including maintained walking and cycling paths. Links between public spaces could include pedestrian and cycle priority measures to improve safety and access such as raised tables, controlled and zebra crossings. Consider the use of shared surfaces to try and reduce car dominance and provide a space accessible for all.

7.4 Enjoyment and well-being

7.4.1 Open spaces and in particular green open spaces help to make a development more visually attractive and promote feelings of well-being and improve health. They can also reduce the impact of buildings and other structures by breaking-up elevations and views and providing relief and spacing.

7.4.2 Providing spaces, whether they are large or small, where the community can meet and engage with each other can reduce isolation and loneliness. Green spaces can provide tranquil places that promote rest and relaxation. Consider the style, amount and location of seats, benches and tables and any trees or shrubs to provide comfort and shade. Including vegetation will improve air quality and have a positive impact on mental health as it provides an opportunity for people to enjoy and experience nature and wildlife.

7.4.3 Providing areas that encourage active lifestyles will help improve people's physical and mental health. Consider facilities for sports such as outdoor gym equipment, play areas for children, cycle tracks and walk routes.

7.4.4 Whilst designing a space that has multiple uses and is inclusive, it is important to consider its overall appearance. People are more likely to use areas that are visually attractive. Therefore, it is important to consider how public spaces can appeal to people's senses such as look, feel, sound and smell. For example, green spaces provide a soft landscape with different colours, textures, shapes and patterns that create a pleasant, attractive environment.

7.5 Safety

7.5.1 Careful planning of open spaces and places can create areas where people feel safe and secure without additional measures. The concept 'Designing out Crime' aims to reduce crime against individuals and property by removing opportunities through good design. Well-designed public spaces and places should consider the layout, parking, streetscape, lighting and landscaping to prevent crime occurring. For example, positioning the public space where there will be natural surveillance from housing can deter crime reduce the need for physical barriers such as walls and gates. Active shop fronts can also help to improve safety. Public spaces that have a multi-use function also reduce crime rates as places where there are high levels of human

activity create a sense of safety and security. Routes in parks, streets and squares should be appropriately lit to help people move from one place to another and to help improve natural surveillance in the dark. Consider the positioning of street furniture so that they do not obstruct views, movements or encourage anti-social behaviour. In addition to this, well-designed places should also have multiple well-defined entrances and exits to allow greater network of movement.

7.5.2 It is important to design spaces and places that are enduring and sustainable so that they can be enjoyed in years to come. Considering features which could be adapted to suit future social needs will help keep public areas fit for purpose over time. Well-designed places should be fit for use all year round. Considering how the area is going to be managed and maintained will help secure the long-term quality of the open environment and contribute to crime prevention in the future.

7.6 Management

7.6.1. Management of open spaces should be considered at the start of the development process to ensure it is fully explored through the design and construction phases. When designing a scheme and choosing materials, plants and street furniture consider how they will be maintained, their durability and ease of replacement in the future

7.6.2 Whilst the scheme is still the responsibility of the developer a Management Plan should be prepared setting out the maintenance operations and a timetable for undertaking them. This document should be made available to the client and maintenance operator. This should cover all materials and systems used in the scheme such as street furniture, Sustainable Drainage Systems (SuDS) or wildlife habitats.

7.6.3 The Council is unlikely to adopt open spaces which are considered a long-term obligation to the organisation and therefore 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. 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 wish to adopt any of the open spaces that are planned. If this approach is unsuccessful, a management company will be required as above.

7.6.4 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. 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.

7.6.5 Once the construction and initial maintenance period is completed by the development any parts of the scheme not the responsibility of the Local Authority will need to be transferred to a third party. This could be a Management Company who will be given the responsibility to maintain and have control of the management of the site in perpetuity. The process will need to be the subject of a legal agreement and funding mechanism to ensure there are sufficient funds to pay for both regular maintenance and also any remedial works arising.

7.6.6. For areas that will be maintained by management companies or Local Authorities it is good practice to provide a Maintenance and Management Guide. This ensures that relevant information is easily accessible in one document for

reference in future years. The guide can cover such things as materials and furniture used and where they were obtained. The guide will also assist with contacts for services such as landowners, electricity providers, water companies, town centre managers and other contacts, etc. It can also ensure the correct maintenance of different types of surfacing if methods and schedule for maintenance is set out.

Further guidance

Management and Maintenance: Baldock Town Centre – User Guide

<https://www.north-herts.gov.uk/home/planning/planning-policy/planning-strategies>

Management and Maintenance: Fish Hill Square - User Guide

<https://www.north-herts.gov.uk/home/planning/planning-policy/planning-strategies>

Further guidance

National Design Guide

<https://www.gov.uk/government/publications/national-planning-policy-framework--2>

North Hertfordshire District Green Infrastructure Plan 2009

<https://www.north-herts.gov.uk/planning/planning-policy/local-plan/local-plan-examination/examination-library>

Highway Tree Strategy and Guidance Document, HCC 2013

<https://www.hertfordshire.gov.uk/media-library/documents/highways/plans-and-strategies/highway-tree-strategy-and-guidance-document.pdf>

Lead Local Flood Authority –

<https://www.hertfordshire.gov.uk/services/recycling-waste-and-environment/water/managing-flood-risks.aspx>

(Herts Highways/ Sustainable Drainage Schemes - SuDS)

Hertfordshire's Health and Wellbeing (Planning Guidance May 2017)

<https://www.hertfordshire.gov.uk/media-library/documents/public-health/hertfordshires-health-and-wellbeing-planning-guidance-may-2017.pdf>

Planning Obligations SPD

Link to be provided

Have you considered?

Is the space located in a central position that allows it to be easily accessible?
Is the space well connected into the network of surrounding footpaths and streets?
Is the space overlooked to provide natural surveillance for safety?

Integrating existing features, such as trees, hedges or water into the scheme?
Can new features be created?

Providing planting and grassed areas to create seasonal interest and sense of nature for health and wellbeing.

Where space permits, planting trees in places and along routes to provide structure and greenery.

Incorporating hard surfacing for routes and event space?

Are the types of facilities and furniture appropriate for their use and location. Have seating, bins, cycle racks, lighting and other features, such as fountains and public art been considered?

Is play equipment required and if so, what is appropriate? Who will manage it?

Is it clear which areas residents are responsible for maintaining?

Who will be responsible for maintaining and managing the public space?

Is there a maintenance and management plan in place?

Details of the legal and funding mechanism(s) by which the long-term implementation of the maintenance and management plan will be secured by the developer with the management body(ies) responsible for its delivery. This should include how Sustainable Drainage Schemes (SuDS) are to be managed and maintained throughout the lifespan of the development.

8. MASTER PLANNING

What we're looking for ... high quality, well-maintained development that function well and are safe to live and work in.
To achieve this we will require engagement with design review panels and early dialogue with planning officers and other key stakeholders.

8.1 Process

8.1.1 All strategic sites will be masterplanned collaboratively with the council and key stakeholders. Strategic sites are identified in the emerging Local Plan at policies SP14, SP15, SP16, SP17, SP18 and SP19. Key stakeholders will be relevant to a particular site and determined on a case by case basis between the Council and the applicant. They could include the Environment Agency, Historic England, Natural England, Parish Councils and community groups, for example.

8.1.2 Whilst there is a policy requirement for all strategic sites to be masterplanned, the Council expects that other large sites, such as those of 300 units or above or 10,000sq metres, should also be subject to the masterplan process.

8.1.3 It is the Council's expectation that the Masterplan will normally be provided before or at outline application stage. A negotiated masterplan should then supplement and inform any future application. It is expected that any outline permission will secure the masterplan through conditions and/or a legal agreement, fixing the overall concept and tying any future reserved matters or phased applications into the agreed masterplan. This will enable the design of the wider site to be achieved even if the site is development in stages.

8.1.4 Developers and applicants will be expected to commit to the following process to ensure that the masterplan is appropriate for its location and is future proof.

What	How	Purpose	Who	When
Stage 1: Early engagement with North Hertfordshire District Council Planning department.	Pre-application advice	Establish vision and aspirations Identifying site issues and key information needed to address and seek high quality development.	DM officers Internal NHDC consultees	Pre-application stage
Stage 2: Initial/ draft masterplan	Pre-application advice	Produce an initial, high level, parameter	DM officers	Pre-application stage

		masterplan showing basics ie. points of access, main spine road, areas for development, approximate locations for schools, structural planting, green spaces etc.	Internal NHDC consultees	
Stage 3: Meaningful discussions, including 1st Design review, and negotiations with NHDC and other statutory stakeholders.	Pre-application advice NHDC will engage with pre-application advice sought from other parties where required	Further identification of issues and information from wider stakeholders Assess and integrate stakeholder considerations	HCC, Environment Agency, Historic England, Natural England	Pre-application stage
Full community and other stakeholder engagement.	Meetings Workshops Events Notices Leaflets	Present visions, aspirations and draft masterplan for feedback.	Parish and Town Councils, Ward and County members, Community groups, Residents.	Pre-application stage
Refining work	Either undertaken independently by applicant or through continued pre-application advice to be negotiated on a case-by-case basis.	To take account and integrate feedback from full community and stakeholder engagement into the proposed masterplan.	NHDC DM officer Other key stakeholders or statutory consultees as necessary	Pre-application stage
Submission to Design Review Panel,	Requests sent to Design South East by applicant	To have the masterplan reviewed by a panel of experts.	Design South East NHDC	Post pre-application and prior to planning application

(2 nd review), subsequent review and re-submission if required.			Other stakeholders as deemed necessary by Design South East.	
Additional stage: further refining work to address review panel				
Submission of masterplan as for approval or endorsement	Outline planning application or presentation through Council procedures	To formally assess, present and approve/endorse the masterplan	NHDC Applicants or developers	Outline planning stages or prior to the submission of any planning application.

8.2 Masterplanning

8.2.1 The emerging Local Plan states that the masterplan should include:

- The broad layout of the allocated site;
- A phasing plan;
- The location of key infrastructure including:
 - Main access road;
 - Key routes within the site for both vehicles and sustainable modes of transport;
 - Schools and other supporting facilities; and
 - Strategic landscaping and open space; and
- Identification of design parameters and/or character areas.

8.2.2 Strategic sites in the emerging Local Plan require a comprehensive and deliverable Masterplan for the whole allocation to be developed in collaboration with the Council and key stakeholders and secured prior to the approval of any detailed matters. There are site specific criteria for strategic sites set out in the relevant policy in the Local Plan, which should be taken into consideration in any masterplan document.

8.2.3 It is not just strategic sites which could benefit from master planning and the Council have set out a master planning approach to assist with large development schemes.

The approach will also assist developers and applicants for smaller sites who wish to create high quality development.

8.2.4 The master planning process adopted by North Hertfordshire is set out above and requires parameter plans to be prepared for specific issues such as scale, density, landscape, facilities, open space, access to be negotiated prior to submission of Outline Planning Permission.

8.2.5 The separate parameter plans should be amalgamated into one comprehensive/holistic key plan for submission for approval and/or adoption.

8.2.6 The contents of the masterplan should follow that expressed above in relation to contents. The masterplan should secure its own contents through codes, 'policies' or specific guides on how the evidence and information expressed in the document will inform the development of the site.

8.3 Outline Planning Applications

8.3.1 Applications for outline planning permission should be informed by a masterplan, whether the masterplan is submitted with the application or has been endorsed by the Council. Any unreserved details, such as access, should align and conform with the masterplan.

8.3.2 Details should be submitted to evidence that any reserved matter could conform with the vision and aspirations of the masterplan, however they are expressed, if the site were developed to the maximum capacity expressed in the outline planning application.

8.3.3 The masterplan will be secured by condition to ensure that it is a material consideration for future reserved matters if it has not already been endorsed by the Council prior to the outline planning application.

8.4 Reserved Matters

8.4.1 Any reserved matters applications pursuant to an outline permission will be required to have regard to and comply with the masterplan either by reason of a condition on the outline planning permission or by reason of its previous endorsement by the Council.

Further guidance

Masterplan approach

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

Policy SP9: Design and sustainability and Policy D1: Sustainable Design

North Hertfordshire District Council Local Plan 2011 - 2031

Emerging Local Plan Strategic policies & Development Management policies.
(Main Modifications)

<https://www.north-herts.gov.uk/sites/northherts-cms/files/Local%20Plan%20-%20Main%20Mods%20track%20change%20version.pdf>

Draft Statement of Community involvement SCI

<https://www.north-herts.gov.uk/home/planning/statement-community-involvement-sci>

Hertfordshire's Local Transport Plan 2018-2031 (LTP4)

<https://www.north-herts.gov.uk/sites/northherts-cms/files/TI15%20Hertfordshire%27s%20Local%20Transport%20Plan%202018-2031.pdf>

Have you considered?

Information set out in the other sections of this Design SPD

The issues set out in the box set out in 8.2 above.

9. HOUSE EXTENSIONS

What we're looking for ... changes to properties that do not detract from the character of the local area but will enhance the street scene. Of a scale and design that compliments the main building and remains subservient to it. Changes that minimise the impact on neighbouring properties, are of high quality, and function well both internally and externally to benefit their surroundings.

9.1 Where to start

9.1.1 When thinking about the size and form of an extension there a number of things to take into consideration.

9.1.2 Is the property a Listed Building or does it lie within a Conservation Area? If so you should contact North Hertfordshire Planning Department (Development Management) either by phone on 01462-47400 or email them via planning.control@north-herts.gov.uk for pre-application discussions about what these designations mean for any development.

9.1.3 Is it located in Letchworth Garden City? If so you should contact the Heritage Foundation on 01462-530335 or via <https://www.lethworth.com/your-home/altering-your-home> to check that any proposals are in accordance with their guidance.

9.1.4 For information on household planning applications and what is permitted under Permitted Development Rights (PD rights) click on the link below to the Planning Portal. You can use this website to find out more information and also submit a householder planning application electronically.

9.1.5 When designing a scheme consideration must be had to the style and materials of the existing house, as well as the neighbouring properties which make up the character of the local area.

9.1.6 Further guidance is set out in the emerging Local Plan in Policy D2: House extensions, replacement dwellings and outbuildings.

9.2 Rear extensions

9.2.1 While rear extensions may not be discernible from the street, design remains important so that private aspects and outlooks are not materially disrupted or deteriorated. Care should be taken to ensure the roof ridge height of the additions is no higher than the existing roof ridge line.

9.2.2 Extensions still need to adhere to policies regarding sympathetic scale and proportions. There may be opportunities with subordinate rear extensions for innovation in regard to materials, window detailing and form.

9.2.3 Care must be taken to protect the living conditions of adjoining premises in regard to loss of privacy, loss of light or undue dominance. The Council will typically

apply the 'rule of thumb' advised in the BRE guidelines in regard to both dominance and light impact. This is a 45 degree rule is implemented on both horizontal and vertical spectrums. On the horizontal spectrum, the starting point would be the centre point of the nearest window on the rear wall of the adjoining property. On a vertical plane, the starting point will be from the central point of the nearest impacted window, at a point 1.8m above the ground level of the room which it serves.

9.2.4 It is advised that windows are positioned sensitively so as to not present either actual or perceived casual overlooking of neighbouring properties or their immediate amenity space.

9.3 Roof space

9.3.1 Most roof extensions will fall under permitted development. In cases where permitted development rights have been removed by way of Article 4 direction, condition or obligation, or where the proposal would not meet the limitations of the relevant permitted development right, then roof additions will be required to be well designed. The following guides how the Council will assess the design of roof alterations.

9.3.2 The Council will promote roof additions which leave the front roof structure intact.

9.3.3 Dormer windows should not break the ridgeline of the roof to which they are applied. Dormer windows should remain subservient to the roof slope to which they are proposed. To achieve this, it is recommended that dormer windows are set in from flank elevations by at least 1m, and set down from the ridge and in from the eaves of the roof by at least 0.6m in most cases.

9.3.4 Consideration should be taken to hosting pitched hipped or pitched gabled roofs on dormer windows appropriate to the roof form of the host dwelling, resulting in multiple smaller dormer windows, rather than large flat roof box dormer windows.

9.3.5 All fenestrations proposed within the roof slope should be positioned in line with the window pattern on the floors below to maintain rhythm. Roof fenestrations, whether roof lights or glazing within dormers, should be smaller in size than those at present at ground and first floor level on the host dwelling

9.4 Side extensions

9.4.1 Single and two storey side extensions may be permitted as long as they are subservient to the existing house. Two storey extensions should be at least 1m away from the boundary. Single storey extensions may extend up to the property boundary, however, the Council promotes maintaining external access to rear gardens for ease of bin storage and other maintenance requirements.

9.4.2 First floor windows along the side elevations should be carefully considered as to whether they are required, and how they are positioned in relation to neighbouring properties. Obscured glazing at first floor level on flank elevations is not a cure-all, and indiscriminately positioned side facing first floor windows may still cause material harm through the perception of being overlooked.

9.4.3 In cases where first floor windows are well positioned as to not prejudice the perception of loss of privacy to the occupiers of adjoining premises, a condition will be imposed to ensure said window is obscure glazed throughout, and not capable of

being opened below a height 1.7m above the finished floor level of the room which it serves in order to preserve the privacy of occupiers of adjoining premises.

9.5 Front extensions

9.5.1 Great care must be taken with front extensions to ensure the contribution of the property to the character of the sites surroundings is not disrupted. The starting point should be to assess the contribution of the property to the street scene before considering significant front alterations. Considerations include, but are not limited to, consistent form, block patterns, materials and building lines.

9.5.2 Where front alterations and additions may be appropriate, extensions should be subservient to the existing property and no higher than the existing roof ridgeline.

9.6 Separate garages and outbuildings

9.6.1 As above, careful consideration should be taken as to whether an outbuilding to the front or side of the existing property is appropriate in-principle. Where a front or side outbuilding is considered appropriate, the materials, architectural detailing, and roof form should be sympathetic to the host dwelling and scale of the outbuilding must be subservient to the existing property.

9.6.2 This will ensure that the character of the local area is enhanced or maintained

9.6.3 A more relaxed approach will be taken by the Council where rear outbuildings are proposed in inconspicuous locations where they would not be readily viewable from public vantage.

Further guidance

Planning Portal

<https://www.planningportal.co.uk/>

Hertfordshire County Councils Building Futures

<https://www.hertfordshire.gov.uk/microsites/building-futures/about-us.aspx>

Letchworth Garden City Heritage Foundation.

<https://www.leitchworth.com/your-home/altering-your-home>

Have you considered?

What is the character of the street in terms of roofscape, materials, window style, architectural detailing and building lines and how does the subject dwelling contribute to those features?

How will the scale, position and details of the extension affect neighbouring properties/neighbours?

Is there space for off-street parking?

Does any designation apply, such as Listed Building, or Conservation Area.

If on-plot parking is to be provided is a permeable surface being used or has another form of drainage being provided to ensure run-off stays within the site area?

Is access being retained to the rear garden for storage of recycling and other bins?

Can landscaping along boundaries to help screen any required vehicular parking and create a verdant character?

Building Control agreement will be required as work progresses.

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10. SHOPFRONTS

We wantto ensure that all new and altered shopfronts are well designed and enhance their surroundings whether they are located in Conservation Areas or not. Advertisements should enhance their setting through good quality design and appropriate materials.

10.1 Shopfront design

10.1.1 Shopfront design is an important feature in the character of our town centres and villages. Most of the district's shops are within the town centres, which are covered by Conservation Area designation, but they are also located in villages, neighbourhood centres and local sites. Although this guidance is required for Conservation Areas it is relevant for all locations to ensure that any new or altered shopfronts are well designed and enhance the character of their surroundings.

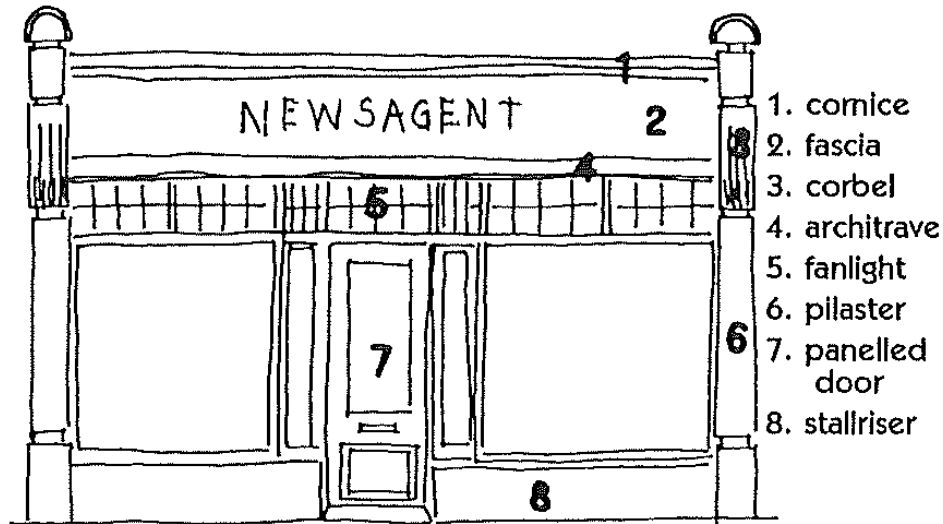
10.1.2 Lettering - On traditional or historic shopfronts, fascias should be painted timber with either hand painted lettering or raised individually applied letters. Lettering to fascia signage should be proportionate to the scale of the shopfront. Plastic and projecting box fascias are unacceptable. Vinyl signage to shop windows is discouraged as this can create a blank frontage to the street.

10.1.3 Lighting - Illumination of shopfronts needs to ensure that it does not distract from the character of the area. Traditional or discrete contemporary light fittings that enhance the building and the street scene are welcomed.

10.1.4 Security shutters - Security shutters should be placed internally unless exceptional circumstances, such as for an historically or architecturally significant shopfront, where internal shutters would not be appropriate.

10.2 Traditional/existing shopfronts

10.2.1 We will normally require the retention of existing shopfronts where their architectural or historical interest, or design, relates well to their surroundings. Detailing and proportions can contribute to the character of an area and create a sense of place.

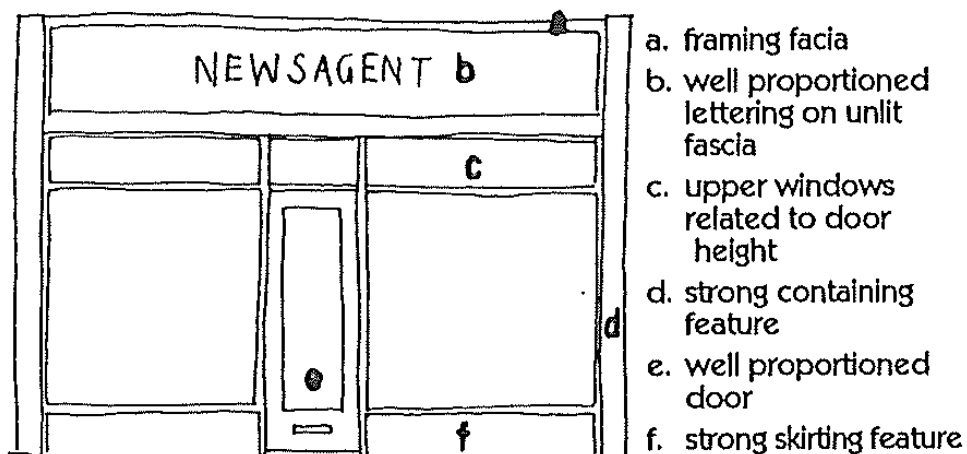


Traditional/existing shopfront

10.3 Replacement shopfronts

10.3.1 The design of new or altered shopfronts should respect the scale, character and construction of the building within the streetscene.

10.3.2 We would expect the design of alterations or replacement shopfronts to be in sympathy with adjacent shopfronts. This includes details such as fascia lines, stallriser heights, glazing, bay widths, materials and colours. They should respect the scale, character and construction of the building and appropriate adjoining buildings in the street scene. Fascias should have a common depth on individual buildings serving two or more shop units and not be so deep as to be out of proportion with the building and adjoining buildings. Fascias should not extend up to or above first floor window sills.



Replacement shopfront

10.4 Advertising within Conservation Areas

10.4.1 Opportunities to improve the character and quality of an area should be taken. Any advertising should be in keeping with the style and character of the local area and not detrimental to visual amenity or highway safety in terms of design, size, colour, position, type or lighting.

10.4.2 The Council will support advertising within conservation areas that is of high-quality design and that enhances the character and significance of conservation areas. If illumination is acceptable in principle, they should be illuminated individual letters rather than illuminated box-signs.

10.4.3 Fascia signs should be of a scale, materials and colour that do not detract from the character of the conservation area.

10.4.4 Hanging signs should be of a size and material that complement the shopfront.

Further guidance

LGCHF New or Replacement Shopfronts in Letchworth Garden City

https://www.leitchworth.com/sites/default/files/documents/2017-10/2015-06-03_let_7342_shopfront_dp_brochure_screen_1.pdf

Conservation Area Statements

<https://www.north-herts.gov.uk/home/planning/conservation-and-heritage/conservation-areas>

Have you considered

Retaining and restoring shopfronts where they comprise original features.

Retaining or restoring existing features where they contribute to the character of the building.

Designing the shopfront to complement the character, age and materials of the building and the neighbouring properties.

Consider the details which contribute to the whole building such as illumination, colour, architectural ironmongery, projecting signs, font size and type.

Using materials and colours that relate to the building and compliment the surrounding properties.

Ensure that any security measures such as burglar alarms or shutters respect the style of building and visual amenity of any designations such as Listed Building or Conservation Area.

That the design and material of any canopy compliments the scale and character of the building.

Lighting that enhances the building and the streetscene.

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CABINET 15 SEPTEMBER 2020
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PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: FIRST QUARTER REVENUE MONITORING 2020/21

REPORT OF THE THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure forecasts for the financial year 2020/21, as at the end of the first quarter. The forecast variance is a £1.468million increase on the net working budget of £15.826million, with an ongoing impact in future years of a £58k increase and requests to carry forward budget totalling £128k to fund specific projects in 2021/22. Within these summary totals there are a number of budget areas with more significant variances, which are detailed and explained in table 3.
- 1.2. The report also provides an update on;
- the delivery of planned efficiencies (paragraph 8.5)
 - the use of budget approved to be carried forward from 2019/20 (paragraph 8.6)
 - performance against the four key corporate 'financial health' indicators (paras 8.7-8.8)
 - the overall forecast funding position for the Council and factors that may affect this (paras 8.9 – 8.16)

2. RECOMMENDATIONS

- 2.1. That Cabinet note this report.
- 2.2. That Cabinet approves the changes to the 2020/21 General Fund budget, as identified in table 3 and paragraph 8.2, a £1.468million increase in net expenditure.
- 2.3. That Cabinet notes the changes to the 2021/22 General Fund budget, as identified in table 3 and paragraph 8.2, a total £186k increase in net expenditure. These will be incorporated in the draft revenue budget for 2021/22.
- 2.4. That Cabinet approves the write-off of debtor invoices totalling £17,442.64 raised to Hitchin Markets Limited, as explained in paragraphs 8.3 and 8.4.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1. The report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 5th May 2020.

7. BACKGROUND

- 7.1. Council approved the revenue budget for 2020/21 of £15.136million in February 2020. As at quarter 1 the working budget has increased to £15.826million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - Current Working Budget

	£k
Original approved budget for 2020/21	15,136
Quarter 3 2019/20 Revenue Monitoring report – 2020/21 budget changes approved by Chief Executive under delegated authority as a result of the Cabinet meeting on 24 March 2020 being cancelled due to Covid-19 situation (March 2020)	287
2019/20 Revenue Outturn Report – 2020/21 budget changes approved by Cabinet (June 2020)	403
Current Working Budget	15,826

- 7.2. The Council is managed under Service Directorates. Table 2 below confirms the current net direct resource allocation of each Service Directorate in 2020/21 and how this has changed from the original budget allocations approved by Council in February 2020.

Table 2 – Service Directorate Budget Allocations

	Original Budget 2020/21	Changes approved at Q3 2019/20	Changes approved at Outturn 2019/20	Other Budget Transfers	Current Net Direct Working Budget
Service Directorate	£k	£k	£k	£k	£k
Chief Executive	1,908	41	133	(178)	1,904
Commercialisation	(457)	(2)	0	30	(429)
Customers	3,419	14	137	96	3,666
Legal & Community	2,255	58	(1)	58	2,370
Place	4,416	0	35	14	4,465
Regulatory Services	1,089	175	99	(19)	1,344
Resources	2,506	1	0	(1)	2,506
TOTAL	15,136	287	403	0	15,826

- 7.3 In July, Cabinet received a report detailing the forecast financial implications of the Covid-19 pandemic. That report will also be considered by Full Council in September, as some of the decisions are constitutionally required to be made by Full Council. In a number of areas this report reflects what was included in that report, however there are some areas of difference. There is no forecast included in this report for the impact on the Council's leisure contract, as that is an element that requires a decision by Full Council and the values involved are commercially confidential. In some cases the forecast has been adjusted in light of more recent data, while there are some areas where the assumed duration of impact contained within this report is shorter than that detailed within the Covid-19 report. This is in areas where the impact is highly uncertain and is to avoid significant variations in individual budgets throughout the year. The commentary in table 3 highlights these differences.

8. RELEVANT CONSIDERATIONS

- 8.1. Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 3 below highlights those areas where there are forecast to be differences. An explanation is provided for each of the most significant variances, which are generally more than £25k. The final column details if there is expected to be an impact on next year's (2021/22) budget:

Table 3 - Summary of significant variances

Budget Area	Working Budget £k	Forecast Outturn £k	Forecast Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2021/22 £k
Investment Interest Income	(300)	(185)	+115	Interest income returns on treasury investments have fallen significantly since the Bank of England Monetary Policy Committee decision to reduce the Bank Rate twice in March: initially from 0.75% to 0.25% on 11th March and then again to 0.1% on 19th March. This variance is a consequence of the Covid-19 pandemic and this forecast is in line with what was included in the Covid-19 impacts report.	0	0
Apprenticeship Scheme	114	103	(11)	Three 18-month apprentice posts are being funded in 2020/21 from the carry forward of unspent budget in 19/20. The £11k carry forward requested is to fund the period of the contracts falling in 2021/22.	11	0
Staff Payroll Costs – Pay Award 2020/21	0	95	+95	The assumption in the original budget estimates was a staff pay award for 20/21 of 2%. The final National Employer pay offer to Trade Unions in April was an increase to all salary points of 2.75%. The variance is therefore the additional resource required for the increase in pay over and above the original 2% estimate.	0	95
Senior Management Tier 1 Restructure	474	380	(94)	The estimated net saving from the restructure of senior management approved by Full Council in April and implemented from 18 th July 2020.	0	(130)

Budget Area	Working Budget £k	Forecast Outturn £k	Forecast Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2021/22 £k
Income from Hitchin Town Hall	(197)	(86)	+111	The closure of the Town Hall during the pandemic has resulted in no income generated in the first quarter of the year. The forecast outturn currently assumes that income levels will return to pre-pandemic levels in the second half of the year, as the confidence of the public increases and social distancing measures are further eased. The forecast in the Covid-19 impacts report assumed a longer recovery period and therefore an income shortfall of £154k.	0	0
Customers Directorate Staffing – Careline Service Overtime Costs	27	54	+27	Increase in expenditure is due to both a higher incidence of staff absence, in part due to COVID, and turnover in staff resulting in vacant posts, both of which have been covered through staff working overtime. The ongoing adjustment is to recognise the level of staff turnover apparent in recent years and the impact on overtime spend. The cost impact is particularly acute for Careline as a new member of staff requires training by an existing colleague, the hours of whom must then be backfilled either through overtime or the hiring of agency staff. The forecast in the Covid-19 impacts report assumed that £5k of this variance relates to Covid-19.	0	12
Outbound Mail	185	151	(34)	The renegotiation of the Outbound Mail contract, effective from 1st August 2020, has enabled the Council to realise further savings from the lower than originally estimated volumes of outbound post being processed by the contractor. The saving has been partially offset by an increase in Royal Mail charges. The ongoing saving is anticipated until the contract ends in November 2023.	0	(52)
Land Charges Income	(164)	(122)	+42	Income in Quarter One was around half of that anticipated in the budget. While there has since been some increase in activity following the reopening of Estate Agents and the temporary reduction of stamp duty on residential properties from 8th July, the economic uncertainty caused by the pandemic is likely to mean that income levels will continue to fall short of the budget expectation. The forecast in the Covid-19 impacts report assumed a slightly longer recovery period and therefore an income shortfall of £60k.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Forecast Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2021/22 £k
Court Summons Income	(178)	(99)	+79	Statutory recovery action in relation to Council Tax & Business Rates has been suspended as part of the Council's response to the flu pandemic and therefore no court summons has been issued. Statutory recovery action is planned to recommence in September, but any court action will be dependent on court time being available. The 20/21 budget was reduced at Outturn 19/20 by £57k due to the closure of the court, hence the total impact on summons income from the pandemic is £136k. The forecast in the Covid-19 impacts report assumed a slightly shorter recovery period and therefore an income shortfall of £120k.	0	0
Benefit Overpayments Income	(488)	(325)	+163	Forecast income reduction is attributed to the ongoing transfer of working age benefit claimants to Universal Credit, which is administered by the DWP. Since October 2018 the Council has not accepted Housing Benefit claims from new working age claimants or from existing claimants whose circumstances have changed, as housing costs are now part of Universal Credit. The benefit caseload has since dropped by 28%, from 6,426 to 4,614, with the reduction in activity therefore helping to reduce the incidence and value of benefit overpayments. The apparent downturn in the economy and reduction in individual incomes, from associated job losses or furlough, has also contributed to reducing the occurrence of benefit overpayments and accelerated the migration to Universal Credit.	0	163
District Elections Expenditure	117	0	(117)	The District Elections that were due to take place in May 2020 have been postponed until May 2021 due to COVID-19. There is no budget provision for District Elections in 2021/22 as no elections were due to take place in the next financial year. It is therefore requested that this budget is carried forward.	117	0

Budget Area	Working Budget £k	Forecast Outturn £k	Forecast Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2021/22 £k
Comingled Recycling - Haulage and Processing Costs	381	501	+121	Higher than anticipated tonnages, possibly due to more people working from home, have increased the amount of haulage and processing required in quarter one. In April and May there was an additional charge per tonne for the processing of materials as the contractor faced additional costs to implement social distancing at the processing plant. Prices received for the sale of materials have also been lower than estimated in the budget, the income from which reduces the charge for haulage and processing. Such is the uncertainty as to the level of expenditure in the remaining three quarters, at this stage the forecast variance reflects the impact on costs from activity in the first quarter only. The forecast in the Covid-19 impacts report assumed a much longer recovery period and therefore a variance of between £325k and £575k.	0	0
Commingled Recycling – Recycling Credits Income	(459)	(503)	(44)	The higher volume of comingled material collected for recycling in quarter one, and hence diverted from landfill, has increased the corresponding estimated total of recycling credit income eligible from Hertfordshire County Council.	0	0
Trade Residual Waste Income	(985)	(895)	+90	Trade waste customers cancelled the service during the lockdown due to closure. The forecast currently assumes that income will return to the pre-pandemic level in the second half of the year as more businesses reopen as lockdown measures ease. The forecast in the Covid-19 impacts report assumed a quicker recovery period (i.e. impact in Q1 only) and therefore a variance of £43k.	0	0
Garden Waste Service Income	(1,007)	(821)	+186	Collection of Garden Waste was suspended from the end of March to the 11th of May. To compensate households for the pause in service, the current subscription period has been extended by two months until the end of September. This reduces the proportion of income from renewals and new subscriptions for the next twelve-month subscription service period commencing in October chargeable to the General Fund in 20/21. The forecast in the Covid-19 impacts report assumed the same impact.	0	0
Fearnhill Sports Hall – Contribution to operational costs	38	20	(18)	The school has undertaken significant work on the sports hall in recent years, which has reduced the annual contribution required	0	(18)

Budget Area	Working Budget £k	Forecast Outturn £k	Forecast Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2021/22 £k
				from the Council to the cost of maintenance and repairs at the facility.		
Housing Services – Temporary Accommodation	6	75	+69	At the beginning of the COVID-19 lockdown, the government instructed local housing authorities to accommodate all rough sleepers and those at threat of rough sleeping. It also confirmed that dormitory night shelter arrangements were unsafe. As a result, the Council's use of hotels has increased drastically, resulting in a large increase in the cost of temporary accommodation provision. There are still placements into hotels most days and although repeated efforts are made to resettle residents into their own accommodation, it has become apparent this will not be a quick process. The forecast in the Covid-19 impacts report assumed a much longer recovery period and therefore a variance of £200k.	0	0
Car Parking Income						
Car Parking – Pay-As-You-Use Income	(1,936)	(1,527)	+409	The impact of the response to Covid-19 resulted in a major fall in parking income in the first quarter. The introduction of the lockdown, which forced most shops to shut and encouraged the public to stay at home, saw car parks and streets empty. During this time the Council also offered free parking to key workers.	0	0
Car Parking – Season Ticket Income	(310)	(236)	+74	The government furlough scheme and more businesses facilitating homeworking in response to the pandemic have contributed to the apparent reduction in the demand for car park season tickets.	0	0
Car Parking - PCN Income	(573)	(472)	+101	To protect staff and support residents during lock-down, during April and May PCNs were only issued in relation to unsafe parking and blue badge bay infringements. During early June reminders were put on vehicles that they should be paying for parking, and PCNs were issued as normal from 22nd June.	0	0
Total:	(2,819)	(2,235)	+584	The total of the significant parking impacts above is £584k. The forecast in the Covid-19 impacts report assumed a gradual recovery period and therefore a variance of up to £1.37m.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Forecast Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2021/22 £k
Resources Directorate Staffing Costs – Human Resources	339	314	(25)	Net saving anticipated from the reorganisation of the Human Resources Team following the deletion of the Corporate HR Manager post in September.	0	(50)
Insurance Premiums	175	188	+13	There have been increases across a number of policy renewals, indicative of both the general climate in the insurance market and the fact that there were a couple of substantial claims relating to Development Control submitted in the past year.	0	18
Covid-19 Community Grants Expenditure	0	150	150	The Council has developed a protocol for providing funding to community groups that are helping to mitigate the impact of Covid-19 on residents. The funding for this is coming from the Special Reserve. The overall focus is on provision of food and essentials, mental health support and domestic abuse support. This is an estimate of how much funding will be awarded and is in line with what was included within the Covid-19 impacts report.	0	0
Contribution from Special Reserve	0	(150)	(150)		0	0
Total of explained variances	(4,741)	(3,390)	+1,351		128	38
Other minor balances	20,567	20,684	+117		0	20
Overall Total	15,826	17,294	+1,468		128	58

8.2. Cabinet are asked to approve the differences highlighted in the table above (a £1.468million increase in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are asked to note the estimated impact on the 2021/22 budget (£186k increase in budget, which includes the request to carry forward £128k of budget from 2020/21 to 2021/22), which will be incorporated in to the 2021/22 budget setting process (recommendation 2.3).

8.3. The Council originally tendered the contract for Hitchin Market in 2008. Hitchin Markets Ltd (HML) were successful and have operated the contract since 1 August 2008. The contract has since been extended several times, with the current two-year extension expiring on 31 July 2020. Under the terms of the contract, HML are required to pay the Council a monthly management fee of £2,180. However, due to increasing financial difficulty attributed to a shift in shopping habits, a change in demand and a lack of new traders, HML have not paid the management fee since October 2019. The Council has since worked closely with the team at HML to overcome this period of financial difficulty, which was then exacerbated by the impact of Covid-19 and the closure of the market from 24th March to 2nd June 2020. While negotiations are ongoing with HML as to future management arrangements for Hitchin Market, it is requested that Cabinet approve the write-off of the invoiced debt accumulated to this point, a total of £17,442.64 for the period to May 2020 inclusive (recommendation 2.4), as it is considered that there is no prospect of collecting the amount owed.

- 8.4. While the write-off of debt raised is not charged directly to the General Fund, it does impact the calculation of the contribution required from the General Fund to the bad debt provision. In accordance with Council policy, a contribution to the bad debt provision was made from the General Fund in 2019/20 in respect of those HML invoices that remained unpaid after more than three months since being raised. At 31 March 2020 this applied to the monthly invoices for the period October to December 2019. This provision, of approximately £2k, therefore reduces the impact on the General Fund of the write-off requested in 2020/21 to around £15.5k. The forecast contribution to the bad debt provision has therefore been increased by the same amount accordingly, while the forecast income from the market has also been reduced by £4.4k for the period June-July 2020, as income invoices for the two months are not anticipated to be raised. Both adjustments are included in the 'other minor variances' total in table 3 above. The forecast for the remainder of the year and the ongoing income expectation from the market will be updated when management arrangements for the period beyond July 2020 are finalised and approved.
- 8.5. The original approved budget for 2020/21 (and therefore working budget) included efficiencies totalling £651k, which were agreed by Council in February 2020. Any under or over delivery of efficiencies will be picked up by any budget variances (table 3 above). However, there can be off-setting variances which mean that it is unclear whether the efficiency has been delivered. Where this is the case, this will be highlighted. The current forecast at the end of Quarter One is an underachievement of £115k. This relates to the additional investment interest income that is now forecast not to be achieved, as highlighted in table 3 above.
- 8.6. The working budget for 2020/21 includes budgets totalling £679k that were carried forward from the previous year. These are generally carried forward so that they can be spent for a particular purpose that had been due to happen in 2019/20 but was delayed into 2020/21. At quarter one, it is forecast that £11k of the total carried forward will not be spent in 2020/21. As highlighted in table 3 above, £11k of the amount carried forward in respect of the Apprenticeship Scheme will not be spent in 2020/21 and is requested to be carried forward again to fund the remaining costs in the next financial year of three 18-month apprentice posts that commenced around December 2019.
- 8.7. There are 4 key corporate 'financial health' indicators identified in relation to key sources of income for the Council. Table 4 below shows the performance for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber or green. A green indicator means that they are forecast to match or exceed the budgeted level of income. An amber indicator means that there is a risk that they will not meet the budgeted level of income. A red indicator means that they will not meet the budgeted level of income. Currently one of the indicators is amber and three are red. Explanations for the three red indicators are included in table 3 above.
- 8.8. The amber indicator in relation to income from planning applications is to highlight that, while overall cash receipts have to date been in line with the budget expectation, the prevailing wider economic downturn may precipitate a reduction in planning activity in the remaining three quarters of the year. As such there is a risk that the income budget will not be achieved. This was highlighted in the Covid-19 financial impacts report where it was estimated that the shortfall would be around £230k.

Table 4 - Corporate financial health indicators

Indicator	Status	Original Budget	Actual to Date	Projected Outturn	Projected Variance
		£k	£k	£k	£k
Planning Application Fees (including fees for pre-application advice)	Amber	(950)	(559)	(950)	0
Land Charges	Red	(164)	(19)	(122)	42
Car Parking Fees	Red	(1,936)	(63)	(1,527)	409
Parking Penalty Charge Notices	Red	(573)	(33)	(471)	102

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.9. The Council's revenue budget is funded from the following main sources; Council Tax, New Homes Bonus and Retained Business Rates income. The Council was notified by Central Government in February 2020 of the amount of New Homes Bonus it could expect to receive in 2020/21 and planned accordingly.
- 8.10. Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of other bodies. Each organisation has a share of the balance on the Collection Fund account. At the end of 2019/20 there was a deficit on the NHDC share of the Council Tax Collection Fund of £82k and a surplus on the Business Rates Collection Fund of £365k.
- 8.11. Statute requires that Collection Fund income amounts chargeable to the General Fund in 2020/21 are those estimates prepared around the time of setting the budget for the year. The projected funding outturn in table 5 below has therefore been updated for the Council's estimate of Business Rates income in 20/21, as declared to central government in January. This has increased the funding total by £111k, as the budget expectation was based on the Council's business rates funding baseline need, as published annually by central government in the Local Government Finance Settlement, which is approximately the minimum that the Council can expect to retain.
- 8.12. Table 5 also includes the repayment in this financial year of both the estimated Business Rates Collection Fund deficit for 2019/20 of £293k and the £55k deficit anticipated on the Council Tax Collection Fund. As detailed and explained in the Revenue Outturn 2019/20 report, the difference between these estimated amounts and the final position at the end of 2019/20 (as noted in paragraph 8.8 above) will be incorporated in the calculation of the respective surplus/deficit position for 2020/21 and will therefore affect funding estimates for 2021/22.

- 8.13. In 2020/21 NHDC is a member of the Hertfordshire Business Rates Pool with five other Hertfordshire Local Authorities. The Pool was formed with the expectation that this should reduce the business rates levy amount otherwise payable at the end of the year, as has been the case in prior years. In 2018/19 the Council benefited from a pooling gain of £368k. Council approved in February the release of this pooling gain to the General Fund in 2020/21 and this is included in the funding total in table 5. Original estimates indicated a total pooling gain of £4.3m for the Hertfordshire Business Rates Pool in 2020/21, with NHDC calculated to benefit from a saving of around £700k, reducing the estimated levy from £1.1m (if outside the pool) to an estimated pool contribution required of £0.4m..
- 8.14. The amount of any levy payable is however dependent on the actual value of business rates collected in the year after adjusting for business rate reliefs, which are directly compensated for via grant from central government. The impact of the flu pandemic and the associated wider economic downturn means that there are a range of potential outcomes for pool member authorities in terms of the respective contribution required to the pool to meet the total levy payable, dependent on the incidence and severity of the reduction in rates income collected due to business closures. In the worst-case scenario, the reduction in rates collected means a 'pooling loss' is incurred, with the required contribution to the Pool meaning that the Council ultimately retains less business rates income than if it had remained outside of the pool. In any case however, the Council's contribution to the pool in 2020/21 will be funded from grant held in reserve, and as such will have a net zero impact on the General Fund balance at the end of the year.
- 8.15. As mentioned above, the Council receives compensation in the form of a grant from Central Government for business rate reliefs introduced, which goes into our funds rather than the Collection Fund. In March this year, NHDC received a grant allocation of £2.218m for reliefs in 2020/21. Further receipts of £8.418m are now anticipated following the additional reliefs introduced by government in response to the COVID-19 pandemic. We are holding the grant received in a reserve to fund the repayment of future deficits recorded. Some of the amount held in reserve will be used in 20/21 to fund the repayment to the Collection Fund of the estimated deficit for 2019/20, as shown in table 5.
- 8.16. The Council has received non-ringfenced grant funding in 2020/21 from Government of £1.502m in relation to the Covid-19 pandemic. Government has also announced (but not yet provided details of) an income guarantee. Some further details of this were provided in the Covid-19 impacts report, and an assumption that (depending on forecasts) the Council could receive up to £2m of financial support from this guarantee. Due to the varying periods that the impacts of Covid-19 assumed in table 3 above, it would understate the potential overall impact to show all the grant being applied at this stage. The total net General Fund impact detailed in table 3 above relating to Covid-19 impacts is £1.565m. The forecast net General Fund impact in the Covid-19 impacts report was around £1.158m. It would therefore seem appropriate to show £407k (£1.565m less £1.158m) of the grant funding received being applied. This brings the total impact roughly in line with what was included in the Covid-19 impacts report. This is shown in table 5 below.

8.17. Table 5 below summarises the impact on the General Fund balance of the position at Quarter One detailed in this report.

Table 5 – General Fund impact

	Working Budget	Projected Outturn	Difference
	£k	£k	£k
Brought Forward balance (1st April 2020)	(9,378)	(9,378)	-
Net Expenditure	15,826	17,294	1,468
Funding (Council Tax, Business Rates, NHB)	(15,465)	(15,576)	(111)
Contribution to Funding Equalisation Reserve	329	329	0
Contribution to Collection Fund	294	294	0
Funding from Reserves (including Business Rate Relief Grant)	(294)	(294)	0
Application of Covid-19 un-ringfenced grant funding	0	(407)	(407)
Carried Forward balance (31st March 2020)	(8,688)	(7,738)	950

8.18. The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types, so when they occur they are reflected as budget variances (see table 3). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £1,351k, and by the end of quarter one a total of £189k has come to fruition. The identified risks realised in the first quarter relate to;

- Recycling services. Increase in net cost due to the increased cost of haulage and processing of commingled recycling collected (as highlighted in table 3 above) - £120k.
- Usage of bed and breakfast accommodation for homeless households (as highlighted in table 3 above) - £69k.

Table 7 – Known financial risks

	£'000
Original allowance for known financial risks	1,351
Known financial risks realised in Quarter 1	(189)
Remaining allowance for known financial risks	1,162

9. LEGAL IMPLICATIONS

- 9.1. The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically, 5.6.8 of Cabinet's terms of reference state that it has remit "*to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework*". By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance of reserves.

10. FINANCIAL IMPLICATIONS

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

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

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

16. APPENDICES

- 16.1. None.

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18. BACKGROUND PAPERS

- 18.1. None.

**CABINET
15 SEPTEMBER 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: FIRST QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2020/21

REPORT OF THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND I.T.

CURRENT COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1 EXECUTIVE SUMMARY

- 1.1 To update Cabinet on progress with delivering the capital and treasury strategy for 2020/21, as at the end of June 2020.
- 1.2 To update Cabinet on the impact upon the approved capital programme for 2020/21 – 2029/30. The current estimate is a decrease in spend in 2020/21 of £0.107million and an increase in spend in future years of £0.296million. The most significant individual changes relate to £0.084M Replacement of access road off Bury Mead Road Hitchin, £0.067M additional IT Equipment incurred due to Covid-19 and reprofiling the budgets for Green Infrastructure Implementation £0.185M and structural repairs to the Lairage Multi-Storey Car Parks £0.111M.
- 1.3 To inform Cabinet of the Treasury Management activities in the first three months of 2020/21. The current forecast is that the amount of investment interest expected to be generated during the year is £0.185million. This is a decrease of £0.115M on the working budget.

2 RECOMMENDATIONS

- 2.1 That Cabinet notes the forecast expenditure of **£10.519million** in 2020/21 on the capital programme, paragraph 8.3 refers.
- 2.2 That Cabinet approves the adjustments to the capital programme for 2020/21 onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2021/22 by **£0.296million**.

- | | |
|-----|--|
| 2.3 | That Cabinet notes 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. |
| 2.4 | Cabinet is asked to note the position of Treasury Management activity as at the end of June 2020. |

3. REASONS FOR RECOMMENDATIONS

- 3.1 Cabinet is required to approve adjustments to the capital programme and ensure the capital programme is fully funded.
- 3.2 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.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Options for capital investment are considered as part of the Corporate Business Planning process.
- 4.2 The primary principles governing the Council's investment criteria are the security of its investments (ensuring that it gets the capital invested back) and liquidity of investments (being able to get the funds back when needed). After this the return (or yield) is then considered, which provides an income source for the Council. In relation to this the Council could take a different view on its appetite for risk, which would be reflected in the Investment Strategy. In general, greater returns can be achieved by taking on greater risk. Once the Strategy has been set for the year, there is limited scope for alternative options as Officers will seek the best return that is in accordance with the Investment Strategy.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the capital expenditure report is not required. Members will be aware that consultation is incorporated into project plans of individual capital schemes as they are progressed.
- 5.2 There are quarterly updates with the Authority's Cash Manager, Tradition and regular meetings with Treasury advisors (Link).

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 5th May 2020.

7. BACKGROUND

- 7.1 In February 2020, Council approved the Integrated Capital and Treasury Strategy for 2020/21 to 2029/30. To be consistent with the strategy, the monitoring reports for Capital and Treasury are also integrated.
- 7.2 The Medium Term Financial Strategy for 2020 to 2025 confirmed that the Council will seek opportunities to utilise capital funding (including set aside receipts) for 'invest to save' schemes and proposals that generate higher rates of return than standard treasury investments. This is one way the Council will allocate resources to support organisational transformation that will reduce revenue expenditure.
- 7.3 Link Asset Services Ltd were first contracted to provide Treasury advice for the financial year 2012/13 and this arrangement has been extended until 2022/23. The service includes:
- Regular updates on economic and political changes which may impact on the Council's borrowing and investment strategies
 - Information on investment counterparty creditworthiness
 - Technical updates
 - Access to a Technical Advisory Group.

8. RELEVANT CONSIDERATIONS

- 8.1 The Council has £117.0 million of capital assets that it currently owns. The Investment Strategy set out the reasons for owning assets that are not for service delivery, including an assessment of Security, Liquidity, Yield and Fair Value. There have been no changes in relation to these since the Strategy was set.

Capital Programme 2020/21

- 8.2 The full capital programme is detailed in Appendix A and shows the revised costs to date, together with the expected spend from 2020/21 to 2029/30 and the funding source for each capital scheme.
- 8.3 Capital expenditure for 2020/21 is estimated to be **£10.519million**. This is a reduction of **£2.916million** on the forecast in the 2020/21 Investment Strategy (Capital and Treasury) Outturn report (reported to Cabinet on 23rd June 2020). The decrease in spend is largely due to re-profiling spend into future years. Table 1 below details the changes to the capital programme.

Table 1- Current Capital Estimates

	2020/21 £M	2021/22 £M	2022/23 to 2029/30 £M
Original Estimates approved by Full Council February 2020	9.357	5.405	26.650
Changes approved by Cabinet in 3rd Qrt 2019/20	3.801	0	0
Changes approved by Cabinet in 2019/20 Capital Outturn report	0.277	0	0
Revised Capital estimates at start of (2020/21)	13.435	5.405	26.650
Changes approved by Cabinet in Covid-19 Financial Impacts report 21/07/20	-2.809	1.713	1.096
Executive Member – Finance and I.T. approved additional Expenditure on 4 schemes	0.180	0	0
Changes at Q1	-0.287	0.296	0
Current Capital Estimates	10.519	7.414	27.746

- 8.4 Table 2 lists the schemes in the 2020/21 Capital Programme that will start or continue in 2021/22:

Table 2: Scheme Timetable Revision:

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

Scheme	2020/21 Working Budget £'000	2020/21 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2021/22 onwards £'000
Green Infrastructure Implementation	185	0	-185	Given the delays to the Local Plan and officer workload in responding to Covid-19, it is envisaged spend will be delayed to 21/22.	185
Lairage Multi-Storey Structural Repairs	121	10	-111	Remedial works will be delayed due to ongoing monitoring and investigations to ascertain the cause of movement cracks.	111
Total Revision to Budget Profile			-296		296

- 8.5 There is also one minor change to the overall forecast cost of schemes in 2020/21 with the revised estimate being an increase of £0.009million.

- 8.6 Table 3 below shows how the Council will fund the 2020/21 capital programme.

Table 3: Funding the Capital Programme:

	2020/21 Balance at start of year £M	2020/21 Forecast Additions £M	2020/21 Forecast Funding Used £M	2020/21 Balance at end of year £M
Useable Capital Receipts and Set-aside Receipts	7.455	1.264	(7.153)	1.566
S106 receipts			(0.148)	
Other third party grants and contributions			(0.048)	
Planned Borrowing			(3.170)	
Total			(10.519)	

- 8.7 The availability of third party contributions and grants to fund capital investment is continuously sought in order to reduce pressure on the Council's available capital receipts and allow for further investment. Additional capital receipts are dependent on selling surplus land and buildings. Ensuring that the Council gets best value from the disposal of land and buildings can take a long time and therefore the amounts that might be received could be subject to change. This will be kept under review throughout the year. No substantial funds from land sales are forecast until 2021/22.
- 8.8 The Council's Capital Financing Requirement (CFR) at 31st March 2020 was negative £5.60 million. Should the Capital programme be fully spent in 20/21 there will be a potential need to borrow £3.2M, which will have an impact on the General Fund by way of a Minimum Revenue Provision (MRP) and interest costs (unless internal borrowing i.e. borrowing against revenue reserves / provisions). This need to borrow will mainly be dependent on spend in line with the property acquisition and development strategy. It is expected that any such spend will generate income that will exceed the cost of capital (interest costs and Minimum Revenue Provision).

Treasury Management 2020/21

- 8.9 The Council invests its surplus cash in accordance with the Investment Strategy (see paragraph 4.2). This surplus cash is made up of capital funding balances, revenue general fund balance, revenue reserve balances and variations in cash due to the timing of receipts and payments. During the first quarter, the Council had an average investment balance of £41.2 million and invested this in accordance with the treasury and prudential indicators as set out in the Integrated Capital and Treasury Management Strategy and in compliance with the Treasury Management Practices. Officers can confirm that the approved investment limits within the Annual Investment Strategy were not breached during the quarter ended 30 June 2020. The £5 million limit on the Council's current account was exceeded during the quarter to ensure the Council had sufficient funds to pay Business Support Grants and to ensure that cash was available to respond more generally to the implications of Covid-19. The Chief Executive made an urgent decision on the 9th April to temporarily remove the limit on amounts held in the Council's current

account to facilitate the grant payments. The current account limit of £5m has since been reinstated.

8.10 The Council generated £0.070M of interest during the first quarter of 2020/21. The average interest rate on all outstanding investments at the 30th June was 1.06%. Since a number of these investments were made, the Bank of England base rate has dropped to 0.1% and general market rates have followed. Therefore any new investments are yielding significantly less than this. The table in 8.12 shows one investment that was at 0.2% and rates have continued to decline since then with some banks offering 0% on deposits of up to 6 months. Based on current investments and forecasts of interest rates and cash balances for the remainder of the year, it is forecast that the Council will generate £0.185 million of interest over the whole of 2020/21. This is £0.115 million less than budgeted.

8.11 As at 30 June 2020 the split of investments was as shown in the table below. There were no investments with non-UK banks during the quarter:

Banks	5%
Building Societies	13%
Local Authorities	47%
Government	35%

8.12 The level of risk of any investment will be affected by the riskiness of the institution where it is invested and the period that it is invested for. Where an institution has a credit rating this can be used to measure its riskiness. This can be combined with the period remaining on the investment to give a historic risk of default percentage measure. The table below shows the Historic Risk of Default for outstanding investments at 30 June 2020. The most risky investment still has a historic risk of default of below 1%. It should also be noted that in general the interest rate received is correlated to the risk, so the interest income received would be less if it took on less risk. As stated in paragraph 8.9, all investments have been made in accordance with the Investment Strategy.

Borrower	Principal Invested £M	Interest Rate %	Credit Rating	Days to Maturity at 30 June	Historic Risk of Default %
DMO	15.0	0.01	AA-	10	0.001
London Borough of Barking & Dagenham	2.0	0.75	AA-	19	0.002
Liverpool City Council	2.0	0.83	AA-	20	0.002
Lloyds Bank	1.0	1.25	A+	33	0.005
Surrey Heath Borough Council	3.0	0.9	AA-	41	0.004
London Borough of Sutton	2.0	0.3	AA-	60	0.005
North Lanarkshire Council	3.0	0.9	AA-	61	0.005
Nationwide Bldg Soc	1.0	0.2	A	75	0.011
Cherwell District Council	2.0	0.87	AA-	78	0.005
Medway Council	2.0	1.25	AA-	119	0.009
Lloyds Bank	1.0	1.1	A+	126	0.018

Newcastle Bldg Soc	1.0	1.17	*	132	0.058
Slough Borough Council	1.0	0.4	AA-	141	0.010
Darlington Bldg Soc	1.0	1.2	*	177	0.078
Marsden Bldg Society	1.5	1.6	*	190	0.083
Fife Council	1.0	0.4	AA-	207	0.014
Monmouthshire Bldg Soc	1.0	1.5	*	315	0.380
Slough Borough Council	2.0	1	AA-	320	0.022
	42.5	1.06			

* Unrated Building Societies Historic Risk of Default is based on a Fitch (a credit rating agency) rating of BBB.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet's terms of reference under 5.6.7 specifically includes "to monitor expenditure on the capital programme and agree adjustments within the overall budgetary framework". The Cabinet also has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget.
- 9.2 Section 151 of the Local Government Act 1972 states that:
"every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs."
- 9.3 Asset disposals must be handled in accordance with the Council's Contract Procurement Rules.
- 9.4 The Prudential Indicators comply with the Local Government Act 2003.

10. FINANCIAL IMPLICATIONS

- 10.1 The main financial implications are covered in section 8 of the report.
- 10.2 The Authority operates a tolerance limit on capital projects that depends on the value of the scheme and on this basis over the next ten-year programme it should be anticipated that the total spend over the period could be £4.058million higher than the originally budgeted £45.679million.
- 10.3 The capital programme will need to remain under close review due to the limited availability of capital resources and the affordability in the general fund of the cost of using the Council's capital receipts. When capital receipts are used and not replaced the availability of cash for investment reduces. Consequently interest income from investments reduces. £1.0million currently earns the Authority approximately £1.0k a year in interest. The general fund estimates are routinely updated to reflect the reduced income from investments. When the Capital Financing Requirement (CFR) reaches zero the Council will need to start charging a minimum revenue provision to the general fund

for the cost of capital and will need to consider external borrowing for further capital spend. The CFR at the 31 March 2020 was negative £5.6million. This may turn positive during this year if the capital programme is fully spent.

- 10.4 The Council also aims to ensure that the level of planned capital spending in any one year matches the capacity of the organisation to deliver the schemes to ensure that the impact on the revenue budget of loss of cash-flow investment income is minimised.

11. RISK IMPLICATIONS

- 11.1 The inherent risks in undertaking a capital project are managed by the project manager of each individual scheme. These are recorded on a project risk log which will be considered by the Project Board (if applicable). The key risks arising from the project may be recorded on Pentana (the Council's Performance & Risk management software). Some of the major capital projects have been included in the Council's Corporate Risks (such as the new North Hertfordshire Museum). The Corporate Risks are monitored by the Finance, Audit and Risk Committee and Cabinet.
- 11.2 Risks associated with treasury management and procedures to minimise risk are outlined in the Treasury Management Practices document, TMP1, which was adopted by Cabinet in July 2003 and is revisited annually as part of the Treasury Strategy review. The risk on the General Fund of a fall of investment interest below the budgeted level is dependent on banks and building societies need for borrowing.

12. EQUALITIES IMPLICATIONS

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

- 14.1. There are no known Environmental impacts or requirements that apply to recommendations of this report. The projects at section 8.4 may have impacts that contribute to an adverse impact. As these projects go forward, an assessment will be made where necessary.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no direct human resource implications.

16. APPENDICES

- 16.1 Appendix A - Capital Programme Detail including Funding 2020/21 onwards.
16.2 Appendix B - Treasury Management Update.

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18. BACKGROUND PAPERS

- 18.1 Investment Strategy (Integrated Capital and Treasury Strategy)
<https://democracy.north-herts.gov.uk/documents/s9835/Appendix%20A%20-%20Investment%20Strategy.pdf>

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								Funding					
Project	Service Directorate	2020/21 Funding £	2021/22 Funding £	2022/23 Funding £	2023/24 Funding £	2024/25 Funding £	2025/26 - 2029/20 Funding £	Funded from capital contributions	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	Funded from Planned Borrowing	Balance funded from Capital Receipts/ Set- aside receipts
40 KVA UPS Device or Battery Replacement	Customers	7,000	11,000	0	12,000	0	0	0	0	0	0	0	30,000
Access Burymean Road	Commercial	84,000	0	0	0	0	0	0	0	0	0	0	84,000
Additional PC's - Support Home Working/OAP	Customers	11,000	13,000	11,000	13,000	15,000	76,000	0	0	0	0	91,000	48,000
Additional Storage	Customers	40,000	0	28,000	0	18,000	86,000	0	0	0	0	104,000	68,000
Alternative to safeword tokens for staff/members working remotely	Customers	16,000	0	12,000	0	18,000	33,000	0	0	0	0	51,000	28,000
Avenue Park Splash Park	Place	0	0	0	70,000								70,000
Acquisition of Property Investments	Commercial	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	0	0	0	0	0	8,249,700	11,750,300
Back-up Diesel 40 KVA Generator (DCO)	Customers	0	0	0	25,000	0	30,000					30,000	25,000
Baldock Town Hall project	Legal and Community	48,800	0	0	0	0	0	0	0	0	0	0	48,800
Bancroft Lighting	Place	0	0	0	45,000	0	0	0	0	0	0	0	45,000
Bancroft & Priory Splash Pads	Place	0	0	0	0	35,000	0	0	0	0	0	35,000	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)	Place	19,400	0	0	0	0	0	0	0	0	0	0	19,400
Cabinet Switches - 4 Floors	Customers	0	18,000	0	0	18,000	18,000	0	0	0	0	54,000	0
Cadcorp Local Knowledge & Notice Board Software	Customers	5,400	0	0	0	0	0	0	0	0	200	0	5,200
CD TV at DCO & Hitchin Town Hall	Customers	15,000	0	0	15,000	0	0	0	0	0	0	0	30,000
Core Backbone Switch	Customers	17,200	0	0	0	35,000	40,000	0	0	0	0	75,000	17,200
Council property improvements following condition surveys	Resources	472,200	255,000	0	0	0	0	0	0	0	0	0	727,200
Cyber Attacks - Events Monitoring Software Solution	Customers	30,000	0	0	0	0	0	0	0	0	0	0	30,000
Cycle Strategy implementation (GAF)	Regulatory	0	278,000	0	0			0	278,000	0	0	0	0
Data Switch Upgrade	Customers	0	0	15,000	0	18,000	41,000	0	0	0	0	59,000	15,000
Decommissioning of Play Areas	Place	5,000	0	0	0	0	0	0	0	0	0	0	5,000
Dell Servers	Customers	65,000	0	0	0	70,000	75,000	0	0	0	0	145,000	65,000
DR Set-up	Customers	20,400	0	0	55,000	0	60,000	0	0	0	0	60,000	75,400
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract	Customers	39,000	0	0	0	0	0	0	0	0	0	0	39,000
Email Encryption Software Solution	Customers	45,000	0	0	0	0	0	0	0	0	0	0	45,000
Energy efficiency measures	Resources	8,500	0	0	0	0	0	0	0	0	0	0	8,500
Football Goal Replacement Programme	Place	0	0	15,000	0	0	0	0	0	0	0	0	15,000
Green Infrastructure implementation (GAF)	Regulatory	0	185,000	0	0	0	0	0	185,000	0	0	0	0
Hitchin Swim Centre Boiler Replacement	Place	0	0	0	0	200,000	0	0	0	0	0	200,000	0
Hitchin Swim Centre Future Refurbishment	Place	0	0	0	0	0	905,000	0	0	0	0	905,000	0
Hitchin Swim Centre Indoor Pool Cover	Place	0	20,000	0	0	0	0	0	0	0	0	0	20,000
Hitchin Swim Centre Outdoor Pool Boiler Replacement	Place	40,000	0	0	40,000	0	0	0	0	0	0	0	80,000
Hitchin Swim Centre Reception Toilet Refurbishment	Place	0	0	30,000	0	0	0	0	0	0	0	0	30,000
Hitchin Town Hall Additional Bar & Glassware Infrastructure	Commercial	25,000	0	0	0	0	0	0	0	0	0	0	25,000
Hitchin Town Hall Sprung Floor Replacement	Commercial	75,000	0	0	0	0	0	0	0	0	0	0	75,000
Howard Gardens Splashpad	Place	0	0	33,000	0	0	0	0	0	0	0	0	33,000
Ickneild Way Cemetery Footpaths	Place	0	50,000	0	0	0	0	0	0	0	0	0	50,000
Installation of trial on-street charging (GAF)	Regulatory	0	50,000	0	0	0	0	0	50,000	0	0	0	0

								Funding					
		2020/21 Funding £	2021/22 Funding £	2022/23 Funding £	2023/24 Funding £	2024/25 Funding £	2025/26 - 2029/20 Funding £	Funded from capital contributions	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	Funded from Planned Borrowing	Balance funded from Capital Receipts/ Set- aside receipts
Project	Service Directorate												
Ivel Springs Footpaths	Place	0	0	10,000	0	0	0	0	0	0	0	0	10,000
John Barker Place, Hitchin	Regulatory	0	0	1,096,000	0	0	0	0	0	270,400	0	0	825,600
Lairage Multi-Storey Car Par - Structural wall repairs	Resources	10,000	110,700	0	0	0	0	0	0	0	0	0	120,700
Laptops - Refresh Programme	Customers	59,600	6,000	0	5,000	0	10,000	0	0	0	0	10,000	70,600
Leisure Condition Survey Enhancements	Place	87,000	0	39,000	140,000	0	0	0	0	0	0	0	266,000
Letchworth Multi-storey Car Park - parapet walls, soffit & decoration	Resources	133,800	0	0	0	0	0	0	0	0	0	0	133,800
Letchworth multi-storey car park - lighting	Resources	18,000	0	0	0	0	0	0	0	0	0	0	18,000
Letchworth Outdoor Pool Boiler Replacement	Place	40,000	0	0	40,000	0	0	0	0	0	0	0	80,000
Microsoft Enterprise Software Assurance	Customers	0	0	390,000	0	0	888,000	0	0	0	0	888,000	390,000
Mrs Howard Hall Replacement Boiler & Windows	Resources	63,000	0	0	0	0	0	0	0	0	0	0	63,000
Mobile Device Management Software	Customers	18,000	0	0	0	18,000	0	0	0	0	0	18,000	18,000
Museum Storage Solution	Commercial	100,000	1,100,000	0	0	0	0	0	0	0	0	630,000	570,000
New Blade Enclosure	Customers	32,000	0	0	0	40,000	52,000	0	0	0	0	92,000	32,000
Newmarket Road Royston Skatepark & Access	Place	0	0	0	60,000	0	0	0	0	0	0	0	60,000
NH Museum & Community Facility	Commercial	48,300	0	0	0	0	0	48,300	0	0	0	0	0
NH Museum Platform Lift Solutions	Commercial	40,000	0	0	0	0	0	0	0	0	0	0	40,000
NHLC Boiler Replacement	Place	0	200,000	0	0	0	0	0	0	0	0	0	200,000
NHLC Dryside Changing Area	Place	0	0	100,000	0	0	0	0	0	0	0	0	100,000
NHLC Interactive Water Feature	Place	0	0	0	0	0	120,000	0	0	0	0	120,000	0
NHLC Pool Flume Replacement	Place	0	0	0	0	0	150,000	0	0	0	0	150,000	0
NHLC Reception Toilet Refurbishment	Place	0	0	30,000	0	0	0	0	0	0	0	0	30,000
NHLC Refurbish Gym Floor	Place	0	50,000	0	0	0	0	0	0	0	0	0	50,000
NHLC Refurbishment of Gym Members Changing Rooms	Place	200,000	0	0	0	0	0	0	0	0	0	0	200,000
NHLC Replace Circulation Pipework	Place	58,700	0	0	0	0	0	0	0	0	0	0	58,700
NHLC Sauna Steam Refurbishment	Place	0	0	0	250,000	0	0	0	0	0	0	0	250,000
Northern Transfer Station	Place	0	0	0	0	1,600,000	0	0	0	0	0	1,600,000	0
Norton Common Footpaths	Place	0	0	0	10,000	0	0	0	0	0	0	0	10,000
Norton Common Wheeled Sports improvements	Place	7,100	0	0	0	0	0	0	0	7,100	0	0	0
Off Street Car Parks resurfacing and enhancement	Resources	30,000	0	47,100	0	0	0	0	0	0	0	0	77,100
Oughtonhead Common Footpaths	Place	0	0	0	20,000	0	0	0	0	0	0	0	20,000
Parking Charging, Payments & Management	Regulatory	0	235,000	0	0	0	0	0	0	0	0	0	235,000
PC's - Refresh Programme	Customers	30,500	17,000	17,000	17,000	23,000	108,000	0	0	0	0	131,000	81,500
Playground Renovation District Wide	Place	0	180,000	180,000	180,000	180,000	900,000	0	0	0	0	1,080,000	540,000
Private Sector Grants	Regulatory	60,000	60,000	60,000	60,000	60,000	300,000	0	0	0	0	0	600,000
Provide housing at market rents.	Commercial	2,976,700	0	0	0	0	0	0	0	0	0	0	2,976,700
Ransoms Rec Footpaths, Gates and Railing	Place	0	0	10,000	20,000	0	0	0	0	0	0	0	30,000
Refurbishment and improvement of community facilities	Legal and Community	522,900	0	0	0	0	0	0	0	0	0	0	522,900
Refurbishment of lifts at Lairage Car Park	Resources	359,300	0	0	0	0	0	0	0	0	0	0	359,300
Renovate play area Howard Park, Letchworth	Place	75,000	0	0	0	0	0	0	0	0	0	0	75,000
Renovate play area King George V Recreation Ground, Hitchin	Place	800	0	0	0	0	0	0	0	0	0	0	800

								Funding					
Project	Service Directorate	2020/21 Funding £	2021/22 Funding £	2022/23 Funding £	2023/24 Funding £	2024/25 Funding £	2025/26 - 2029/20 Funding £	Funded from capital contributions	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	Funded from Planned Borrowing	Balance funded from Capital Receipts/ Set- aside receipts
Renovate play area, District Park, Gt. Ashby	Place	800	0	0	0	0	0	0	0	0	0	0	800
Replace and enhance lighting at St Mary's Car Park	Resources	60,000	0	0	0	0	0	0	0	0	0	0	60,000
Replace items of play equipment Holroyd Cres, Baldock	Place	10,000	0	0	0	0	0	0	0	0	0	0	10,000
Replace items of play equipment Wilbury Recreation Ground, Letchworth	Place	10,000	0	0	0	0	0	0	0	0	0	0	10,000
Replacement SAN	Customers	110,000	0	0	0	115,000	120,000	0	0	0	0	235,000	110,000
Royston Leisure Centre extension	Place	0	0	1,000,000	0	0	0	0	0	0	0	0	1,000,000
Royston Leisure Centre Changing Village Refurbishment	Place	0	0	225,000	0	0	0	0	0	0	0	0	225,000
Royston Leisure Centre Dry Side Toilet Refurbishment	Place	0	0	30,000	0	0	0	0	0	0	0	0	30,000
Royston Leisure Centre Future Refurbishment	Place	0	0	0	0	0	380,000	0	0	0	0	380,000	0
Royston Leisure Centre Members Changing Refurbishment	Place	0	0	0	0	150,000	0	0	0	0	0	150,000	0
S106 Projects	Various	128,800	0	0	0	0	0	0	0	128,800	0	0	0
Security - Firewalls	Customers	14,000	0	14,000	0	16,000	36,000	0	0	0	0	52,000	28,000
St Johns Cemetery Footpath	Place	10,000	0	0	0	30,000	0	0	0	0	0	40,000	0
Tablets - Android Devices	Customers	12,900	15,000	18,000	12,000	17,000	73,000	0	0	0	0	90,000	57,900
Telephony system	Customers	10,600	0	0	0	0	0	0	0	0	0	0	10,600
Transport Plans implementation (GAF)	Regulatory	0	250,000	0	0	0	0	0	250,000	0	0	0	0
Voice Recorders Careline	Customers	28,500	0	0	0	0	0	0	0	0	0	0	28,500
Walsworth Common Pavilion - contribution to scheme	Place	0	300,000	0	0	0	0	250,000	0	37,000	0	0	13,000
Walsworth Common Pitch Improvements	Place	18,900	0	0	0	0	0	0	0	11,700	0	0	7,200
Waste and Street Cleansing Vehicles	Place	0	0	0	0	0	4,000,000	0	0	0	0	4,000,000	0
Weston Hills LNR Footpath Renovation	Place	0	0	20,000	0	0	0	0	0	0	0	0	20,000
Wilbury Hills Cemetery Footpaths	Place	10,000	10,000	0	10,000	10,000	30,000	0	0	0	0	70,000	0
WiFi Upgrades for DCO & Hitchin Town Hall	Customers	35,000	0	0	0	0	0	0	0	0	0	0	35,000
		10,519,100	7,413,700	7,430,100	5,099,000	6,686,000	8,531,000	298,300	763,000	455,000	200	19,794,700	24,367,700

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Treasury Management Update

Quarter Ended 30 June 2020

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Treasury Management Update

Quarter Ended 30 June 2020

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

1. Economic Background

UK. Economic growth 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the coronavirus outbreak. The overall growth rate in quarter 1 was -2.2%, -1.7% y/y. However, the main fall in growth did not occur until April when it came in at -24.5% y/y after the closedown of whole sections of the economy. What is uncertain, however, is the extent of the damage that will have been done to businesses by the end of the lockdown period, how consumer confidence and behaviour may be impacted afterwards, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover to what was formerly regarded as normality. However, some changes during lockdown are likely to be long lasting e.g. a shift to online purchasing, working from home, etc. The lockdown has also had a sharp effect in depressing expenditure by consumers which means their level of savings have increased and debt has fallen. This could provide fuel for a potential surge in consumer expenditure once some degree of normality returns.

Although the UK left the EU on 31 January 2020, we still have much uncertainty as to whether there will be a reasonable trade deal achieved by the end of 2020. At the end of June, the UK government rejected extending the transition period beyond 31 December 2020. This has increased the chances of a no-deal **Brexit**. However, the most likely outcome is expected to be a slim deal on trade in order to minimise as much disruption as possible. However, uncertainty is likely to prevail until the deadline date which will act as a drag on recovery.

After the Monetary Policy Committee left **Bank Rate** unchanged at 0.75% in January 2020, the onset of the coronavirus epidemic in March forced it into making two emergency cuts in Bank Rate first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in **quantitative easing (QE)**, essentially the purchases of gilts (mainly) by the Bank of England of £200bn. In June, the MPC decided to add a further £100bn of QE purchases of gilts, but to be implemented over an extended period to the end of the year. The total stock of QE purchases will then amount to £745bn. It is not currently thought likely that the MPC would go as far as to cut Bank Rate into negative territory, although the Governor of the Bank of England has said all policy measures will be considered. The Governor also recently commented about

an eventual tightening in monetary policy – namely that he favours unwinding QE before raising interest rates. Some forecasters think this could be as far away as five years.

The Government and the Bank were also very concerned to **stop people losing their jobs** during this lockdown period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months to the end of June while the country is locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lockdown period when some firms may have little or no income. However, at the time of writing, this leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services. The furlough scheme was subsequently extended for another three months to October, but with employers having to take on graduated increases in paying for employees during that period. The Bank of England expects the unemployment rate to double to 8%.

The Government measures to support jobs and businesses will result in a huge increase in the annual budget deficit for the current year, from about 2% to nearly 17%. **The ratio of debt to GDP is also likely to increase from 80% to around 105%.** In the Budget in March, the Government also announced a large increase in spending on infrastructure; this will also help the economy to recover once the lockdown is ended. Economic statistics during June were giving a preliminary indication that the economy was recovering faster than previously expected. However, it may be a considerable time before economic activity recovers fully to its previous level.

Inflation. The annual inflation rate dropped to 0.5% in May from 0.8% in April and could reach zero by the end of the year. Inflation rising over 2% is unlikely to be an issue for the MPC over the next two years as the world economy will be heading into a recession; this has caused a glut in the supply of oil which initially fell sharply in price, although the price has recovered somewhat more recently. Other UK domestic prices will also be under downward pressure; wage inflation was already on a downward path over the last half year and is likely to continue that trend in the current environment where unemployment will be rising significantly. In May's Monetary Policy Report, the Bank of England predicted that inflation would hit their 2% target by 2022. This was in the context of its forecast that GDP would rise by 3% in 2022 after a recovery during 2021. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.

USA. Growth in quarter 1 of 2020 fell by an annualised 5.0% and will fall sharply in quarter 2. Once coronavirus started to impact the US in a big way, the Fed took decisive action by cutting rates twice by 0.50%, and then 1.00%, in March, all the way down to 0.00 – 0.25%. Near the end of March, Congress agreed a \$2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to \$6trn in temporary financing to consumers and firms over the coming months. Nearly half of the first figure is made up of permanent fiscal transfers to households and firms, including cash payments of \$1,200 to individuals.

The loans for small businesses, which convert into grants if firms use them to maintain their payroll, will cost \$367bn and 100% of the cost of lost wages for four months will also be

covered. In addition there was \$500bn of funding from the Treasury's Exchange Stabilization Fund which will provide loans for hard-hit industries, including \$50bn for airlines.

Non-farm payrolls unexpectedly increased by 2.5 million jobs in May, beating market expectations of an 8 million fall, and after declining by a record 20.7 million in April. The figures suggest that the economic recovery in the US may happen much faster than initially expected. Some states started reopening in mid-May after a two-month shutdown but a few have had to reimpose localised lockdowns since then.

EUROZONE. The Eurozone economy shrank by 3.6% on quarter in the first three months of 2020. So far, the ECB has been by far the most important institution in helping to contain the impact of coronavirus and the crisis on financial markets. Since 12th March, it has implemented a range of new policies including providing additional cheap loans for commercial banks and easing capital requirements for the banking sector. But most importantly, the ECB has stepped up and reformed its asset purchase programmes. So far, it has increased its planned asset purchases for this year by €1,470bn on top of the €20bn per month which it was already committed to. The new purchases consist of an additional €120bn within the existing Public Sector Purchase Programme (PSPP), and €1,350bn in the Pandemic Emergency Purchase Programme (PEPP). At its 4 June monetary policy meeting, the ECB Governing Council also committed to continue net asset purchases under the PEPP until at least the end of June 2021 and to continue to reinvest maturing principal payments under the PEPP until at least end-2022. It has also made clear that it would not hesitate to top up PEPP as much as needed to contain the risk of a crisis.

Just as important as the size of the PEPP is its flexibility. Whereas previous asset purchase programmes adhered to strict issuer limits, the PEPP was designed to be flexible across "time, asset classes and jurisdictions". This means that the ECB can act in the interests of the eurozone as a whole rather than having to treat each national bond market equally. However, while this overall programme will provide protection over the next year or so, some vulnerable countries, particularly Italy, already started the crisis with a high level of debt to GDP and the crisis will make that level even worse at the same time as GDP growth prospects will have worsened. This leaves a big question over 'what happens after then when financial markets will be concerned that those debt levels are unsustainable?'

What is currently missing is a major coordinated EU response of fiscal action by all national governments to protect jobs, support businesses directly and promote economic growth by expanding government expenditure on e.g. infrastructure. The EU's recently-proposed rescue fund, (officially designated "Next Generation EU"), is a major first step towards financial integration in the EU. However, it is striking just how small this package is as the proposed €500 billion of grants amount to about 0.6% of average annual euro-zone GDP (over the seven-year budget period). It will therefore supply relatively little support to the weaker and more vulnerable countries within the EU. This has therefore left individual national governments to implement a patchwork of support measures within each country. This shows up how far away the EU is from being an effective fiscal union.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the

first country to be hit by the coronavirus outbreak; this resulted in a lockdown of the country and a major contraction of economic activity in February-March 2020. The Chinese economy shrank 6.8% y/y in Q1 2020, following 6% y/y growth in Q4 of 2019. Ongoing economic issues remain, in needing to make major progress to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs to address the level of non-performing loans in the banking and credit systems. The post Covid government measures to stimulate more infrastructure investment are likely to result in an increase in inefficient low reward investment.

JAPAN has been struggling to stimulate consistent significant GDP growth for years and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. Japan appears to have escaped the worst effects of the virus - as yet.

WORLD GROWTH. The trade war between the US and China on tariffs was a major concern to financial markets and was depressing worldwide growth during 2019. This year, coronavirus is the inevitable big issue which is going to sweep around most countries in the world and have a major impact in causing a world recession in growth in 2020.

2. Interest Rate Forecast

The Council's treasury advisor, Link Group, provided the following forecast on 31 March 2020.

Link Asset Services Interest Rate View								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

The above table is based on PWLB certainty rates – gilt yields plus 180bps.

Uncertainty over Brexit caused the MPC to leave Bank Rate unchanged during 2019 and at its January 2020 meeting. However, since then the coronavirus outbreak has transformed the economic landscape: in March, the MPC took emergency action twice to cut Bank Rate first to 0.25%, and then to 0.10%. It is now unlikely to rise for the next two years pending a protracted recovery of the economy from this huge set back.

Our central assumption is that there will be some form of muddle through agreement on a reasonable form of Brexit trade deal but the coronavirus outbreak could affect the timing of reaching a deal. As there is so much uncertainty around the impact of, and pace of recovery from this outbreak, the above forecasts currently only cover two years, not three as provided in the past.

GILT YIELDS / PWLB RATES. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020, and a general background of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued; these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have therefore seen, over the last year, many bond yields up to 10 years in the Eurozone turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a falling trend during the last year up until the coronavirus crisis hit western economies. Since then, we have seen gilt yields fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies and moved cash into safehaven assets i.e. government bonds. However, major western central banks started massive quantitative easing purchases of government bonds which has acted to maintain downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds; in normal times this would have caused bond yields to rise sharply. At the close of the day on 30 June, all gilt yields from 1 to 5 years were slightly negative while even 25-year yields were at only 0.71 and 50 year at 0.54%. Equity markets have enjoyed a rebound since the lows of March as confidence has started to return among investors that the worst is over and recovery is now on the way.

However, HM Treasury imposed two changes of **margins over gilt yields for PWLB rates** in 2019-20 without any prior warning; the first on 9 October 2019, added an additional 1% margin over gilts to all PWLB rates. That increase was then at least partially reversed for some forms of borrowing on 11 March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4 June but the date has since been put back to 31 July. It is clear that the Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)

- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

As the interest forecast table for PWLB certainty rates (gilts plus 180bps) above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.

3. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, was approved by the Council on 6th February 2020. It sets out the Council's investment priorities as being:

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

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

Creditworthiness.

Although the credit rating agencies changed their outlook on many UK banks from stable to negative outlook during this quarter, due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of UK banks.

Although CDS prices, (these are market indicators of credit risk), for UK banks spiked upwards at the end of March due to the liquidity crisis throughout financial markets, those CDS prices have returned to more average levels since then.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 June 2020. The £5 million limit on the Council's current account was exceeded during the quarter to ensure the Council had sufficient funds to pay the Business Rate Support Grants.

The average level of funds available for investment purposes during the quarter was **£41.2m**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The Council holds **£20.5m** core cash balances for investment purposes (i.e. funds available for more than one year). The investment portfolio yield for the first three months of the year was 0.68%. This is the weighted average rate of interest earned on investments held

by the Council between 1 April and 30 June. The 1.06% average interest rate shown in the table below is the weighted average rate of interest on outstanding investments on 30 June.

Investments at 30 June 2020

	Amount	Average
	£	Interest Rate %
Managed By NHDC		
Banks	2,000,000	1.12
Building Societies	1,000,000	0.20
Local Authorities	20,000,000	0.90
Government	15,000,000	0.01
NHDC Total	38,000,000	0.88
Managed by Tradition		
Building Societies	4,500,000	1.45
Tradition Total	4,500,000	1.45
TOTAL	42,500,000	1.06

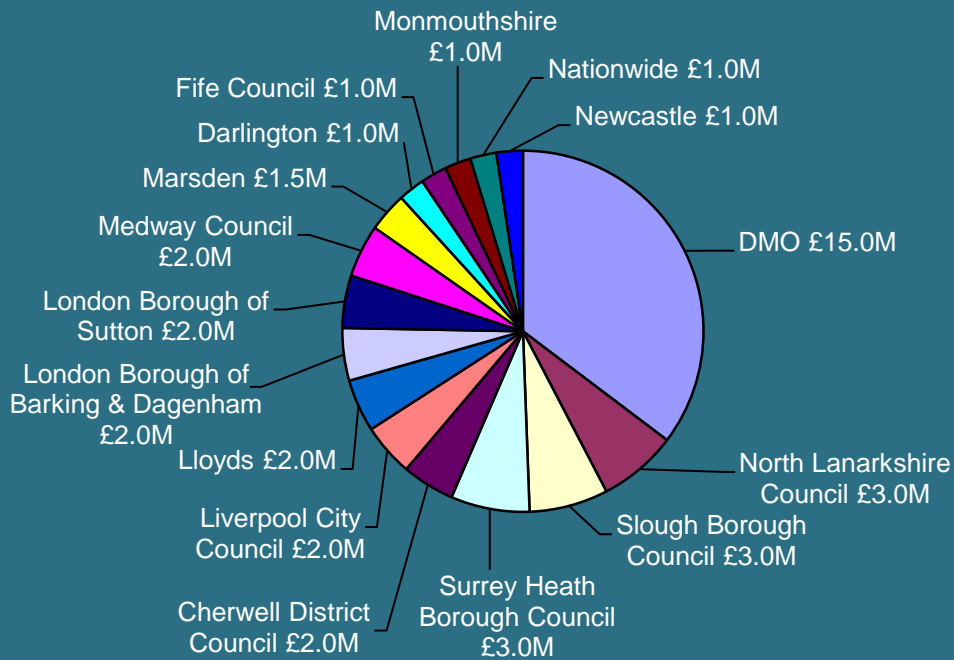
In percentage terms, this equates to:

	Percentage
Government	35
Local Authorities	47
Banks	5
Building Societies	13

The approved 20/21 strategy is that no more than 60% of investments should be placed with Building Societies with a maximum value of £16M. The value at 30 June was £5.5M.

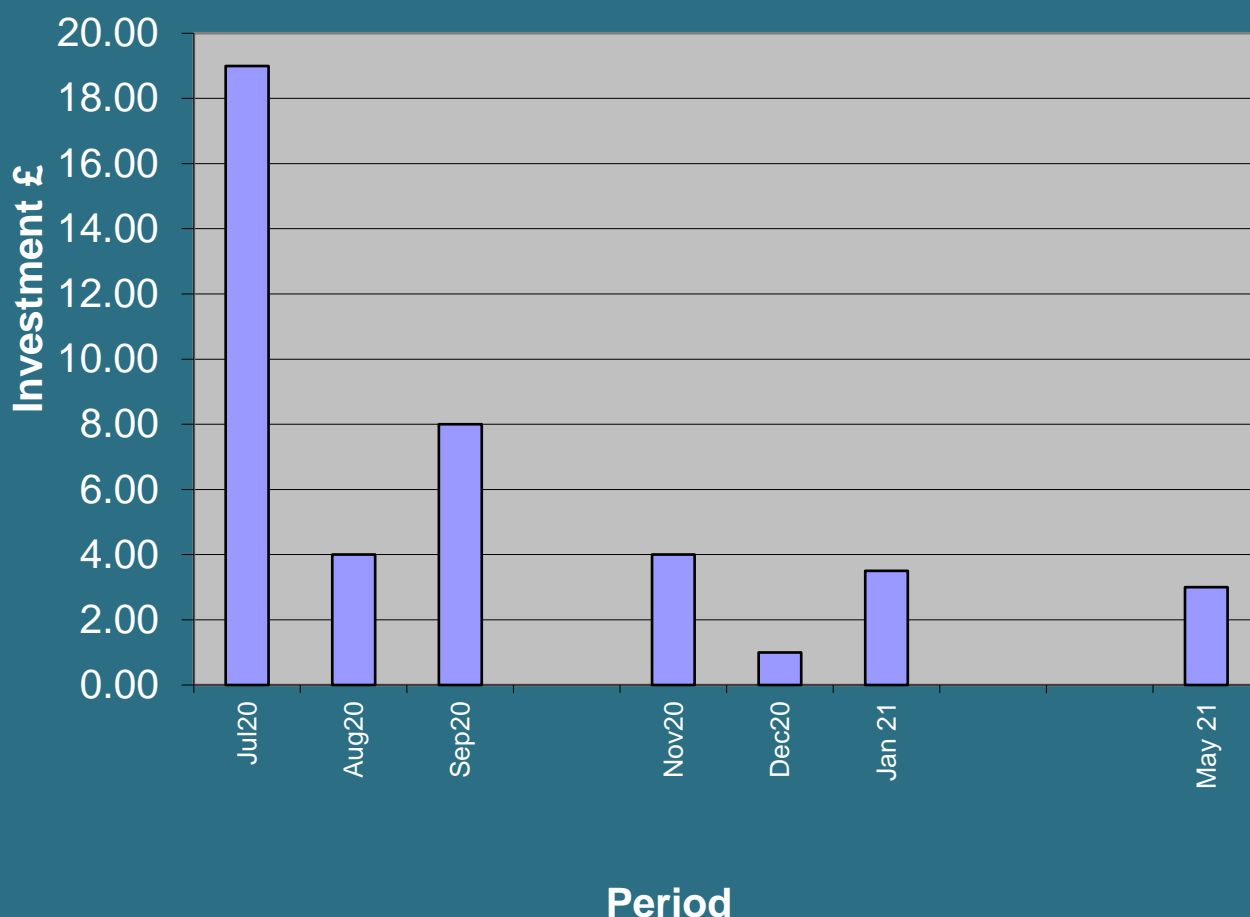
The pie chart below shows the spread of investment balances as at 30 June 2020. This is a snapshot in time that demonstrates the diversification of investments.

Placement of Investments 30th June 2020



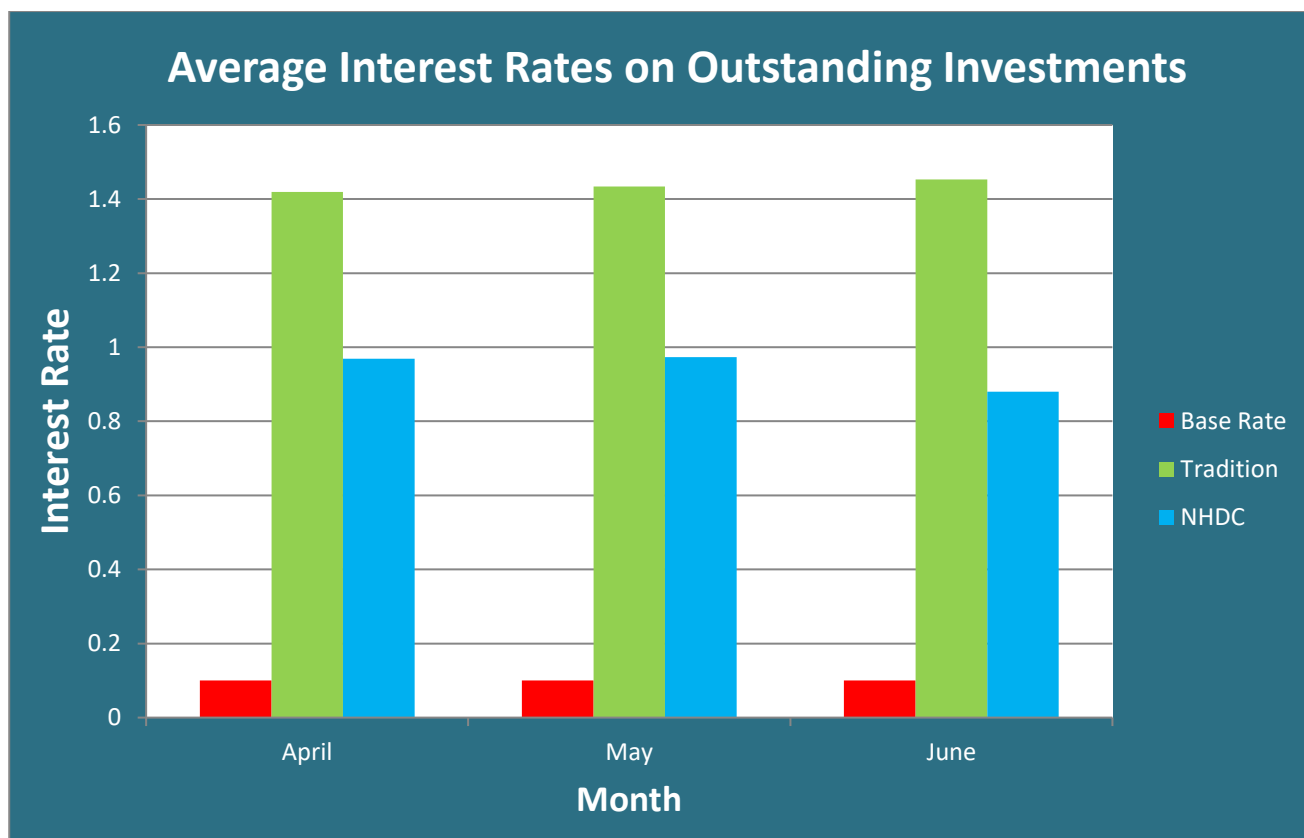
The chart below shows the Council's investment maturity profile.

Investment Maturity 30th June 2020



The Council's Original budgeted investment return for 2020/21 was £0.300M. The projection at the 1st quarter is a reduction of £0.115M and based on current investments and cashflow forecasts it is expected that the Council will generate £0.185M of interest. The large decrease in investment income from the Original budget is mainly due to a significant reduction in interest rates. Base Rate was reduced from 0.75% to 0.1% in March which had a huge impact on Interest rates. This is coupled with a reduction in cashflow due to Covid-19 and a need to keep investments fluid in order to pay the Small Business Grants on demand.

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



The higher rates achieved through Tradition reflect that these are longer-term investments. In general, the Council can currently achieve similar rates for the same length of investment. The Council only undertakes new investments through Tradition where the rate achieved (after fees) are greater than what the Council could achieve for a similar investment.

The treasury indicator below shows the capital value and expected income from Capital Investment assets, alongside any borrowing that is attached to those assets and the expected cost of that borrowing.

Year	Capital value of investment assets £m	Original Expected annual income from investment assets £m	Revised 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	1.173	1.173	3.78	0.208
2021/22	29.820	1.173	1.173	3.78	0.208
2022/23	33.820	1.223	1.223	3.78	0.208
2023/24	37.820	1.273	1.273	4.891	0.269
2024/25	41.820	1.273	1.273	11.516	0.633

New borrowing costs are based on a 25 year Annuity loan from PWLB and an MRP life of 40 years.

4. New Borrowing

No long term borrowing was undertaken during the quarter ended 30 June 2020

Based on 1st quarter estimate for capital expenditure, the Council's capital financing requirement (CFR) for 2020/21 is expected to be £2.262M (-£5.595M at the end of 19/20). The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances (internal borrowing). If the CFR is negative, the Council has more cash investments than borrowing. The balance of external and internal borrowing is generally driven by market conditions.

It is anticipated that long term borrowing will be undertaken during this financial year if the Capital Programme is fully spent.

Loans Outstanding at 30 June 2020:

	Amount	Average Interest Rate
	£	%
Public Works Loans Board	£428k	9.82

Estimated outstanding debt:

Year	Forecast Borrowing £m	Forecast other long-term liabilities £m	Forecast Total External Debt £m	Operational Boundary £m	Authorised Limit £m
31 st March 2020	0.423	2.125	2.548	4.0	10
31 st March 2021 (Forecast)	4.185	1.622	5.807	6.9	12
31 st March 2022 (Forecast)	3.978	1.119	5.097	6.9	12
31 st March 2023 (Forecast)	3.769	0.616	4.385	5.5	12
31 st March 2024 (Forecast)	4.670	0.113	4.783	6.0	12
31 st March 2025 (Forecast)	11.030	0	11.030	12.1	18

* 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. 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.

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).

Maturity Period	Lower %	Upper %
Under 12 months	0	100
12 months to 2 years	0	50
2 years to 5 years	0	60
5 years to 10 years	0	70
10 years to 20 years	0	80
20 years and above	0	100

The Council may have a need to borrow in this financial year if the Capital Programme is fully spent so may need to apply a Minimum Revenue Provision (MRP).

There is a prudential indicator that compares the net cost of financing (i.e. borrowing costs less income generated from investments) with the net revenue budget of the Council. However, the indicator below considers the cost of borrowing as a % of the net revenue budget of the Council.

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	17.274	1.44
2021/22	0.248	14.842	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

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.

Year	Estimated cost of borrowing £m	Less: Forecast of interest earned £m	Net Financing Costs £m	Forecast net revenue budget £m	Estimated cost of borrowing as a % of net revenue budget
2020/21	0.249	0.185	0.064	17.274	0.370
2021/22	0.248	0.344	-0.096	14.842	-0.647
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

Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement - CFR), new external borrowing will be required if the Capital Programme is fully spent during the year.

PWLB rates have fallen a little between the start and end of the quarter with not a great deal of volatility between those dates. The 50 year PWLB target rate for new long term borrowing was at 2.30% during the quarter.

5. Debt Rescheduling

No debt rescheduling was undertaken during the quarter.

6. Compliance with Treasury and Prudential Limits

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

During the quarter ended 30 June 2020, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The £5 million limit on the Council's current account was exceeded during the quarter to ensure the Council had sufficient funds to pay the Business Rate Support Grants. The prudential and treasury Indicators are shown in Appendix 1.

Appendix 1: Prudential and Treasury Indicators for 2020-21 as at 30 June 2020

Treasury Indicators	2020/21 Budget £'000	31.3.20 Actual £'000
Authorised limit for external debt	12,000	423
Operational boundary for external debt	6,900	423
Gross external debt	5,807	423
Investments	26,000	42,500
Net borrowing	-20,193	-42,077
Maturity structure of fixed rate borrowing - upper and lower limits		
Under 12 months	18	18
12 months to 2 years	18	18
2 years to 5 years	61	61
5 years to 10 years	69	69
10 years to 20 years *1	7	7
20 years to 30 years *1	250	250
Upper limit for principal sums invested over 365 days	11,000 Max	0

Prudential Indicators	2020/21 Budget £'000	31.3.20 Actual £'000
Capital expenditure	10,519	83
Capital Financing Requirement (CFR)	3,800	-5,595
In year borrowing requirement	3,780	3,170
Ratio of financing costs to net revenue stream	-0.454%	0.370%

**CABINET
15 SEPTEMBER 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: MEDIUM TERM FINANCIAL STRATEGY

REPORT OF THE SERVICE DIRECTOR- RESOURCES

EXECUTIVE MEMBER: FINANCE AND IT

COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL / BUILD THRIVING AND RESILIENT COMMUNITIES / 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 recommends the Medium Term Financial Strategy (MTFS) for 2021/22 to 2025/26 to guide and inform the Corporate Business Planning Process. The focus is primarily on setting a budget for 2021/22 and determining the actions that will be necessary in setting a longer term budget following on from that. This reflects the fundamental uncertainties that the Council faces. Whilst it recommends a budget strategy, there may be a need to amend the strategy over time as further information becomes available.

2. RECOMMENDATIONS

- 2.1. That Cabinet recommends to Full Council the adoption of the Medium Term Financial Strategy 2021-26 as attached at Appendix A.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Adoption of a MTFS and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2021/2022 to 2025/2026, culminating in the setting of the Council Tax precept for 2020/21 in February 2021.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Council needs to have a strategy for setting its budget to ensure that it meets its statutory duty to set a balanced budget over the medium term, and ensure that spend is prioritised towards delivering statutory services and its strategic aims (as set out in the Council Plan).

- 4.2 At the end of last year, the Chartered Institute of Public Finance and Accountancy published a Financial Management Code. One of the recommendations of that Code was that Councils should have a longer term financial strategy (e.g. up to 10 years). In a report to Finance, Audit and Risk Committee in January it was stated that it was intended to adopt this approach. Whilst that will still be the intention, this MTFS deliberately focuses on a shorter-term budget to deal with the recovery phase from Covid-19.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member for Finance and IT and the Leader of the Council have been consulted in developing this Strategy.
- 5.2 No external consultation has been undertaken in the preparation of this report.
- 5.3 Members will be aware that consultation is an integral part of the Corporate Business Planning process, and consultation on the individual actions and projects planned to support the Objectives will be carried out in accordance with the Corporate Business Planning Timetable and the Council's Consultation Strategy.
- 5.4 As in previous years, Member workshops will be held in regard to corporate business planning proposals.

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 The Council is required to set a balanced budget each year. This can include using reserves if this is affordable over the medium term. The Council therefore sets a 5 year Medium Term Financial Strategy each year to help determine the approach that it will take to setting the detailed budget for the following year.
- 7.2 The Council needs to align its objectives and its budget. The Council set a Council Plan for the period 2020-25 in November 2019. The detailed budget that was set in February 2020 then included the cost implications for the actions that were planned to take place to deliver the Plan. This MTFS uses the planned expenditure for 2021/22 onwards as its starting point. The Council Plan for 2021-26 will be considered at the same Cabinet and Council meetings as this MTFS.
- 7.3 The financial impacts of Covid-19 are detailed in a separate report (presented to Cabinet in July and alongside this report to Council). The MTFS draws on that report in determining the starting point for planning (e.g. levels of reserves). The MTFS also tries to forecast the potential ongoing impacts and how this will affect budget planning.

8. RELEVANT CONSIDERATIONS

- 8.1 The Medium Term Financial Strategy attached as Appendix A details the forecast impact of reducing resources, and quantifies what the Council will need to do to balance its budget in the medium term. It also reflects the significant uncertainty over funding, expenditure and income and therefore highlights the need to be able to react to any changes.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet's terms of reference include at 5.6.38 the power, by recommendation "to advise the Council in the formulation of those policies within the Council's terms of reference". Council's terms of reference include at 4.4.1(b) "approving or adopting the budget". The MTFS is part of the budget setting process.
- 9.2 Councillors are reminded of the requirement, under section 30 of the Local Government Finance Act 1992, to set a balanced budget prior to the commencement of the financial year in question; and also that the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of estimates and the adequacy of reserves allowed for in the budget.

10. FINANCIAL IMPLICATIONS

- 10.1 Revenue financial implications are covered in Appendix A.
- 10.2 The main purpose of the Medium Term Financial Strategy is to consider the revenue funding, income and expenditure for the Council. This includes considering the revenue implications of capital expenditure which are linked to the reduced income from treasury investments (as capital reserves are spent) and the costs of borrowing (which may be required when reserves are used up. The Strategy does also consider discretionary capital spend (i.e. not directly linked to continuing service delivery) and the need to deliver value for money. This would include using capital expenditure to reduce revenue costs or generate income.

11. RISK IMPLICATIONS

- 11.1 The key risks within the budget assumptions are referred to in Appendix A.
- 11.2 There are financial and reputational risks involved in arriving at a balanced budget against the uncertainty surrounding levels of government funding. We seek to mitigate the risks by scenario planning, use of the established corporate business planning process and early involvement of members and key stakeholders. The Council has a Corporate Risk of "Managing the Council's Finances". This is monitored by the Finance Audit and Risk Committee. Having an MTFS is a key mitigation to this risk.

12. EQUALITIES IMPLICATIONS

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

- 12.2 The MTFS attempts to align resources to the delivery of the Council Plan, which sets the corporate objectives. Through its corporate objectives the Council is seeking to address equality implications in the services it provides and through the remainder of the Corporate Business Planning Process will carry out Equalities Impact Assessments for relevant Efficiency or Investment options.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 The MTFS makes assumptions in relation to pay inflation. As the actual rate of inflation will be subject to national pay bargaining, the actual costs will depend on the results of those negotiations. For 2020/21 this has now been agreed at 2.75%, but will be subject to further negotiations for future years. The budget also makes assumptions around funding for increments. The budget does not make any allowance for pay increases above inflation. This means that there will be no improvement to the Council's ability to attract staff in relation to pay, which will particularly impact on difficult to fill posts. The Human Resources Team and the Senior Management Team continually try to identify staff benefits that are not related to pay, and therefore more affordable.
- 15.2 The delivery of projects to deliver council objectives depends on having adequate people resources with the requisite skills.
- 15.3 The development of budget proposals will take up staff time. As they are developed these budget proposals will identify the ongoing impact on staff.

16. APPENDICES

- 16.1 Appendix A - Medium Term Financial Strategy

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1 None

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NORTH HERTFORDSHIRE DISTRICT COUNCIL

MEDIUM TERM FINANCIAL STRATEGY

2021-2026

TABLE OF CONTENTS

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2	The current picture
3	Next Steps- Bridging the Gap
Annex 1	Budget Assumptions
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1.0 Introduction

- 1.1 The Medium Term Financial Strategy (MTFS), the Council's key financial planning document, is an integral part of the Council's Corporate Business Planning process. The Council operates a system of priority led budgeting, with those district priorities set out in the "Council Plan" policy document. The MTFS then sets out how the financial management process will contribute to delivering those priorities and sets out a clear framework for our financial decision making. The strategy is updated annually. We fully expect that it will change over time to reflect new opportunities and policy decisions.
- 1.2 The Covid-19 pandemic is forecast to have a fundamental impact on the Council's finances in the short and medium term. A forecast of the short-term impacts is detailed in a separate report. This recommends that there is not a need to set an emergency budget in 2020/21. Part of this Strategy is determining what actions the Council needs to take, and the level of risk in that approach. The Strategy therefore considers a number of scenarios.
- 1.3 The backdrop is that there is still uncertainty over the funding that the Council will receive in future years. The various funding changes (i.e. 75% Business Rate retention, Business Rates reset, replacement for New Homes Bonus and the Fair Funding Formula) have generally been delayed until 2021/22 for implementation in 2022/23.
- 1.4 Over the last few years, the Council has taken the opportunity to increase the level of its general fund reserves. The intention of this was that they could be used to soften the impact of expected (although currently unknown) future funding reductions. These reserves are now expected to be used to avoid having to make drastic service changes in response to Covid-19. It is possible, depending on the level of financial support from Government for Covid-19, that some of the remaining reserves may be available for this intended purpose.
- 1.5 The MTFS is based on significant uncertainty and therefore it will be kept under review until the budget for 2020/21 is agreed at Council in February. Even once the MTFS is agreed by Council, it is still just a plan, and therefore it will be monitored throughout the year and amended to reflect updated information. The budget monitoring reports (revenue and capital) that are provided to Finance, Audit and Risk Committee and Cabinet are a key component of this.

1. The current picture

- 1.1 The budget agreed by Full Council in February 2020, set the 2020/21 budget and indicative budgets for the years up to 2023/24 as follows:

£000	2020/21	2021/22	2022/23	2023/24
Net revenue expenditure	15,136	14,985	14,968	14,701
Estimated Funding	15,465	14,092	14,282	14,567
Use of General Fund reserves	(329)	893	686	134
General Fund brought forward	8,387	8,387	7,892	7,206
Funding Equalisation Reserve	+329	-398	0	0
General Fund carried forward	8,387	7,892	7,206	7,072
Assumed savings and income efficiencies still to be identified and delivered (cumulative)	0	400	800	1,350

- 1.2 Whilst the MTFS is for a five year period, detailed forecasts were only provided for a four year period. This reflected the substantial uncertainty over future funding levels and that the Council planned to balance its funding within the four year period.
- 1.3 The final position at the end of 2019/20 (subject to audit) was a brought forward General Fund Balance of £9.378 million, which was higher than estimated above. This was due to underspends against budgets and the gain from the Business Rate Pilot. Some of the underspends have been

carried forward, which increases the forecast spend in 2020/21 by £449k compared to budget. This means that the net position is an improved General Fund position by £542k. Budget monitoring since the budget was set (as at the end of Quarter 3 and end of year) has identified additional net ongoing spend of £182k. This is also reflected in the MTFS forecasts.

- 1.4 As at the end of 2019/20 the balance on the Special Reserve was £1,175k. This reserve could be released for general expenditure as it does not have any significant specific commitments against it. As at the end of 2019/20 the balance on the MHCLG (Ministry of Housing, Communities and Local Government) Grants Reserve was £3,741k. This reserve includes allowances for the timing differences between the receipt of Business Rate section 31 grants and when they need to be applied to the Collection Fund. It also includes the accumulation of Business Rate surpluses and pooling gains. Whilst it is useful to have a buffer against potential drops in Business Rate receipts, the amount in the reserve could now be considered to be too high. The budget for 2020/21 already assumes that the Pooling Gain from 2018/19 of £368k would be released. In addition, as a business rates surplus was recorded for 2019/20, the section 31 grant receivable for 2019/20 of £1,998k is not required to fund a deficit repayment. It is therefore considered that this amount can be released from the reserve in 2021/22.
- 1.5 To refresh the MTFS for the period 2020-25 it is necessary to consider any changes that need to be made to funding expectations, income forecasts and expenditure forecasts. Annex 1 provides some general details of these assumptions. The following paragraphs detail the more significant changes and areas of uncertainty.

Covid-19

- 2.6 As detailed in the separate report the financial impact of Covid-19 on income and expenditure in 2020/21 is forecast to be around £4,708k against estimated Government funding of £3,550k. That leaves a shortfall of £1,358k (£1,550k of known grant and estimated £2,000k of income guarantee support). It is considered unlikely that there would be any further commitment from Government to provide funding for 2020/21, although there could be some longer term support. Based on current reserve levels the proposal is that there is not a need to set an emergency budget and the shortfall will be met from General Fund reserves and the Special Reserve.
- 2.7 There is also expected to be a shortfall on the Council Tax Collection Fund from the increased entitlement for Council Tax Reduction Scheme (CTRS). The current forecast is that this would be about £200k, and this will be an additional cost to be funded in 2021/22.
- 2.8 The MTFS has previously assumed net growth of 1% per year in the Council Tax base. This is based on housing growth and a stable CTRS eligibility. The actual assumption is that growth will be a bit higher than 1% but that some of this is needed to fund the additional costs associated with a new house (e.g. waste collection). Experience over the last two years was that growth was just about 1%, but the expectation was that this could pick up with an adopted Local Plan. Further delays to the Local Plan hearings and a general economic downturn mean that housing growth is likely to be suppressed. On top of this, whilst CTRS eligibility may start to decrease over time it would probably still be higher than previous levels. Therefore the revised modelling assumption is that the Council Tax base will remain stable (i.e. not increase) over the next 5 years. This reduces the funding available from Council Tax by around £660k by 2025/26.
- 2.9 The areas of Council income and expenditure where there is most likely be an ongoing impact (beyond 2020/21) are:
 - Car parking income- behaviour change might lead to an ongoing reduction in car/ town centre use. A 10% reduction in car parking income would equate to £310k per year.
 - Leisure contract- behaviour change might mean a slow recovery or an ongoing reduction in use. A 50% reduction in the contract fee that the Council receives would equate to £360k per year.

- Income from recyclable materials- over the last two months the Council has seen a £37k per month reduction in the amount it receives for recyclable waste. It is assumed that this will return back to previous levels, but this may not be the case. If this was to continue through next year as well the impact would be £444k.

2.10 The above amounts are estimates that will be used in carrying out sensitivity analysis, but are not included in the core MTFS numbers.

Other areas of Expenditure

- 2.11 The current budget includes an allowance for pay inflation of 2% each year. The pay award offered to the Unions by the employers under national pay bargaining for 2020/21 was for 2.75%. This has been agreed, but is only for one year. An equivalent increase each year would be consistent with Government aspirations (pre Covid-19) in relation to the target level for the National Living Wage (£10.50 by 2024). The forecasts have therefore been updated to be based on 2.75% per year. The annual additional cost of this (above the 2% previous assumption) is over £500k by 2024/25.
- 2.12 A separate allowance is budgeted for the payment of increments, which is based on the grade profile of current staff. As the allowances above reflect national pay bargaining, they do not affect the differentials between what North Herts pays compared with other Councils. This means that where the Council has posts that are difficult to recruit to, this position is unlikely to improve in terms of pure pay rewards. However the Council does implement and promote the other advantages of working for us. A more fundamental review of our pay scales could be carried out, but is likely to be a very significant cost pressure and the impact on being able to recruit is very uncertain. This will need to be kept under review in the context of our ability to recruit to vacant posts.
- 2.13 Employees of the Council are eligible to join the Local Government Pension (LGPS), indeed new employees are now auto-enrolled in to the pension scheme. The LGPS provides a pension that is based on average career earnings. For service up to the year 2014, the pension is based on final salary. The Council pays employer contributions in to the fund. Due to various factors, including pensioners living longer, the contributions that the Council has made in the past have not been sufficient to cover future liabilities. As a result the Council now pays a lump sum towards past service costs and a percentage of payroll costs to cover the estimated cost of the pensions being accrued by current employees. Every 3 years, an actuary undertakes a valuation of the pension fund to determine future contribution rates. This valuation was out during last year. The contribution rates are broadly in line with what they were before, with the only change being an inflationary increase in the lump sum payment each year. The budget set by Council in February included this change but it was not incorporated in to the last. The increased cost (compared with no inflationary increase) is £84k by 2023/24, and could rise further beyond that depending on the results of the next valuation.
- 2.14 Hertfordshire County Council (HCC) as Waste Disposal Authority have the power to direct where the Council sends its residual and green waste. At the moment, the Council delivers this waste to transfer locations in Hitchin and Cumberlow Green. Whilst this is not expected to change over the medium term period, there could be significant impacts over the long term. It is hoped that the County Council will build a Northern Transfer Station. This is expected to be broadly cost neutral for NHDC and provide long-term certainty.
- 2.15 Since the budget was set, Council have agreed two redundancies relating to the Chief Executive and the Corporate HR Manager. These will provide ongoing full-year savings from 2021/22 of £174k per year.
- 2.16 There has been discussion with the Council's waste contractor about the treatment of property growth and whether an offer by Urbaser that the first 5,000 properties (across East Herts and North Herts) could be absorbed within existing collection rounds. It is now looking like this can not be

absorbed and this could result in additional costs of around £200k per year. Given the likelihood and costs involved this has been build in to the MTFs estimates.

- 2.17 In February 2019, Central Government released a consultation on their emerging Waste Strategy. Various elements of this could have cost implications for the Council if they were introduced. The most significant of these proposed changes are:
- Introduce consistent waste collection across all areas of the Country (e.g. same materials in the same types of bins) and being stopped from charging for garden waste collections. The Council would expect significant 'new burdens' funding if this was introduced, particularly in relation to garden waste charging.
 - Introduction of a Deposit Return Scheme, which would have an impact on what the Council would collect at the kerbside. It is likely to mean that the higher value recycling materials would be taken to deposit return locations, leaving the Council to collect the remainder. This would affect the net costs of disposal for recycling materials.
 - Extended Producer Responsibility- places the financial burden for waste on those that are producing it at source. This in turn would affect how waste collection and disposal are funded. It would need to be determined how this affects the funding that the Council receives. It is likely to have an impact on the future of the AFM.
- 2.18 The current budget includes a number of items of time-limited expenditure. These need to remain time-limited and the MTFs makes no provision for these being extended on an ongoing basis. The only exceptions to this are items of cyclical expenditure i.e. 4 yearly housing stock review, biannual housing analysis, biannual district-wide survey and elections.
- 2.19 It is assumed that any other revenue growth will be fully funded by additional off-setting savings.

Other areas of Income

- 2.20 The Council currently receives payments from HCC under an arrangement known as the Alternative Financial Model (AFM). These payments are intended to provide an incentive for the Council to introduce measures that reduce residual waste. The MTFs includes adjustments for known changes to the AFM. But as this is a discretionary payment, it is likely that HCC will review it again in the future. As the majority of this funding is used to support core service delivery, this would create a cost pressure for the Council.
- 2.21 The take-up of the chargeable garden waste service has exceeded the original forecasts of 26%. The budget for 2020/21 is based on an estimated take-up of 52% and an annual charge of £40. In 2021/22 (with a full year of income) the Council would be estimated to generate an overall net surplus (after accounting for capital charges and overheads) at this level of take-up. Given that the £40 was set based on benchmarking against other Authorities to assess its reasonableness and was also subject to feedback through a consultation process, it is proposed to retain it at this level. But to take reasonable measures to reduce the surplus, no inflationary increases will be added. Any surplus will initially provide protection against the risks associated with providing the service, if required, and where appropriate be used against wider waste and environmental service costs. The extension to the subscription period due to Covid-19 means that the renewal point is now in Autumn. This may create a risk that take-up will be lower, at least initially.

Funding

- 2.22 Due to Covid-19 the introduction of a new Fairer Funding Formula and 75% Business Rates Retention have been delayed. The details of these will now be confirmed in 2021/22 for implementation from 2022/23. The timing of any Central Government spending review is also uncertain. This means that there is no certainty over the amount of funding that Local Government will receive in total, how this will be distributed across Authorities, and how risks and rewards for changes in Business Rates will work. It is therefore assumed that this will result in the same outcome as last year, in that the Business Rates baseline will increase with inflation and there will not be a negative Revenue Support Grant applied in 2021/22. The assumption is still that the equivalent of a negative RSG (i.e. reducing our funding by around £1m) will be applied as part of the fair funding formula and applied from 2022/23. As the Council is prudent and budgets for Business Rate income at the baseline level, at this stage there is not considered to be any significant risk from moving to 75% retention or the planned Business Rate reset.
- 2.23 It is possible that negative RSG could be applied in 2021/22 and therefore this will be considered when carrying out a sensitivity analysis.
- 2.24 Central Government also determine the extent to which Local Authorities can raise Council Tax, without the need for a Local Referendum. Last year this has allowed increases of up to 2% (or £5 for a band D if that is greater). For the Council the £5 increase is slightly greater. It is expected that the amount of Business Rate funding that Local Authorities can retain when the new system comes in will be based on an assumption that Councils have increased Council Tax by as much as they are able. The MTFS therefore makes this assumption that the Council will increase Council Tax by the maximum amount allowed without a referendum. In the forecasts this is assumed to be a £5 (band D equivalent) increase each year. It is possible that Central Government will provide more funding to Councils (particularly in response to Covid-19 ongoing pressures) by increasing the limit. This would then generate more funding for the Council, although some of this might be off-set by a further increased eligibility for CTRS.
- 2.25 New Homes Bonus is now being phased out and this is reflected in the MTFS forecasts. It was intended that the current system will be replaced with something else that better incentivise the building of new homes. There has been no information on what this might be, and therefore there is no assumption of any funding in relation to it.

Reserves and Resilience

- 2.26 The Council is required to retain a certain level of reserves. This is to provide protection against both known and unknown risks. This includes being able to react to changes in demand and any emergencies that may arise. The allowance of known risks is based on estimating the monetary impact of an event happening and applying a percentage to this based on the likelihood of it happening (high, medium or low). The allowance for unknown risks is based on 5% of net expenditure and 3% of budgeted income (excluding Housing Benefit). For 2020/21 this gave a minimum balance of £2.45m. In the light of Covid-19 and that support to date from Government has been limited, when a full review takes place, it will probably be necessary to increase the minimum balance. For the purpose of the MTFS an increase of £1m is assumed.
- 2.27 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. A full commentary on this was provided as part of the 2020/21 budget (agreed by Council in February). The overall message is that having reserves at the minimum level would mean that the Council was not resilient. Therefore in setting a medium term budget, the Council should plan to have breathing space above the minimum level.

2.28 As detailed in the Covid-19 report (presented to Cabinet in July), the revised forecast combined balance on the General Fund and Special Reserve at the end of 2020/21 is £8,867k. As detailed in 2.4, this can be added to by releasing £1,998k from the MHCLG Reserve. This takes the opening generally available balances up to £10,865k in total.

2.29 The forecasts over a five year period are shown in the table below.

£000	2021/22	2022/23	2023/24	2024/25	2025/26	Cumulative
Net expenditure brought forward	14,902	15,662	15,649	15,435	15,227	14,902
Ongoing base budget adjustments, including previously identified savings	467	57	-29	10	(167)	337
Net additional savings, service changes or income generation to be identified	(200)	(500)	(600)	(650)	(700)	(2,650)
Pay inflation and increments	483	400	400	400	400	2,083
Contractual inflation	169	300	300	325	325	1,419
Income inflation	(157)	(270)	(285)	(293)	(301)	(1,306)
Net Expenditure- to be funded from taxation and general grants	15,662	15,649	15,435	15,227	14,784	14,784
Council Tax	(12,002)	(12,252)	(12,501)	(12,751)	(13,001)	
Collection Fund deficit	200	0	0	0	0	
Revenue Support Grant	0	0	0	0	0	
Business Rates- including tariff adjustment	(2,780)	(1,677)	(1,711)	(1,745)	(1,780)	
New Homes Bonus	(350)	(131)	0	0	0	
Other	39	24	24	24	24	
Net funding position (use of reserves)	769	1,613	1,247	755	27	
Reserve balance b/f (General Fund and Special Reserve, including released MHCLG reserve)	10,865	10,096	8,482	7,235	6,480	
Reserve balance c/f	10,096	8,482	7,235	6,480	6,453	

2.30 The table above shows that balancing the budget by the end of 2025/26 would require the delivery of £2.65m of savings. Whilst the phasing of the savings shown would use up a lot of the available reserves (using £4.41m), they would still leave the Council above the recommended minimum. This phasing allows the Council to focus on recovery from Covid-19 during 2020/21 (with a low value of additional savings) and then focus on longer-term budget planning in 2021/22. It is hoped and expected that during 2021/22 there will be more certainty over future funding, both in terms of Central Government funding and the actual impact on the Council Tax base.

2.31 Factoring in the sensitivities described in paragraph 2.23 and 2.9 in 2021/22, the position would be around £2.2m worse, and take the reserve balance at the end of the 2021/22 down to around £7.9m. If the expenditure pressures (described in 2.9) continued on a longer-term basis then the year end reserve balances would become; £5.2m at the end of 2022/23 and £2.9m at the end of 2023/24. This would then be below the recommended minimum. If it was evident that this was likely to happen then there might be a need for further cost reductions or income generation to be achieved to avoid the reserve balances falling below the recommended minimum.

2.32 Whilst not certain enough to be incorporated in the MTFS at this stage, the following positive outcomes are considered possible:

- Economic recovery and the adoption of a Local Plan could result in housing growth in later years, which could include some degree of catch-up.
- Government could provide additional short-term (which would improve reserve balances) and medium-term support for Covid-19
- Due to the support provided by Local Government to the pandemic, Government might allocate more ongoing funding so that the support could still be in place in future
- The new Business Rates system may provide the Council with sufficient certainty to factor growth in to its budget.
- The replacement for New Homes Bonus may provide some funding.

2.33 In taking the approach described above (and not focusing on achieving savings immediately), the following are necessary actions:

- Officers and Councillors will initially focus on identifying the relatively low value of savings required to be achieved in 2021/22.
- There is no provision for ongoing discretionary budget growth. Any new budget growth must be a reprioritisation of existing discretionary spend.
- A commitment to some form of full budget review during 2021/22. For example, this could take the form of a discretionary services review or be based more around the customer experience and journey. It is very likely that this will involve difficult decisions about the services that the Council continues to provide, and how it delivers them.
- A continued focus on income generation, but with the appreciation that in the current economic climate that this might provide limited returns. Also with the appreciation that the Council is forecasting to have a significantly lower level of reserves so may not be able to absorb short-term losses from more speculative opportunities.
- Officers will undertake regular monitoring and will notify if a change of approach is required. This could include the need for an emergency budget.
- That Council Tax will be increased by the maximum amount allowed without the need for a local referendum.

2.34 The Council currently has some capital reserves that it can use to fund its capital programme. This means that the revenue impact of capital investment is minimal as it is just the lost interest from treasury investments. Over the life of the MTFS the available capital resources will be diminished, particularly with spend on property investments. After this the cost of capital investment will be substantially higher as it will incorporate borrowing charges and Minimum Revenue Provision. Therefore all discretionary spend will be assessed on the assumption that capital funding costs will be incurred.

ANNEX 1 Budget Assumptions and Policies

Key Budget Assumptions

Inflation indices are reviewed on an annual basis and the forward budget projections amended accordingly. At this stage in the budget planning process, it is prudent to take a cautious approach and, in identifying the likely Council Tax requirement, the strategy focuses on the pressures on expenditure and assumes that income will rise in accordance with the determined policy. The figures presented in the MTFS financial projections appendices include the following assumptions in line with the current financial strategy

- Investment income is based on cashflow projections and a 1% return. This is significantly affected by the timing of expenditure in the capital programme.
- New Homes Bonus (NHB) funding is based on the remaining draft allocations that we have been notified of.
- Contract inflation in accordance with the individual contract terms.
- Pay inflation at an average of 2.75% per year.
- No allowance is made for general inflation on remaining expenditure. Although after allowing for salary and contractual inflation, the remaining amount is insignificant.
- Discretionary fees and charges income will be increased by CPI (Consumer Price Index) at November, plus 2%. This will be where it is legally possible and subject to a market impact assessment. This excludes parking (which is assumed to increase at 2%) and garden waste (no increase).
- The overall Council tax base figure will not increase.
- Council tax precept will be increased by the maximum amount allowed without the need for a local referendum.
- An assumed 99% collection rate for the purposes of calculating the Council tax base.
- An assumed 97% collection rate for Business Rates
- Any future changes to the local Council Tax Reduction Scheme will aim to have a cost neutral impact.
- A vacancy factor set at approximately 2.5% of salary budget to yield in the region of £300k is included in the base budget in each year.
- The Council will not subsidise areas which are the responsibility of another precepting body other than through a one-off match-funding arrangement where this is in the interests of the local Council tax payers.
- The potential impacts of Brexit are not reflected. The impacts of Covid-19 are only reflected to the extent mentioned.
- All assumptions are subject to further refinement during the budget process as more certain information becomes available.

Reviewing service provision

As part of further developing the Medium Term Financial Strategy, we continue to investigate the appropriateness of service subsidies and also the funding of functions which are the responsibility of other bodies. We recognise that we should give careful consideration to each individual case before reaching a decision and should apply the test: “should the Council Tax payer pay for all or part of a service or should it be the service user?” Many of the services we provide are subsidised and during the budget setting process, service managers are now asked to review the extent of the subsidies and are asked the following questions:

- Does the service support the Council's high level objectives and priorities?
- Is the service statutory or discretionary and, in either case, do we have discretion over the level at which it is provided?
- What proportion or sections of the population use the service?
- What is the level of subsidy?
- What is the reason for the service subsidy?
- Is there a strategy in place which determines the level of subsidy going forward?
- Is there the opportunity to make greater use of or secure external grants to reduce the subsidy?
- What impact would a reduction in the level of subsidy have on the service?
- How much income could be generated by a removal of the subsidy?
- Should any removal be subject to a phasing in process and if so over how many years?

Changes made to service delivery are required to include an equality analysis.

The Council will seek to manage all its assets cost-effectively, including opportunities to optimise income from the use of these assets, offering concessions (as appropriate and affordable) to encourage use by all members of our community in pursuit of our priorities. We will also continue to explore opportunities in regard to our assets, including long term leases which effectively constitute a transfer, whereby community groups take on responsibility for the operation and overall facility management.

The Local Government Act 2003 permits local authorities to trade with both public and private sector bodies. In broad terms authorities may not trade for profit unless that activity is performed through a company. The Localism Act 2012, while vesting a general power of competence, retains this requirement. Section 4 of the Localism Act restricts the ability of a local authority to carry out activities for a commercial purpose using the general power. Section 4 (2) provides that if a local authority undertakes a commercial activity in exercise of its general power it must only do so through a company (for this purpose this covers limited or “registered society” i.e. formerly co-operative, community benefit society or industrial provident society). Consequently, these provisions will be considered when exploring alternative service delivery models.

Risks and General Fund Level

Best Practice guidance issued by CIPFA states that the general fund balance may be between 5% and 100% of net expenditure. With an original estimate of net revenue expenditure of around £15 million, the minimum 5% balance is in the region of £750k.

The Bellwin scheme may be activated where an emergency or disaster involving destruction of or danger to life or property occurs and, as a result, a local authority incurs expenditure on, or in connection with, the taking of immediate action to safeguard life or property, or to prevent suffering or severe inconvenience, in their area or among its inhabitants. The scheme makes provision to reimburse the cost of local authority actions taken in the immediate phase of an emergency, not those taken as part of the recovery phase. Any claim is subject to a threshold (i.e. costs have to exceed this amount before a claim can be made) and for North Hertfordshire this is around £27k. So the need to potentially fund £27k should be borne in mind when setting a General Fund balance.

As the Council becomes more dependent on income, its net budget does not fully reflect the financial risks that it faces. So an additional 3% of budgeted income (excluding Housing Benefit) is also included as a component in determining the minimum General Fund level. This would provide an additional allocation of around 400k (based on income of around £13m).

In addition to the allowances above for non-specific unknown risks, an additional allowance is made for specific known risks. Specific risks are identified and classified as high, medium or low risk and allowance is made for a proportion of the risk value. For high risk items, 50% of the risk value, for medium risk, 25% of the risk value and for low risk items, 0%. This is regarded as an appropriate risk management approach to risk likelihood and value. When assessing these risks for 2021/22 there will be a need to reflect on the situation that is being faced during this year.

ANNEX 2 Roles and Responsibilities

The role of Councillors in this process is to:

- set vision and strategic direction
- agree the Council's high level objectives and priorities
- agree the specific projects to achieve the priorities
- agree the rolling MTFS including decisions on the time-frame to be covered, external influences to be considered and included, strategy for use of balances, assumptions regarding government support and the implications of doing so, income policy, capital strategy and setting indicative council tax levels for future years
- scrutinise proposals for funding prioritisation and de-prioritisation as set out by managers
- decide between options presented
- decide on options for increasing fees & charges where a proposed approach varies from that outlined in the income policy
- give due consideration to both the risks and opportunities of options as the council necessarily explores new avenues
- discuss savings suggestions and income generation proposals with relevant Officers.
- take a corporate overview of the budget position once decisions on individual prioritisation have been taken.
- set the level of Council Tax each year
- scrutinise and monitor the budget throughout the year

The role of all Officers is to:

- put forward suggestions for actions to deliver the objectives and new opportunities
- ensure that existing spend and new projects link to and deliver one (or more) of the Council's objectives
- manage services to deliver the actions in the plan within budget allocations
- explore alternative ways of delivering services, including assessment of risks and opportunities
- propose income generation and service transformation opportunities
- report on value for money and continuous improvement
- monitor the budget throughout the year and ensure spending is in line with policy requirements

The Senior Management Team and Leadership Team have the following roles:

- facilitates a critical review of existing expenditure. This involves reviewing the base position, challenging existing budget allocations and creating the ability to reallocate money to strategic priorities.
- reviews service areas in comparison to other authorities to determine opportunities for improvements and cost reductions, or to explain reasons for any differences.

- reviews bids for additional resources/ investments. All bids will be subject to detailed scrutiny before inclusion in the draft budget. The strategic priorities fund can be allocated by Leadership Team for short-term investments.

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**CABINET
15 SEPTEMBER 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COUNCIL TAX REDUCTION SCHEME 2021/2022

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE & IT

COUNCIL PRIORITY: BE A MORE WELCOMING, INCLUSIVE & EFFICIENT COUNCIL

1. EXECUTIVE SUMMARY

- 1.1 To provide Cabinet with an update on how the Scheme is operating.
- 1.2 To consider whether any changes should be made to the Council Tax Reduction Scheme (CTRS) for year nine (2021/2022).

2. RECOMMENDATIONS

- 2.1. That Cabinet notes the CTRS position relating to this and previous financial years.
- 2.2. That Cabinet notes that a full review of the CTRS has commenced and been postponed due to the consequences on the Scheme of the COVID-19 pandemic.
- 2.3 That Cabinet delegates whether it wishes to continue with the amount to be distributed to Parish, Town & Community Councils and if so whether this should be maintained at £38,885 to the Service Director – Customers and the Service Director – Resources in consultation with the Executive Member for Finance & IT, taking into account the financial settlement for 2021/2022
- 2.4 That no changes to the CTRS be made for 2021/2022

3. REASONS FOR RECOMMENDATIONS

- 3.1. To update Cabinet on how the Scheme is working and to consider whether any changes need to be made for 2021/2022.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The purpose of this report is to consider whether the Scheme as it stands meets the needs of providing support where required and is affordable. Other options can be considered as part of this process.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 For reasons which will be explained in the report, no changes are recommended to the Scheme for 2021/2022. Any changes would be the subject of consultation with Hertfordshire County Council, the Police & Crime Commissioner for Hertfordshire and the public before being further considered by Cabinet at its December meeting. As no changes are being recommended, this consultation can be light touch and be carried out by asking for comments if any consultee does not agree.

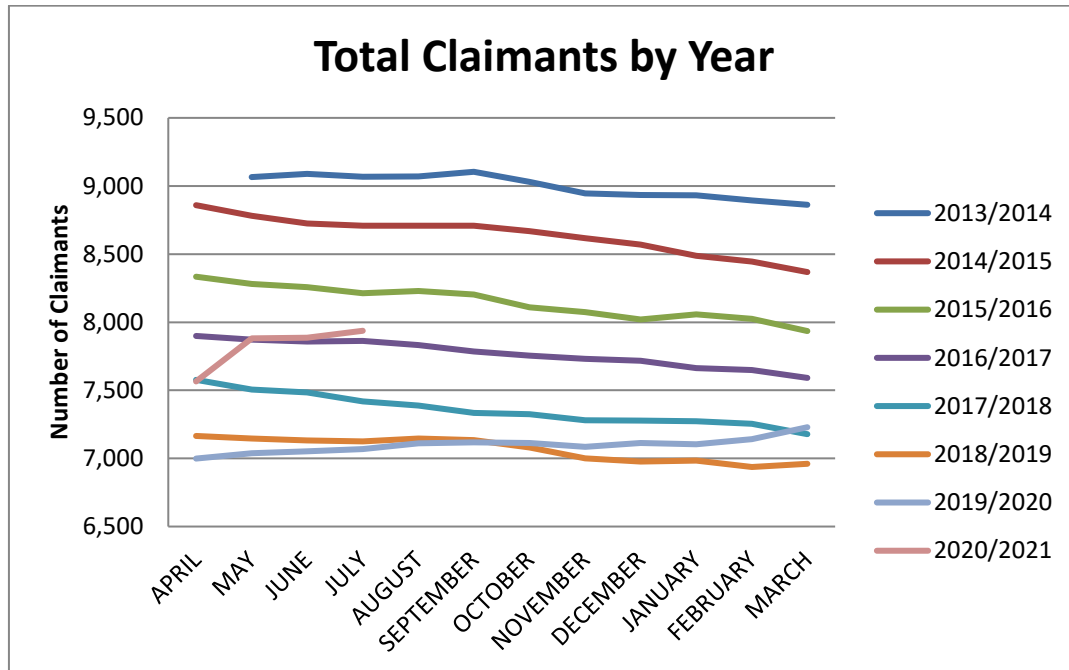
6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 26 June 2020.

7. BACKGROUND

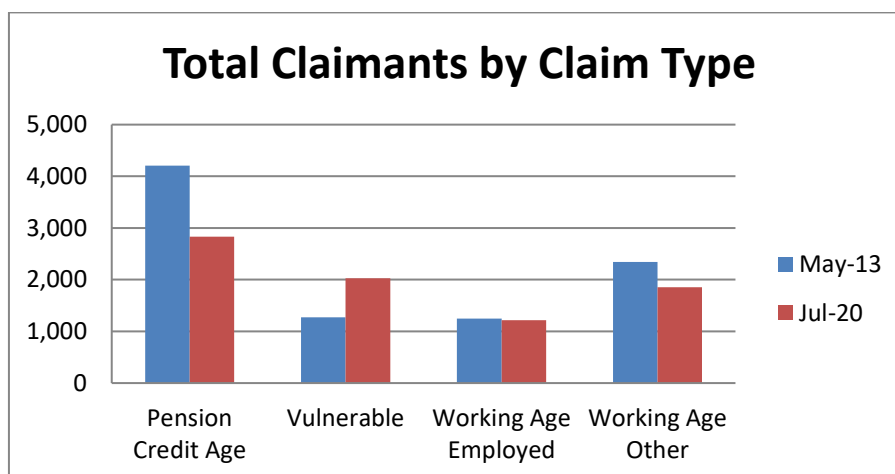
- 7.1 Council Tax Benefit was abolished on 1 April 2013 and was replaced by locally defined Council Tax Reduction Schemes.
- 7.2 2021/2022 is the ninth year of the Scheme, which is now fully embedded.
- 7.3 The Council's Scheme is based on the old Council Tax Benefit Scheme and is therefore means-tested with a standard percentage reduction being made to the final award. This reduction was 33.13% for the first two years of the Scheme and has been reduced to 25% for the subsequent six years. A lower reduction means that the claimant will receive more benefit and therefore pay less Council Tax.
- 7.4 The Scheme has been generally accepted within North Hertfordshire. The Council has received very little feedback on the Scheme and collection rates have been fairly well maintained considering the recent period of austerity and the effects of the COVID-19 pandemic.
- 7.5 The Scheme continues to cost less than originally anticipated due in the main to the reduction in the number of claimants. This has been a steady year-on-year reduction until the early part of 2018/2019, when the claimant numbers plateaued out and then fell slightly. The numbers rose steadily during 2019/2020 with a sharp rise in March 2020 followed by a significant increase in claims so far in 2020/2021 due to the COVID-19 pandemic. The steady reduction in numbers meant that the Scheme costs did not escalate even though Council Tax levels increased. With claimant numbers now increasing significantly, and the tendency for all Major Preceptors to apply the maximum increase in Council Tax without triggering a local referendum, the value of awards is increasing. Further, maximum expected increases in Council Tax for 2021/2022, eliminates any scope available to make the Scheme more generous.
- 7.6 Chart 1 below shows how claimant numbers have steadily reduced since the Scheme was introduced, until 2019/2020.

Chart 1



7.7 Chart 2 below shows the difference in number of claimants by claimant type from May 2013 (the earliest data we have) to July 2020. Members will see there has been a significant reduction in the number of Pension Credit Age claimants with 1,372 less or 32.6%. The number of Working Age claimants not working is 484 less or 20.7% and this gap has reduced significantly in the last year when the totals were 1,220 less or 52.1%. The number of Working Age claimants in work has remained fairly constant with 31 less or 2.5%, however the number of Vulnerable claimants, i.e. those in receipt of a Disability Premium has increased significantly with 759 more or 59.7%.

Chart 2



8. RELEVANT CONSIDERATIONS

Changes to Housing Benefit and should these be reflected in the CTRS?

- 8.1 In previous years, Cabinet has considered whether any changes to the Housing Benefit Regulations should be reflected within the Council's CTRS Scheme.
- 8.2 Where it has been recommended to make any changes to the Scheme, these have to be the subject of public consultation before a final recommendation is made to the Council for adoption or not into the Scheme.
- 8.3 There have been no changes to the Housing Benefit Regulations, which require adoption within the Council's CTRS for 2021/2022.

Other Considerations

- 8.4 In response to the COVID-19 pandemic, the Government announced a Council Tax Hardship Scheme which provided up to an additional £150 for every working age CTRS claimant during 2020/2021.
- 8.5 This Scheme is for one year only and is funded from a Section 31 Grant payable by the Government and does not form part of the Council's CTRS.
- 8.6 At its meeting on 17 December 2019, Cabinet resolved *"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"*.
- 8.7 Work commenced on this review in the autumn of 2019 and good progress was being made.
- 8.8 The intention of the review is to make the Scheme as simple as possible and to retain its fairness and financial viability.
- 8.9 One of the consequences of the COVID-19 pandemic is that it has made financial modelling of any changes to the Scheme impossible because the present very high number of claimants and high cost of the Scheme has distorted the data beyond reasonable use under "normal" circumstances.
- 8.10 It has therefore been agreed with the Executive and Deputy Executive Members for Finance & IT that the review should be delayed until more normal circumstances return.

Amount to be distributed to Parish, Town & Community Councils

- 8.11 When CTRS was introduced in 2013, the Government provided funding to each Billing Authority to compensate for the reduction in their Tax Bases as CTRS was to be treated as a Discount and was no longer reimbursed on a pound for pound basis through subsidy arrangements. Each Billing Authority was also given a sum of money to distribute amongst its Parish, Town & Community Councils to compensate for their reduction in the Tax Base. For the first year of the CTRS (2013/2014) this amount was £90,850.

- 8.12 This funding is no longer separately identifiable within the Council's financial settlement from the Government and the principle has now been adopted each year that the amount of money distributed by the Council will reduce in line with its own reduction in Government support.
- 8.13 By 2017/2018, this amount had reduced to £38,885 and it has remained at that level since then, as the Council no longer receives any Revenue Support Grant (RSG).
- 8.14 2019/2020 was the final year of a four year settlement, which was announced in February 2016 and allowed Councils to be able to forward plan for those four years. The four year settlement confirmed that this Council would not receive any RSG from 2018/2019 and also announced an additional tariff on Business Rates (known as negative RSG) for 2019/2020, which would have further reduced Council funding by around £1M.
- 8.15 The Government reviewed the position regarding the negative RSG and this was not imposed in 2019/2020 or 2020/2021 and consequently, the Council confirmed that the amount to be distributed to Parish, Town & Community Councils should remain at £38,885.
- 8.16 Unfortunately, uncertainty remains regarding the funding settlement for 2021/2022, especially in view of the Covid-19 pandemic.
- 8.17 The Council could decide to remove this Grant, however Members should be aware that the Government has strongly suggested that they would not expect Councils to do so.
- 8.18 Removal of the Grant would be more justifiable, should the Government impose the negative RSG, but this will not be known until the settlement for 2021/2022 is announced.
- 8.19 In view of this uncertainty, it is recommended that this decision be delegated to the Service Director – Customers and the Service Director – Resources in consultation with the Executive Member for Finance & IT, when the settlement for 2021/2022 is known. It might be necessary to make a decision without knowing the final settlement, as the timing of the detailed Local Government settlement is very unclear. There are administrative benefits in being able to communicate to Parishes what they will receive as a CTRS payment at an early stage, so they can calculate how much they need to raise through their precept.

9. LEGAL IMPLICATIONS

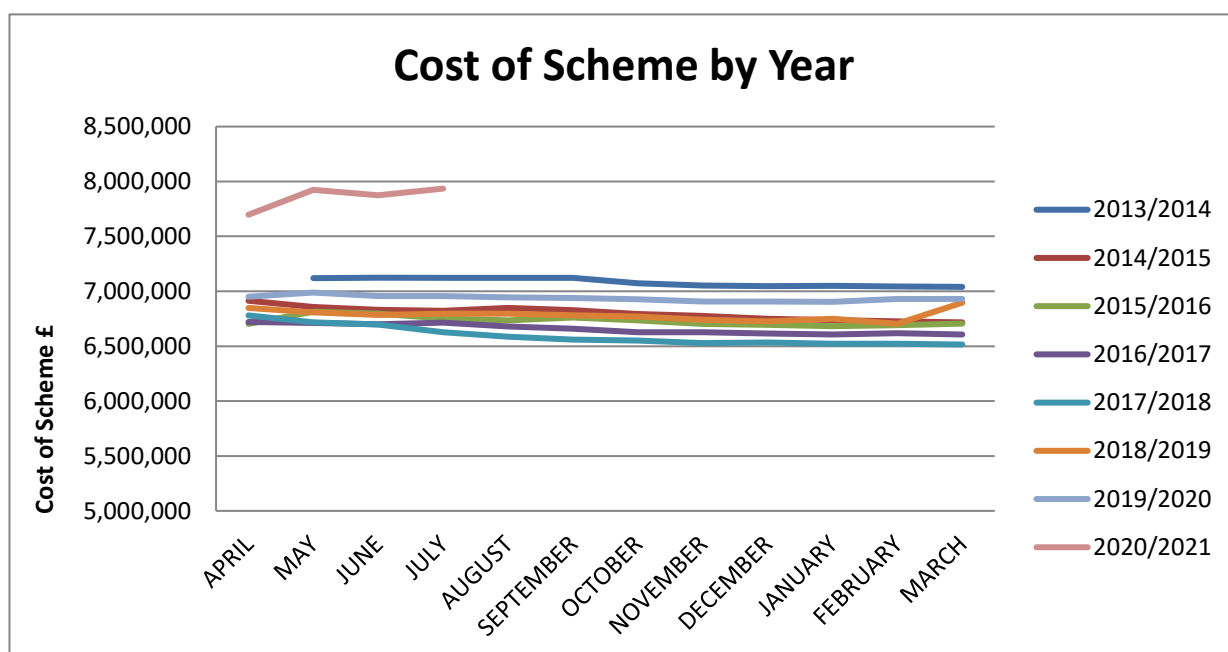
- 9.1 The Council is required to maintain and annually review its Council Tax Reduction Scheme in accordance with Section 13A and Schedule 1A of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012). Section 5(2) of Schedule 4 of the Local Government Finance Act 2012, which inserts Schedule 1A to the Local Government Finance Act 1992 requires the Council to set its Council Tax Reduction Scheme by 31 January preceding the start of the financial year in which it is to apply. This has been further amended by Regulation 2 of The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017 to 11 March.
- 9.2 Full Council's terms of reference include at 4.4.1 (z) "approving the Council Tax Reduction Scheme". Cabinet's terms of reference include at 5.6.44 recommending to Full Council "The Council Tax Reduction Scheme".

- 9.3 Section 3(1) of Schedule 4 of the Local Government Finance Act 2012, which inserts Schedule 1A to the Local Government Finance Act 1992 requires the Council to consult on any changes to its scheme as follows:
- Consult any Major Precepting Authority which has power to issue a precept to it
 - Publish a draft scheme in such manner as it thinks fit
 - Consult such other persons as it considers are likely to have an interest in the operation of the scheme
- 9.4 For the original scheme implemented for 2013/2014, it was necessary to carry out comprehensive consultation to ensure that the Council complied with the legal requirement to consult and did not leave itself open to challenge. Very minor changes were made to the Scheme in year two and a restricted consultation exercise was carried out inviting members of the public to comment on the Council's web site. Only minor changes have been made in subsequent years, with the resulting restricted consultation. As no changes are being recommended for 2021/2022, consultation can take the form outlined at 5.1 above
- 9.5 Cabinet should note that changes to the Scheme cannot be made later in the financial year due to the need to consult before any changes can be implemented.

10. FINANCIAL IMPLICATIONS

- 10.1 For the first six years of this Scheme, the costs reduced steadily despite increases in Council Tax levels. This was due to the gradual reduction in claimant numbers.
- 10.2 The costs of the Scheme started to increase during the fourth quarter of 2018/2019 and remained fairly constant throughout 2019/2020 at that same level.
- 10.3 However, the large increase in claimant numbers since the COVID-19 pandemic (an increase of 11%) has seen the costs of the Scheme escalate to record levels. Even though claimant numbers remain lower than when the Scheme started in 2013, the subsequent increases in Council Tax levels in the intervening period has meant that costs have reached these record levels.
- 10.4 Chart 3 shows the costs of the Scheme in terms of Council Tax Support awarded year-on-year.

Chart 3



- 10.5 The costs of the Scheme have increased by 14.5% since the start of the COVID-19 pandemic and are expected on current predictions to be £7.935M in 2020/2021 compared with £6.929M in 2019/2020. This is an increase of just over £1M.
- 10.6 Although the costs of the Scheme can be monitored through their monetary value, the Scheme is applied by the award of a Council Tax Discount, which means that there is a subsequent reduction in the Council Tax Base. The higher the value of CTRS awards, there is a subsequent reduction in the Council Tax Base. This changed in 2013 with the introduction of CTRS as the previous Council Tax Benefit Scheme was funded directly by DWP through the Council Tax Benefit Subsidy Scheme, which reimbursed Councils on a pound for pound basis for the amount of Council Tax Benefit it awarded.
- 10.7 Any reduction in the Council Tax Base inhibits the precepting authorities from raising revenue through Council Tax.
- 10.8 The current estimate is that the Council Tax Base has reduced by around 1.5%, which means that Council Tax levels would have to increase by that amount in 2021/2022, just to raise the same amount of revenue as this year.
- 10.9 At this stage it is impossible to predict what the effect will be on the Council Tax Base by the time it comes to setting the Council Tax for 2021/2022. Claimant numbers are still increasing at this present time and a crucial time is just ahead as the furlough scheme unwinds with the prospects of further job losses in the economy. This will continue to have a detrimental effect on the Council Tax Base if claimant numbers continue to increase.

- 10.10 The Medium Term Financial Strategy (MTFS) assumes that the Council Tax Base (in terms of number of band D equivalent properties) will be the same in 2021/22 as assumed for 2020/21. That is on the assumption that the decline in the Base number due to increased CTRS eligibility will be off-set by property growth. The same flat-line assumption is made across the 5 years of the MTFS. It is also possible that there could be a decline in the Base across the whole period, or there could be an increase at some stage (either due to CTRS eligibility reducing again or property growth exceeding the decline). The previous assumption had been that there would be a net 1% growth and therefore this revised assumption affects the future funding of the Council.
- 10.11 The impact of increasing costs of CTRS and therefore a potential deficit on the Collection Fund are split between North Herts District Council, Hertfordshire County Council and the Police and Crime Commissioner in proportion to their rates of Council Tax. Therefore the impact of a £1M cost would be split as follows: NHDC £127,300, HCC £765,500, PCC £107,200. As this is administered through the Collection Fund any shortfall in 2020/2021 won't have an impact until 2021/2022.

11. RISK IMPLICATIONS

- 11.1 The only way to mitigate the risk of increasing numbers of CTRS claimants is to make the Scheme less generous. This in turn will mean increases in the amount of Council Tax to be collected, which may prove counter-productive and move the problem into increased bad debts.
- 11.2 It is difficult to know when the economy can expect to see a reasonable recovery. There are some signs of that happening now, and this is countered by the concern of a second wave of COVID-19 and the consequences of the furlough scheme unwinding.
- 11.3 On balance and taking into consideration that any decision to reduce the level of awards will disadvantage the most vulnerable of our customers, make collection of Council Tax more difficult and it is unknown what the situation will be in April 2021, it is not considered that this is an approach that the Council should take at this time.

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 By conducting extensive consultation when the scheme was first implemented, the Council sought to collect information from those who may be potentially affected by these proposals. The public consultation showed broad support for the scheme. By substantially retaining the same scheme since 2013/2014, the Council continues to meet its obligations under the Equality Act. The proposed review will eventually identify any adverse impacts and an equality impact analysis may be required to capture these.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

14.1 There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

15.1 There are no Human Resources implications in this report.

16. APPENDICES

16.1 None

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18. BACKGROUND PAPERS

18.1 None

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**CABINET
15 SEPTEMBER 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: CONSOLIDATION OF BUSINESS RATES AND COUNCIL TAX DISCRETIONARY POLICIES

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE & IT

COUNCIL PRIORITY: BE A MORE WELCOMING, INCLUSIVE & EFFICIENT COUNCIL

1. EXECUTIVE SUMMARY

- 1.1 To compile and formally adopt the Business Rates & Council Tax Discretionary Policies in single documents

2. RECOMMENDATIONS

- 2.1. That Cabinet approves the Discretionary Non-Domestic Rate Relief Policy (Appendix 1) and the Council Tax Discretionary Reduction in Liability Policy (Appendix 2).
- 2.2. That the policies be reviewed every three years and authority to make minor amendments be delegated to the Service Director – Customers in consultation with the Executive Member for Finance & IT
- 2.3 That any significant changes or new policies to be added be approved by Cabinet

3. REASONS FOR RECOMMENDATIONS

- 3.1 To consolidate the plethora of legislation in single documents to make them more transparent, easier for the public to access and easier for the Council to maintain.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The situation at present could continue. The consolidation of these policies in single documents is considered a good way of being more transparent and making them easier to access

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive and Deputy Executive Members for Finance & IT have been consulted on this report.

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 Over many years various items of legislation have been implemented relating to Discretionary Reliefs and Reductions that Billing Authorities are able to apply to Business Rates and Council Tax accounts.
- 7.2 At this Council, the practice has been to seek authority from Cabinet, and prior to that the old Policy & Resources Committee to agree the various policies and then implement them.
- 7.3 It should have but has not been the practice to formalise the Cabinet/Policy & Resources Committee decisions into formal policy documents.
- 7.4 This has not prevented the ongoing application of the legislation, which the Council has carried out without any difficulty.
- 7.5 With the number and complexity of these discretionary powers increasing, it would seem to be a good time to consolidate these into single documents, one for Business Rates and one for Council Tax

8. RELEVANT CONSIDERATIONS

- 8.1. Consolidating the policies into single documents will:
- Provide greater transparency in terms of all the various Discretionary Schemes for each tax being in one place
 - Make it easier for the public to access the information
 - Make it easier for the Council to maintain the policies and make amendments and/or additions when required
 - Will reduce the risk of challenge
- 8.2 The Council has been working with ACS Limited, who provide advice and training on Revenues & Benefits matters, including maintenance of the Council's Council Tax Reduction Scheme, to bring the various policies and practices in the single documents at Appendices 1 & 2.
- 8.3 These documents only consolidate in one place what the Council already does and do not change at all any of the existing working practices.
- 8.4 With uncertainty over how long it will take for the COVID-19 recovery to take effect and in the knowledge that changes are planned to Business Rates, it is very likely that there will be more discretionary powers given to Billing Authorities in the next couple of years.
- 8.5 In line with the Council's constitution these will be for Cabinet to approve before being incorporated into the main policy document and subsequently implemented.

- 8.6 However, to prevent taking Cabinet time to approve minor changes to existing policies, it is recommended that these be delegated to the Service Director – Customers in consultation with the Executive Member for Finance & IT.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet is being asked to agree the consolidation of existing practices into two single policy documents.

- 9.2 The relevant function vested in Cabinet by the Constitution is:

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

- 9.3 All the legal implications of the existing policies were considered by Cabinet/Policy & Resources Committee at the time they were agreed.

10. FINANCIAL IMPLICATIONS

- 10.1 The work completed by ACS Limited to consolidate the documentation cost £1,500 and was funded from existing budgets.

11. RISK IMPLICATIONS

- 11.1 Consolidating the policies and practices already carried out in these documents will reduce the risk of challenge because the Council does not have formal policies in place.

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. Consolidation of these policies will make them more transparent and easier for all members of the public to access.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

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

16. APPENDICES

- 16.1 Appendix 1 – Discretionary Non-Domestic Rate Relief Policy
- 16.2 Appendix 2 - Council Tax Discretionary Reduction in Liability Policy

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18. BACKGROUND PAPERS

- 18.1 None

North Hertfordshire District Council Policy for the granting of Discretionary Non-Domestic Rate Relief

Version Control

<i>Version</i>	<i>Version date</i>	<i>Revised by</i>	<i>Description</i>
1	April 2020	LM/DA	Creation of full policy & inclusion of COVID-19 reliefs
2	May 2020	LM/DA	Amendments HC/GG

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1.0 Purpose of the Policy

- 1.1 The purpose of this policy is to determine the level of discretionary relief and related areas to be granted to certain defined ratepayers within the Council's area. The policy includes all changes effective from 1st April 2020 and includes all extended reliefs due to the Covid-19 crisis.
- 1.2 The Local Government Finance Act 1988 and subsequent legislation requires the Council to grant mandatory relief for premises occupied by Charities and similar organisations that own or occupy them wholly or mainly for charitable purposes. Likewise, certain premises situated within a rural settlement area will be eligible for mandatory relief. Powers have also been granted under the Localism Act 2011, which allow for the granting of discretionary rate relief to any premises where the Council feels the granting of such relief would be of benefit to the local community.
- 1.3 In addition to the above, Central Government is keen that in certain cases, assistance should be provided to businesses who have had increases in their rate liability due to the revaluation of premises in April 2017. In these cases, and where the Council meets Central Government guidelines, grants are available under section 31 of the Local Government Act 2003.
- 1.4 Whilst the Council is obliged to grant relief to premises, which fall within the mandatory category, the Council also has powers to grant discretionary relief and reductions to ratepayers, subject to certain criteria being met. In the case of the new reliefs, some guidance has been issued by Central Government outlining actions expected to be taken by local authorities. This policy includes Government guidance where appropriate but also looks to target discretionary relief in line with the Council's priorities.
- 1.5 This document outlines the following areas:
- Details of the criteria for receiving Discretionary Reliefs for all relevant areas;
 - The Council's policy for the granting of all types of Discretionary Reliefs;
 - Guidance on granting and administering the reliefs and awards;
 - European Union requirements including provisions for State Aid; and
 - The Council's Scheme of Delegation.
- 1.6 Where organisations apply for relief they will be granted (or not granted) relief or reductions in line with the following policy.

2.0 Mandatory Relief - Legislative Background

Charity Relief

- 2.1 The powers relating to the granting of mandatory¹ and discretionary relief are given to the Council under the Local Government Finance Act 1988². Charities and Trustees for Charities are only liable to pay one fifth of the Non-Domestic Rates that would otherwise be payable where property is occupied and used wholly or mainly for charitable purposes. This amounts to mandatory relief of 80%. For the purposes of the Act, a charity is an organisation or trust established for charitable purposes, whether or not it is registered with the Charity Commission. The provision has been extended under the Local Government Act 2003 (effective from 1st April 2004) to registered Community Amateur Sports Clubs (CASCs). Full details of the mandatory provisions are given later within this policy.
- 2.2 In the case of charity shops, the premises must meet the criteria laid down by section 64(10) of the Local Government Finance Act 1988 which states that the premises are to be treated as used for charitable purposes at any time it is wholly or mainly used for the sale of goods donated to the charity and the proceeds of goods (after any deductions for expenses) are applied for the purpose of the charity.
- 2.3 The Council has discretion to grant relief of up to a further 20% for these mandatory cases under its discretionary provisions.

Rural Rate Relief

- 2.4 From 1st April 1998, under powers originally granted to the Council by the Local Government and Rating Act 1997³, certain types of business in rural settlements, with a population below 3000 may qualify for mandatory rate relief of 50 per cent. Businesses that qualify for this relief are the sole general store and the sole post office in the settlement, provided it has a Rateable Value of up to £8500; any food shop with a Rateable Value of up to £8500; and the sole pub and the sole petrol station in the settlement provided it has a Rateable Value of up to £12500.
- 2.5 From 1st April 2017, Central Government has indicated that it wants all authorities to give 100% relief to premises that receive mandatory rural rate relief. The legislation enabling this will not be forthcoming until 2018 and therefore it has indicated that where the additional 50% is granted, a section 31 grant will be made available to the Council. This is dealt with further within this policy and the Council will automatically grant the additional 50% discretionary relief where appropriate
- 2.6 Where businesses in rural settlements have a Rateable Value of up to £16,500 **and** are not in receipt of mandatory relief, the Council may decide to give up to 100 per cent discretionary relief if it is satisfied that the business is of benefit to the community and having regard to the interests of its Council Taxpayers.

¹ S43 & S45 Local Government Finance Act 1988

² S47 & S48 Local Government Finance Act 1988

³ LGFA 1988, s.47, as amended by Sch. 1 to the Local Government and Rating Act 1997

3.0 Discretionary Relief – Legislative Background

Introduction

- 3.1 The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to 'top' up cases where ratepayers already receive mandatory relief.
- 3.2 Over recent years and particularly since 2011, the discretionary relief provisions have been amended to allow authorities the flexibility to provide more assistance to businesses and organisations.
- 3.3 The range of bodies, which are eligible for discretionary rate relief, is wide and not all of the criteria laid down by the legislation will be applicable in each case.
- 3.4 Unlike mandatory relief, ratepayers are obliged to make a written application to the Council. The Council will expect all businesses to make applications in such a format as is required (which may vary from time to time) and for the business to provide such information and evidence as required in order to determine whether relief should be awarded.
- 3.5 The Council is obliged to consider carefully every application on its merits, taking into account the contribution that the organisation makes to the amenities within the authority's area. There is no statutory appeal process or Tribunal against any decision made by the Council although, as with any decision of a public authority, decisions can be reviewed by Judicial Review. The authority will however, upon request, review decisions made. Details of the internal review process are given within this policy.
- 3.6 Granting of the relief falls broadly into the following categories:
 - (a) Discretionary Relief – Charities who already receive mandatory relief.
 - (b) Discretionary Relief – Premises occupied by organisations not established or conducted for profit whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts **or** premises occupied by organisations not established or conducted for profit and wholly or mainly used for purposes recreation;
 - (c) Discretionary Relief – Rural Rate relief - premises that already receive mandatory relief;
 - (d) Discretionary Relief – Rural Rate relief - premises not receiving mandatory relief but of benefit to the local community and less than £16,500 RV;
 - (e) Discretionary Relief – Granted under the Localism Act 2011 provisions;
 - (f) Local Newspaper Relief (from 1st April 2017 until 2025);
 - (g) Local Public House Relief (from 1st April 2020);
 - (h) Supporting Small Businesses Relief (from 1st April 2017 for a period of five years or until business pay their full rate charge or their transitional rate charge (calculated in accordance with the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016));
 - (i) Discretionary Business Rates Relief Scheme (from 1st April 2017 for a period of up to four years);
 - (j) Retail Discount Scheme (for a period of one year from April 2019);
 - (k) Expanded Business Rates Discount Relief (from 1st April 2020 for a period of one year); and
 - (l) Nursery Discount (from 1st April 2020 for a period of one year);

3.7 The decision to grant or not to grant discretionary relief is a matter purely for the Council.

The Council's general approach to granting Discretionary Relief

3.8 In deciding which organisations should receive discretionary rate relief, the Council decides based on individual circumstances but will also consider the following factors and priorities:

(a) The awarding of relief will be in line with the Council's priorities namely:

- Be a more welcoming and inclusive Council;
- Building thriving and resilient communities;
- Responsive to challenges to the Environment;
- Enable an enterprising and co-operative economy; and
- Support the delivery of good quality and affordable homes.

(b) That any award should support business, charities, organisations and groups that help to retain services in the Council's area and not compete directly with existing businesses in an unfair manner;

(c) It should help and encourage business, charities, organisations, groups and communities to become self-reliant;

(d) Awarding discretionary relief should not distort competition or significantly change the provision of services within the Council's area;

(e) Local organisations will be given priority over national organisations. Where requested, the organisation will need to supply the Council with clear evidence of **all** financial affairs (normally two full years) including, and most importantly, the amounts of monies raised, used and invested locally. This will be essential where the organisation is national in nature;

(f) To enable appropriate organisations to start, develop or continue their activities, which deliver outcomes to the community and that also relate to the priorities of the Council, which without granting discretionary relief they would be unable to do;

(g) To assist the Council in delivering services which could not be provided otherwise;

(h) To enable the Council to determine the level of rate change in comparison with the organisation's financial situation; and

(i) To ensure that the financial impact of awarding discretionary business rate relief is justified in terms of the local outcomes achieved by the organisation receiving it;

3.9 Where any reduction or remission is granted to a ratepayer under S49 Local Government Finance Act 1988 where hardship is proven to the Council, then there will be no requirement to grant Discretionary Rate Relief for that amount.

3.10 In certain cases, the order in which relief is granted is specified. Mandatory relief shall be granted in all cases where the criteria is met irrespective of whether discretionary relief can be granted or not.

The Council's approach to granting Government led Discretionary Relief schemes

- 3.11 Over the past few years, a number of schemes have been led by Central Government but without specific legislative changes. These are administered under S47 of the Local Government Finance Act 1988 and guidance is often provided. The Council is keen to support such initiatives especially where they are designed to help local businesses and will look to maximise both the reliefs given as well as maximise any grants receivable. However, the Council reserves the right to vary its approach where thought appropriate.

4.0 Effect on the Council's Finances

- 4.1 The granting of discretionary relief will, in the main, involve a cost to the Council. Since the change to the funding for Non-Domestic Rating in April 2013, the effect of the relief is complex.
- 4.2 Any amounts granted prior to 1st April 2013 and continuing since that date will be included in the Council's baseline within the Business Rates Retention Scheme. For any amounts granted for similar cases after 1st April 2013, the costs of the relief will be borne in accordance with the Business Rates Retention Scheme share namely 50% borne by Central Government, 40% by the Council and 10% by Hertfordshire County Council. This also applies where mandatory relief is granted.
- 4.3 Where Central Government leads an initiative, grants are often available through section 31 of the Local Government Act 2003. This is not automatic and Central Government will look to the Council to adopt the recommended approach when granting in these areas
- 4.4 The financial effects of discretionary reliefs covered by this policy are as follows:

Appendix	Relief Type	Granted after 1 st April 2013
	Charity Relief	
A	Discretionary relief granted to Mandatory Relief recipients	40% borne by the Council
B	Non-profit Making Organisations including Sports Clubs and societies	40% borne by the Council
	Rural Rate Relief	
C	50% Discretionary relief granted to Mandatory Rural Relief recipients	Section 31 Grant
D	Other premises within a rural settlement under £16500 RV	40% borne by the Council
	Localism	
E	Discretionary Relief granted to ratepayers generally and not covered by any other section	40% borne by the Council
	Local Newspaper Relief	
F	Discretionary Relief granted to local newspapers meeting the criteria (From 1 st April 2017 up until 2025)	Section 31 Grant
	Public House Relief	
G	Discretionary Relief granted to public houses meeting the criteria (From 1 st April 2020)	Section 31 Grant
	Supporting Small Business Relief	
H	Supporting Small Businesses Relief (from 1 st April 2017 for a period of up to five years if conditions are met	Section 31 Grant

Appendix	Relief Type	Granted after 1st April 2013
	Discretionary Business Rates Relief Scheme (Revaluation Support)	
I	Discretionary Business Rates Relief Scheme (from 1 st April 2017 for a period of up to four years)	Section 31 Grant up to a maximum level set by Central Government. Once the maximum has been reached any additional amount is borne 40% by the Council
J	Retail Discount	
	The Retail Discount Scheme (from 1 st April 2019 for a period of one year)	Section 31 Grant
	Expanded Business Rates Discount Relief	
K	Expanded Business Rates Discount Relief (from 1 st April 2020 for a period of one year)	Section 31 Grant
	Nursery Discount	
L	Nursery Discount (from 1 st April 2020 for a period of one year)	Section 31 Grant

5.0 Discretionary Relief – EU State Aid requirements

- 5.1 European Union competition rules generally prohibit Government subsidies to businesses. Relief from taxes, including non-domestic rates, can constitute State Aid. The Council must bear this in mind when granting discretionary rate relief.
- 5.2 Rate relief for charities and non-profit making bodies is not generally considered to be State Aid, because the recipients are not in market competition with other businesses. However, where other bodies receive relief and are engaged in commercial activities or if they are displacing an economic operator or if they have a commercial partner, rate relief could constitute State Aid.
- 5.3 Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)⁴. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three-year period (consisting of the current financial year and the two previous financial years).
- 5.4 Where the relief to any one business is greater than the De Minimis level, then permission will need to be obtained from the European Commission. In such cases the matter will be referred to the Ministry of Housing, Communities and Local Government (MHCLG) for advice and then referred back to the Council for consideration. It will be for the ratepayer to provide confirmation as to whether the State Aid provisions apply to them.
- 5.5 In all cases, where discretionary relief is to be granted or where liability is to be reduced, when making an application, ratepayers will be required to provide the Council with sufficient information to determine whether these provisions are applicable in their case.

State Aid Rules from 1st April 2020

- 5.6 From 1st April 2020, the Government's assessment is that, given the impact of COVID-19 in the sectors receiving the relief, the Expanded Retail Discount 2020/21 and Nursery Relief is not a State Aid. The Government has considered this matter in discussions with the European Commission and is content with this analysis following those discussions. Local Authorities should therefore provide the relief to all eligible properties.

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>

6.0 Administration of Discretionary Relief

- 6.1 The following section outlines the procedures followed by officers in granting, amending or cancelling discretionary relief and reduction. This is essentially laid down by legislation⁵

Applications and Evidence

- 6.2 All reliefs (which are not Central Government funded) must be applied for. The relevant application forms available online using the following link:
<https://www.north-herts.gov.uk/home/business/business-rates/mandatory-and-discretionary-rate-relief>
- 6.3 Organisations are required to provide a completed application form plus any such evidence, documents, accounts (normally the last two years), financial statements etc. necessary to allow the Council to make a decision. Where insufficient information is provided, then no relief will be granted. In some cases, it may be necessary for officers to visit premises and we would expect organisations claiming relief to facilitate this where necessary.
- 6.4 Applications should initially be made to the Revenues and Benefits Services and will be determined in accordance with Section 7 of this policy.
- 6.5 **The Council will provide this service and provide guidance free of charge. Ratepayers are encouraged to approach the Council direct and NOT pay for such services through third parties.**

Granting of relief

- 6.6 In all cases, the Council will notify the ratepayer of decisions made.
- 6.7 Where an application is successful, then the following will be notified to them in writing:
- The amount of relief granted and the date from which it has been granted;
 - If relief has been granted for a specified period, the date on which it will end. (It should be noted that reliefs are granted for the period specified in the appropriate Appendix and may vary from a day to a full financial year);
 - The new chargeable amount;
 - The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
 - A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.
- 6.8 Where relief is not granted, then the following information is provided, again in writing:
- An explanation of the decision within the context of the Council's statutory duty; and

⁵ The Non-Domestic Rating (Discretionary Relief) Regulations 1989

- An explanation of the appeal rights (see below).
- 6.9 Discretionary relief is to be granted from the beginning of the financial year in which the decision is made or when liability begins whichever is the later. Since 1997 decisions can be made up to 6 months after the end of the financial year for which the application was made. In such cases, the Council *may* backdate its decision.
- 6.10 A decision to award discretionary relief and how much relief is given is normally only applicable to the financial year for which the application is made. However, the Council reserves the right to grant relief for any other period as appropriate.
- 6.11 A fresh application for discretionary relief will be necessary for each financial year **or** at such time-period as the Council determines.

Variation of a decision

- 6.12 Unless specified by legislation or Government Guidance, the value of any award will be determined by applying an agreed formula based on the qualifying criteria for each relief.
- 6.13 Variations in any decision will be notified to ratepayers as soon as practicable and will take effect as follows:
- Where the amount is to be increased due to a change in rate charge or a change in the Council's decision which increases the award – this will apply from a date determined by the Council as appropriate;
 - Where the amount is to increase for any other reason, it will take effect at the expiry of a financial year and so that at least one year's notice is given;
 - Where the amount is to be reduced due to a reduction in the rate charge or liability including any reduction in rateable value, awarding of another relief or exemption this will apply from the date of the decrease in rate charge; and
 - Where the amount is to be reduced for any other reason, it will take effect from a date determined by the Council as appropriate;
- 6.14 A decision may be revoked at any time however; a one-year period of notice will be given, and the change will take effect at the expiry of a financial year.

7.0 Scheme of Delegation

Granting, Varying, Reviewing and Revocation of Relief

- 7.1 All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003 and the Localism Act 2011. However section 223 of the Local Government Act 1992 allows for delegation of decisions by the Council to Cabinet, Committees, Sub-Committees or Officers.
- 7.2 The Council's scheme of delegation allows for the Revenues Manager and Systems & Technical Manager to award, revise or revoke any discretionary relief applications. However, any application which is considered to be of a significant nature will be subject to consultation with the Executive Member for Finance and IT.
- 7.3 Applications that are refused will, on request, be reconsidered if additional supporting information is provided or the refusal is subsequently considered to be based on a misinterpretation of the application.

Reviews

- 7.4 The policy for granting relief will be reviewed annually or where there is a substantial change to the legislation or funding rules. At such time, a revised policy will be brought before the relevant committee of the Council.

Appeals

- 7.5 Where the Council receives an appeal from the ratepayer regarding the granting, non-granting or the amount of any discretionary relief, the case will be reviewed by either the Revenues Manager or Systems & Technical Manager, who did not make the original decision. Where a decision is revised then the ratepayer shall be informed, likewise if the original decision is upheld.
- 7.6 Where the ratepayer wishes to appeal the decision of manager who carried out the review, the case will be considered by the Service Director - Customers, whose decision on behalf of the Council will be final.
- 7.7 Ultimately the formal appeal process for the ratepayer is Judicial Review although the Council will endeavour to explain any decision fully and openly with the ratepayer.

8.0 Reporting changes in circumstances

- 8.1 Where any award is granted to a ratepayer, the Council will require any changes in circumstances which may affect the relief, to be reported as soon as possible. This will be important where the change would result in the amount of the award being reduced or cancelled e.g. where the premises comes unoccupied or is used for a purpose other than that determined by the Council as eligible for relief.
- 8.2 Where a change of circumstances is reported, the relief will, if appropriate, be revised or cancelled as appropriate. Where any award is to be reduced, the Council will look to recover the amount from the date the change of circumstances occurred.

9.0 Fraud

- 9.1 Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.

Appendix A

Discretionary Relief - Mandatory Relief recipients

Discretionary Relief – Mandatory Relief recipients

General Explanation

- A.1 S43 of the Local Government Finance Act 1988 allows mandatory relief (80%) to be granted on premises if the ratepayer is a charity or trustees for a charity and the premises are wholly or mainly used for charitable purposes. No charge is made in respect of unoccupied premises where it appears that *when next in use* it will be used wholly or mainly for those purposes.
- A.2 The legislation has been amended by the Local Government Act 2003 (effective from 1st April 2004) to include registered⁶ Community Amateur Sports Clubs (CASC). These organisations can now receive the mandatory (80%) relief.

Charity registration

- A.3 Charities are defined within the legislation as being an institution⁷ or other organisation established for charitable purposes only or by persons administering a trust established for charitable purposes only.
- A.4 The question as to whether an organisation is a charity may be resolved in the majority of cases by reference to the register of charities maintained by the Charity Commissioners under s.4 of the Charities Act 1960. Entry in the register is conclusive evidence. By definition, under the Non-Domestic Rating legislation, there is no actual need for an organisation to be a registered charity to receive the relief and this has been supported by litigation⁸, however in all cases the organisation must fall within the following categories:
- trusts for the relief of poverty;
 - trusts for the advancement of religion;
 - trusts for the advancement of education; and
 - trusts for other purposes beneficial to the community, but not falling under any of the preceding heads.
- A.5 Certain organisations are exempted from registration generally and are not required to make formal application to the Charity Commissioners these are:
- the Church Commissioners and any institution administered by them;
 - any registered society within the meaning of the Friendly Societies Acts of 1896 to 1974;
 - units of the Boy Scouts Association or the Girl Guides Association; and
 - voluntary schools within the meaning of the Education Acts of 1944 to 1980.
- A.6 The Council will consider charitable organisations, registered or not, for mandatory relief.

⁶ Registered with HMRC as a CASC

⁷ S67(10) Local Government Finance Act 1988

⁸ Income Tax Special Commissioners v Pemsell (1891)

Use of Premises - wholly or mainly used

- A.7 Irrespective of whether an organisation is registered as a charity or not, the premises **must** be wholly or mainly used for charitable purposes. This is essential if any relief (either mandatory or discretionary) is to be granted. In most cases this can be readily seen by inspection, but on occasions the Council has had to question the actual use to which the premises are to be put. In some cases, it will be necessary for the Council to inspect any premises fully.
- A.8 Guidance from the Department of Communities and Local Government (now MHCLG) has stated that in the case of 'mainly', at least 51% must be used for charitable purposes whether of that charity or of that and other charities
- A.9 The following part of this section gives details on typical uses where relief may be given plus additional criteria that have to be satisfied. The list is not exhaustive but gives clear guidance on premises for which mandatory relief can be granted *and therefore* premises which may be equally considered for discretionary rate relief.

Offices, administration and similar premises

- A.10 Premises used for administration of the Charity include:
- Offices;
 - Meeting Rooms; and
 - Conference Rooms.

Charity shops

- A.11 Charity shops are required to meet additional legislative criteria if they are to receive mandatory relief. Section 64 (10) of the Local Government Finance Act 1988 provides that a property is to be treated as being wholly or mainly used for charitable purposes at any time if, at the time, it is wholly or mainly used for the sale of goods donated to a charity and the proceeds of the sale of the goods (after any deduction of expenses) are applied for the purposes of the charity.
- A.12 In order to ascertain whether an organisation meets these requirements, inspections may be made by an officer of the Council when an application is received

Granting of Mandatory Relief - the Council's Policy

- A.13 Where the criteria for awarding mandatory relief are met, the rate charges shall be calculated in accordance with the legislation reducing the liability of ratepayers for each day that the criteria are met.

Charity Relief - Mandatory Relief recipients, the Council's Policy for granting discretionary relief.

- A.14 The Council will consider applications for a discretionary rate relief top up from charities based on their own merits, on a case-by-case basis.
- A.15 In determining the application, the following matters will be taken into consideration:
1. How the charity supports and links into the Council's priorities;
 2. The purpose of the charity and the specific activity carried out within the premises for which the relief is requested; and
 3. Whether the charity operates at a local or national level and where appropriate, the local and national funding streams and financial position of the charity. The Council is keen to ensure that the organisation provides significant benefit to local residents.
- A16 The Council is keen to support businesses that have a critical role to play in the local economy and to assist the Council in meeting the Corporate aims and values.
- A.17 In the case of registered Community Amateur Sports Clubs, the key criteria in determining the application will be:
1. The ratepayer occupies the whole hereditament;
 2. Relief cannot be granted in respect of premises that are occupied by the Council or precepting authority;
 3. How the CASC supports and links into the Council's priorities;
 4. Membership numbers and the number and percentage of these members that are local residents;
 5. Whether facilities are available to the wider community regardless of ability; and
 6. If the CASC runs a bar or food provision: the level of income from this activity and how this money is used; and whether the CASC operates at a local or national level and where appropriate, the local and national funding streams and financial position of the CASC.
- A.18 The Council wishes to support and enable appropriate businesses to start, develop and continue with their operations that deliver outcomes directly related to the Council's key priorities. In the main, this will be done through other means rather than granting discretionary relief.
- A.19 There may be occasions where applications are made for such relief or where a package of measures, including discretionary relief, are appropriate in supporting businesses. This would need to be in accordance with any limitations in respect of State Aid.

Appendix B

Discretionary Relief - Non-Profit Making Organisations including Recreation

Discretionary Relief – Non-Profit Making Organisations including Recreation

General explanation

Non-Profit

- B.1 The legislation⁹ allows the Council to grant discretionary relief where the property is not an *excepted* one and all or part of it is occupied for the purposes of one or more institutions or other organisations none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts.
- B.2 Relief cannot be granted to any premises occupied by the Council, or any town, parish council or major Precepting Authority (*excepted premises*).
- B.3 A number of issues arise from the term 'not established or conducted for profit'. This requires the Council to make enquiries as to the overall purpose of the organisation although if surpluses and such amounts are directed towards the furtherance or achievement of the objects of the organisation then it does not necessarily mean that the organisation was established or conducted for profit.¹⁰

Recreation Clubs

- B.4 Ideally all recreation clubs should be encouraged to apply for Community Amateur sports Club (CASC) status, which would automatically entitle them to 80% relief. The relief granted to CASCs is covered earlier within this policy.
- B.5 Recreation clubs can also apply to the Charity Commissioners for registration as a Charity (thereby falling under the mandatory provisions for 80% relief) where they meet the following conditions:
- a. The promotion of community participation in healthy recreation and by the provision of facilities for the playing of particular sports; and
 - b. The advancement of the physical education of young people not undergoing formal education.
- B.6 Where sports clubs do not meet the CASC requirement, and are not registered charities, discretionary relief can be granted (0-100%) where the property is not an *excepted* one, it is wholly or mainly used for purposes of recreation and all or part of it is occupied for the purpose of a club, society or other organisation not established or conducted for profit.

Definition of Recreation

- B.7 Recreation is clearly defined by the Sports Council as any of the following

⁹ S47 Local Government Finance Act 1988

Aikido	Croquet	Kabaddi	Real Tennis	Tang Soo Do
American Football	Crossbow	Karate	Roller Hockey	Tenpin Bowling
Angling	Curling	Kendo	Roller Skating	Trampolining
Archery	Cycling	Korfball	Rounders	Triathlon
Arm Wrestling	Disability Sport	Lacrosse	Rowing	Tug of War
Association Football	Dragon Boat Racing	Lawn Tennis	Rugby League	Unihoc
Athletics	Equestrian	Life Saving	Rugby Union	Volleyball
Australian Rules Football	Fencing	Luge	Sailing	Water Skiing
Badminton	Fives	Modern Pentathlon	Sand/Land Yachting	Weightlifting
Ballooning	Flying	Motor Cycling	Shinty	Wrestling
Baseball	Gaelic Football	Motor Sports	Shooting	Yoga
Basketball	Gliding	Mountaineering	Skateboarding	
Baton Twirling	Golf	Movement, Dance, Exercise & Fitness	Skiing	
Biathlon	Gymnastics	Netball	Skipping	
Bicycle Polo	Handball	Orienteering	Snowboarding	
Billiards and Snooker	Hang/Para Gliding	Parachuting	Softball	
Bobsleigh	Highland Games	Petanque	Sombo Wrestling	
Boccia	Hockey	Polo	Squash	
Bowls	Horse Racing	Pony Trekking	Skater/Street Hockey	
Boxing	Hovering	Pool	Sub-Aqua	
Camogie	Hurling	Quoits	Surf Life Saving	
Canoeing	Ice Hockey	Racketball	Surfing	
Caving	Ice Skating	Rackets	Swimming & Diving	
Chinese Martial Arts	Jet Skiing	Raquetball	Table Tennis	
Cricket	Ju Jitsu	Rambling	Taekwondo	
	Judo			

Access to clubs

- B.8 Guidance issued by the DCLG (now MHCLG) also requires the Council to consider access to clubs within the community before granting discretionary relief.
- B.9 Membership should be open to all sections of the community. There may be legitimate restrictions placed on membership which relate for example to ability in sport or to the achievement of a standard in the field covered by the organisation or where the capacity of the facility is limited, but in general membership should not be exclusive or restrictive.
- B.10 Membership rates should not be set at such a high level as to exclude the general community. However, membership fees may be payable at different rates that distinguish the different classes of membership such as juniors, adults, students, pensioners, players, non-players, employed and unemployed. In general, the club or organisation must be prepared to show that the criteria by which it considers applications for membership are consistent with the principle of open access.

- B.11 The Council also asks the following question to help establish the level of access 'Does the organisation actively encourage membership from particular groups in the community e.g. young people, women, older age groups, persons with disability, ethnic minorities' etc.?'

Provision of facilities

- B.12 Clubs which provide training or education are encouraged, as are those who provide schemes for particular groups to develop their skills e.g. young people, the disabled, retired people.
- B.13 A number of organisations run a bar. The mere existence of a bar will not in itself be a reason for not granting relief. However, the Council focuses on the main purpose of the organisation. The Council is encouraged to examine the balance between playing and non-playing members.
- B.14 Within this area, the Council also considers whether the facilities provided relieve the Council of the need to do so or enhance and supplement those that it does provide.

Discretionary Relief - Non-Profit Organisations including Recreation - the Council's Policy

- B.15 The Council will consider applications for discretionary rate relief from non-profit making organisations on their own merits on a case-by-case basis. In determining the application, the following matters will be taken into consideration (The list is not exhaustive):
- Membership - Is it community based and open to all sections of the community? Clubs or organisations will not be considered if they have membership rates set at such high level as to exclude the general community;
 - Does the organisation actively encourage membership from particular groups in the community, for example young people, women, ethnic minorities' etc?
 - Are the facilities made available to people other than members?
 - Does the organisation provide education or training for its members? Are there schemes for particular groups to develop their skills, for example young people or the disabled?
 - Has the organisation received any other financial assistance from the Council?
 - Does the organisation provide facilities that indirectly relieve the Council of the need to do so, or enhance or supplement those, which it does provide?
 - Is the organisation affiliated to local or national organisations?
 - Is the membership drawn from people mainly resident in the Council's boundary? and
 - Would the organisation cease to exist if relief was not granted?
- B.16 The Council may also require additional financial information including:
- If the organisation runs a bar or food provision, the level of income from this activity and how this money is used.; and
 - Whether the organisation operates at a local or national level and where appropriate, the local and national funding streams and financial position of the organisation.

Appendix C

Discretionary Relief - Rural Rate Relief - Mandatory Relief recipients

Discretionary Relief - Rural Rate Relief - Mandatory Relief recipients

What are the qualifying criteria for Mandatory Relief?

- C.1 For a Post Office or General Store to be entitled to 50% Mandatory Relief, all the following criteria must be met:
- The Rateable Value of the property must not exceed £8,500 (from 1 April 2010);
 - The property must be used as a Post Office or a General Store (see below for definition), or both;
 - The property must be the only Post Office or the only General Store within the Rural Settlement.
- C.2 For a Public House or Petrol Filling Station to be entitled to 50% Mandatory Relief, all the following criteria must be met:
- The Rateable Value of the property must not exceed £12,500 from 1 April 2010);
 - The property must be used as a Public House (see below for definition) or a Petrol Filling Station (see below for definition); and
 - The property must be the only Public House or the only Petrol Filling Station within the Rural Settlement.
- C.3 For a village food shop to be entitled to 50% Mandatory Relief, all the following criteria must be met:
- The Rateable Value of the property must not exceed £8,500 from 1 April 2010); and
 - The property must be used as a shop selling mainly food (see below for definition).

What rural settlements exist within the Council's area?

- C.4 All the rural areas within the Council's area are deemed to be rural settlements with the exception of Codicote, Great Ashby and Knebworth.

What is the definition of a General Store?

- C.5 For the purposes of Rural Rate Relief, 'General Store' means a business or trade, which wholly or mainly sells by retail both food (other than confectionery) for human consumption and general household goods. Where there are two or more General Stores within the same Rural Settlement, none can qualify for Mandatory Relief on that basis, although if one of them functions as a Post Office or a Food Shop relief may be claimed independently on that ground. However, both a General Store and a Post Office in the same Rural Settlement will qualify for Mandatory Relief, provided that, they both meet the criteria. Although a General Store or a Post Office may not meet the criteria for Mandatory Relief, they may still be eligible to apply for Discretionary Relief.

What is the definition of a Public House?

- C.6 For the purposes of Rural Rate Relief, 'Public House' means any premises as defined in the Licensing Act 2003, which has a premises license authorising sale by retail of alcohol for consumption on the premises. In addition, the premises must be used principally for retail sales of alcohol to members of the public for consumption on the premises, and sales must not be subject to the condition that buyers reside at or consume food on the premises.

What is the definition of a Petrol Filling Station?

- C.7 For the purposes of Rural Rate Relief, 'Petrol Filling Station' means premises where petrol or other automotive fuels are sold retail to the general public for fuelling motor vehicles intended or adapted for use on roads

What is the definition of a Food Shop?

- C.8 For the purpose of Rural Rate Relief, 'Food Shop' means a trade or business consisting wholly or mainly of the sale by retail of food for human consumption (excluding confectionery and catering – in this context catering means any supply of food for consumption on the premises on which it is supplied and any supply of hot food for consumption off the premises). This definition may also include shops, which sell mainly household foods, and which may partly also sell hot take away food or food consumed on the premises. But shops whose main business is a restaurant, tearoom, take-away, or confectionery sales are not food shops and so will not qualify for mandatory relief.

What are the qualifying criteria for Discretionary Relief?

- C.9 The Council may grant up to 50% Discretionary Relief in respect of any property which qualifies for 50% Mandatory Relief and the Council may also grant up to 100% Discretionary Relief to any rural business which does not meet the mandatory provisions. It should be noted that for 2017 onwards Central Government has requested that Council grant 50% discretionary relief to all ratepayers who receive 50% mandatory rural rate relief.

Rural Rate Relief – Mandatory Relief recipients, the Council's Policy for granting discretionary relief.

- C.10 As Central Government has requested and fully funds any additional relief granted to ratepayers who receive mandatory rural rate relief, the Council will automatically grant the additional 50% until such time as primarily legislation is changed.

Appendix D

Discretionary Relief - Premises within Rural Settlements

Discretionary Relief – Premises within Rural Settlements

- D.1 In addition to having the ability to grant discretionary relief to those in receipt of mandatory relief, the Local Government and Rating Act 1997 allows discretionary relief of up to 100% to be granted where the rateable value is £16500 or less and:
- a. Property is used for purposes which are of benefit to the local community; and
 - b. It would be reasonable for the billing authority to award relief, having regards to the Council's Council Taxpayers.
- D.2 As with most discretionary relief, part of the cost, is met by Central Government and the balance from local sources.
- D.3 The main criteria for granting discretionary relief in respect of rural rate relief is that premises are used to benefit the local community.

Benefit to the local community

- D.4 Whilst each application for the relief will be considered on its own merits, there are certain factors which weigh heavily in the decision-making process. It is this Council's belief that the spirit of the legislation is to assist businesses and amenities, which contribute significantly to the quality of life of the people who have their main home in the Rural Settlement.
- D.5 To be successful for consideration, a business must show that its existence is a significant benefit to the local community with the majority of local residents directly benefiting from services or facilities provided by that business

Rural Rate Relief – the Council's Policy for granting discretionary relief.

- D.6 The Council will also consider applications for a discretionary rural rate relief from all ratepayers, not entitled to mandatory relief up to a maximum of 100%.
- D.7 In determining the application the following matters will be taken into consideration:
- The granting of any discretionary relief will be essential in ensuring the viability of any business within the rural settlement;
 - The granting of any discretionary relief is proportionate given the level of any business rates charged compared with the overall turnover of the business;
 - The granting of any discretionary relief will assist the business in continuing to be viable and / or prevent the business from failing;
 - The business is considered by the Council to be essential to the community and that any reduction or withdrawal of the business will have a serious detrimental effect on the rural settlement;
 - The granting of any discretionary relief is reasonable having regard to the effect on taxpayers of the District.

Appendix E

Discretionary Relief - Localism Act 2011

Discretionary Relief – Localism Act 2011

General explanation

- E.1 Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988. These provisions allow all Councils to grant discretionary relief in **any** circumstances where it feels fit having regards to the effect on the Council Taxpayers of its area.
- E.2 The provisions are designed to give authorities flexibility in granting relief where it is felt that to do so would be of benefit generally to the area and be reasonable given the financial effect to Council Taxpayers.

Discretionary Relief – Localism – the Council’s Policy

- E.3 Applications will be considered from any ratepayer who wishes to apply. However, where a ratepayer is suffering hardship or severe difficulties in paying their rates liability then relief can be granted under the existing provisions as laid down by Section 49 of the Local Government Finance Act 1988. There will be no requirement to grant relief in such cases under the Council’s discretionary relief policy.
- E.4 Any ratepayer applying for discretionary rate relief under these provisions and who does not meet the criteria for existing relief (charities, non-profit making organisations etc.) must meet **all** of the following criteria and the amount of relief granted will be dependent on the following key factors:
- (a) The ratepayer **must not** be entitled to mandatory rate relief (Charity or Rural Rate Relief);
 - (b) The ratepayer **must not** be entitled to Central Government funded reliefs;
 - (c) The ratepayer **must not** be an organisation that could receive relief as a non-profit making organisation or as a sports club or similar;
 - (d) The ratepayer **must** occupy the premises (no discretionary rate relief will be granted for unoccupied premises);
 - (e) The premises and organisation **must** be of *significant* benefit to residents of the Council’s area;
 - (f) The premises and organisation **must** relieve the Council of providing similar facilities;
 - (g) The ratepayer **must**;
 - i. Provide facilities to certain priority groups such as elderly, disabled, minority groups, disadvantaged groups; **or**
 - ii. Provide *significant* employment or employment opportunities to residents of the Council; **or**
 - iii. Provide the residents of the area with such services, opportunities or facilities that cannot be obtained locally or are not provided locally by another organisation;
 - (h) The ratepayer **must** demonstrate that assistance (provided by the discretionary rate relief) will be for a *short time only* **and** that any business / operation is financially viable in the medium and long term;
 - (i) whether the premises occupied are considered to be reasonable having regard to the size and location of the premises, the size and nature of the organisation, and the use being made of the premises by the organisation; **and**

- (j) The ratepayer **must** show that the activities of the organisation are consistent with the Council's core values and priorities.
- E.5 Where a ratepayer can demonstrate that **all** of the above criteria are met, relief will be considered for initially a short period.
- E.6 A formal application from the ratepayer will be required in each case and any relief will be granted in line with State Aid requirements as specified within section 5 of this policy.

Appendix F

Local Newspaper Relief

General Explanation

- F.1 This is a relief that will be awarded until 2025 and the Government is not changing the legislation around the reliefs available to these properties. Central Government will reimburse local authorities that use their discretionary relief powers (under section 47(3)) of the Local Government Finance Act 1988 to grant relief in line with the eligibility criteria set out in this guidance.
- F.2 The Council will be compensated by Central Government through a grant under section 31 of the Local Government Act 2003.

Eligibility criteria

- F.3 The scheme will provide a £1,500 relief for office space occupied by local newspapers up to a maximum of one discount per local newspaper title and per hereditament.

Local Newspapers

- F.4 The relief is to be specifically for local newspapers and by that, the Council means what would be considered a “traditional local newspaper.” The relief will not be available to magazines.

Office Space

- F.5 The hereditament **must** be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.

Amount of Relief

- F.6 The amount of relief is limited to a maximum of one discount per newspaper title (e.g. per newspaper name) **AND** per hereditament. As with all discretionary rate relief, any grant will be subject to State Aid limits as defined within section 5 of this policy.

Local Newspaper Relief – the Council’s policy for granting discretionary relief.

- F.7 The Council has decided to grant relief strictly in accordance with Central Government guidelines.

Appendix G

Supporting Small Businesses Relief

General Explanation

- G.1 Central Government has increased the thresholds for Small Business Rate Relief from 1 April 2017 to £12,000 for the 100% relief and £14,999 for the tapered relief. They have also allowed rural rate relief to be granted up to 100% using S47 of the Local Government Finance Act 1988 as a top up to the mandatory level of 50%, albeit that the rateable value limits have not been changed in respect of rural hereditaments (see section D of this policy). Unfortunately, despite these changes, some small businesses and businesses in rural areas lost their entitlement to the relief due to increases in Rateable Value through the revaluation on 1st April 2017.
- G.2 The transitional relief scheme (provided under the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016 No. 1265) does not provide support in respect of changes in reliefs. Therefore, those ratepayers who have lost some or all of their small business or rural rate relief may face large percentage increases in bills from 1 April 2017.
- G.3 In view of this, Central Government announced that a new scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief due to the revaluation. All authorities are encouraged to grant the relief in accordance with the guidelines laid down by Central Government and if granted strictly in accordance with guidance, the Council will be compensated by Central Government through a grant under section 31 of the Local Government Act 2003.
- G.4 The relief is known as the 'Supporting Small Businesses Scheme'

Who is eligible for the relief and how much relief will be available?

- G.5 The Supporting Small Businesses relief helps those ratepayers who, as a result of the change in their rateable value at the revaluation, lost some or all of their small business or rural rate relief and, as a result, are facing large increases in their bills.
- G.6 To support these ratepayers, the Supporting Small Businesses relief will ensure that the increase per year in the bills of these ratepayers is limited **to the greater of:**
- (a) a percentage increase per annum. of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation. (Unlike the transitional relief scheme under the Chargeable Amount regulations), for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief; **or**
 - (b) a cash value of £600 per year (£50 per month).
- G.7 This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief are brought into paying something.
- G.8 In the first year of the scheme, this means all ratepayers who lost some or all of their small business rate relief or rural rate relief saw the increase in their bill capped at £600. The cash minimum increase

is £600 per year thereafter. This means that ratepayers who in 2016/17 paid nothing under small business rate relief and who lost all of their entitlement to relief (i.e. moving from £6,000 rateable value or less to more than £15,000) would under this scheme be paying £3,000 in year 5.

- G.9 The Government has also decided that those on the Supporting Small Businesses relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for the Supporting Small Businesses relief scheme.
- G.10 Ratepayers will remain in the Supporting Small Businesses relief scheme for either 5 years or until they reach the bill they would have paid without the scheme (this would be the charge payable as their true rates payable or the charge calculated under the Non-Domestic Rating (Chargeable Amounts)(England) Regulations 2016).
- G.11 A change of ratepayer will not affect eligibility for the Supporting Small Businesses relief scheme, **but** eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.
- G.12 The rules for State Aid (as detailed in section 5 of this policy) shall apply when considering Supporting Small Businesses Relief.

Recalculation of relief

- G.13 The amount of relief awarded under the Supporting Small Businesses relief scheme will be recalculated in the event of a change of circumstances including the following:
- This could include, for example, a backdated change to the rateable value or the hereditament; or
 - The awarding of another relief.
- G.14 The Council will, in effect, calculate the award on a daily basis taking into account the above, and the relief will be re-calculated if the rateable value changes.

Other Reliefs

- G.15 Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for Supporting Small Businesses Relief. Likewise, the same principle applies to properties for which a Section 44A certificate has been granted (apportionment of rateable values for partly occupied properties). The presence of a section 44A certificate will not further reduce the bill found under the Supporting Small Business scheme.
- G.16 In accordance with Central Government guidelines, all other discretionary reliefs, will be considered **after** the application of Supporting Small Businesses relief.

Supporting Small Businesses Relief - the Council's policy for granting discretionary relief.

G.17 The Council has decided to grant relief strictly in accordance with Central Government guidelines

Appendix H

Public House Relief

General Explanation

- H.1 This is a temporary relief for 2020/21 **only** and the Government is not changing the legislation around the reliefs available to premises. Central Government will reimburse local authorities that use their discretionary relief powers (under section 47(3)) of the Local Government Finance Act 1988) to grant £5000 relief in line with the eligibility criteria set out in guidance to be produced by Central Government. It should be noted that, until the Budget in March 2020, the relief was only set at £1000.
- H.2 Central Government guidelines have been issued and it has been established that any amount granted will be reimbursed by a section 31 grant.

Eligibility criteria

- H.3 The Council's policy, in line with Central Government requirements, will provide a relief of £5,000 relief for one year only for all eligible public houses who have a rateable value of less than £100,000 on 1st April 2017.
- H.4 The definition of a 'Public House' means any premises as defined in the Licensing Act 2003, which has a premises license authorising sale by retail of alcohol for consumption on the premises. In addition, the premises **must** be used principally for retail sales of alcohol to members of the public for consumption on the premises, and sales must not be subject to the condition that buyers reside at or consume food on the premises.
- H.5 It will be for the Council to decide whether any premises falls within the definition give in the above paragraph. No relief shall be given where the premises are unoccupied.

Other Reliefs

- H.4 Pubic House relief will be granted after applying any other mandatory reliefs and reductions

Public House Relief – the Council's policy for granting discretionary relief.

- H.5 The Council has decided to grant relief strictly in accordance with Central Government guidelines.

Appendix I

Discretionary Business Rate Relief Scheme (Revaluation Support)

General Explanation

- I.1 In March 2017, Central Government announced that it would make available a discretionary fund of £300 million over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation. Government determined that Councils would be best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need.
- I.2 Every authority within England is to be provided with a share of a £300 million fund to support their local businesses. This is to be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988.
- I.3 Government also believes that local authorities are best placed to judge the particular circumstances of local ratepayers and direct the funding where it is most needed to support local economies.
- I.4 The funding is not provided equally over the four-year period but in the following approximate proportions:
- Year 1 (2017/18) 58%
- Year 2 (2018/19) 28%
- Year 3 (2019/20) 12%
- Year 4 (2020/21) 2%
- I.5 Councils will be compensated for any relief granted under section 31 of the Local Government Act 2003. The Government has decided that any underspend **cannot** be 'vired' from one year to the next.
- I.6 A key criteria of reimbursement will be that all Billing Authorities will consult with major precepting authorities when formulating their schemes.
- I.7 The financial effects to the Council of the Discretionary Business Rates Relief Scheme are shown in the following table

Amount of discretionary fund awarded (£000s) - North Hertfordshire District Council			
2017-18	2018-19	2019-20	2020-21
320	155	64	9

Consultation

- I.8 The Council has consulted with the major preceptors in relation to this scheme and has taken their comments into account when determining the eligibility criteria. This is an essential part of the

Discretionary Business Rates Relief Scheme and is in line with the grant determination issued by the Department of Communities and Local Government (now MHCLG) No.31/3071.

- I.9 The grant determination states that a condition of the fund is that consultation is undertaken with 'relevant authorities'. Relevant authorities for the purposes of this scheme means:
- a. Any major precepting authority; and
 - b. Any combined authority.
- I.10 In the case of the District Council the major precepting authorities have been consulted namely:
- a. Hertfordshire County Council
 - b. The Police and Crime Commissioner for Hertfordshire; and
 - c. Hertfordshire Fire and Rescue Service.

State Aid

- I.11 The rules relating to State Aid (as defined within section 5 of this policy) apply. The Council will ensure full compliance in this area to ensure that relief can be given to the most deserving ratepayers.

Decisions by the Council

- I.12 Decisions by the Council are made directly in line with the Scheme of Delegation as outlined within section 7 of this policy. Any decision to award relief under this scheme will follow the core principles of the Council's discretionary relief policy as defined within this policy.
- I.13 It should be noted that whilst the funding from Central Government for Discretionary Business Rate Relief Scheme is limited, the decision of the Council whether to award any relief under this scheme **will not take account** of the level of any funding.

Discretionary Business Rate Relief Scheme- the Council's policy for granting discretionary relief (Revaluation Support)

Applications for relief under this scheme

- I.14 The Council is keen to identify ratepayers who may qualify for the relief and as such will look to encourage certain ratepayers to apply. The Council will look to simplify the application process wherever possible, but it will expect any ratepayers to provide such information as is required by the Council to support their application.

Discretionary Business Rate Relief Scheme (Revaluation Support) - the Council's policy for granting discretionary relief.

- I.15 The Council has decided that Relief under the scheme will be awarded using the following criteria:
- The property has a rateable value below £200,000;
 - The ratepayer has experienced a financial increase, as a direct result of revaluation in the amount

they have to pay for 2017-18, compared to their 2016-17 bill (after any other reliefs have been applied) of more than 12.5%;

- The relevant property is occupied, for those ratepayers who occupied during 2016/17 their liability will be annualised before comparison with the 2017/18 level to ensure they comply with the 12.5% increase requirement;
- The ratepayer is not in receipt of the Supporting Small Business Relief;
- The value of any award is to be capped if necessary, to ensure that each ratepayer pays at least the same amount of rates as they did in the previous financial year (adjusted or annualization for any premises occupied part way through the 2016/17 year; and
- The award must comply with State Aid rules

I.16 The total amount of awards will be limited to the funds provided by Central Government.

I.17 Should the rateable value of the hereditament reduce leading to a less than 12.5% increase on the 2016/17 liability all relief under this scheme will cease. Should the rateable value of the hereditament reduce leading to a more than 12.5% increase on the 2016/17 liability then entitlement of the relief will be recalculated based on the original allocation.

I.18 If the Business Rates bill increases within the period that Relief is granted, i.e. the original 1 April 2017 rateable value is retrospectively increased, then the amount awarded will not be recalculated. Such an increase would be outside the annual grant award. In such cases, the Council, upon request of the ratepayer, may consider a backdated claim which will be dependent on whether there are funds available.

Applications for relief under this scheme

I.19 The Council is keen to identify ratepayers who may qualify for the relief and as such will look to encourage certain ratepayers to apply. The Council will look to simplify the application process wherever possible, but it will expect any ratepayers to provide such information as is required by the Council to support their application

Variation and amendment of relief under the scheme

I.20 As with all reliefs, the amount of relief awarded under the Discretionary Businesses Rates relief scheme will be recalculated in the event of a change of circumstances. This will include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

I.21 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) requires the Council to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, the Council may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.

Appendix J

Retail Discount

General Explanation

- J.1 The Government announced on 29 October 2018 that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. However, since that time the scheme has been substantially changed and a new Expanded Retail Discount Scheme has been put in place with effect from 1st April 2020. This section (J) details the provision of the Retail Discount Scheme for 2019/20 only. The Expanded Retail Discount Scheme can be found within Section K of this policy.

Retail Discount Scheme 2019/20 only

- J.2 The value of discount should be one third of the bill and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.
- J.3 Where an authority applies a locally funded relief, under section 47 this must be applied after the Retail Discount.
- J.4 As this is a measure for 2019-20 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria defined by them, reimburse any authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.
- J.5 It is for the Council to adopt a local scheme and determine in each individual case when to grant relief under section 47.

Who is eligible for the relief?

- J.6 Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. The Government consider shops, restaurants, cafes and drinking establishments to mean:

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Secondhand car lots
- Markets
- Petrol stations

- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

J.7 To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

Hereditaments that are not likely to receive relief under the scheme

J.8 The list below sets out the types of uses that the Government does **not** consider to be retail use for the purpose of this relief. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.

i. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)

- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices

ii. Hereditaments that are not reasonably accessible to visiting members of the public

- Generally speaking, Government also does not consider other assembly or leisure uses beyond those listed to be retail uses for the purpose of the discount. For example, cinemas, theatres and museums are outside the scope of the scheme, as are nightclubs and music venues. Hereditaments used for sport or physical recreation (e.g. gyms) are also outside the scope of the discount. Where there is doubt, the Council will exercise discretion.

How much relief will be available?

J.9 The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a chargeable day for particular hereditament in the financial year 2019-20:

J.10 Amount of relief to be granted = $V / 3$ where V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs.

Retail Discount - the Council's policy for granting discretionary relief.

J.11 The Council has decided to grant relief strictly in accordance with Central Government guidelines

Appendix K

Expanded Retail Discount Scheme (2020/21)

General Explanation

- K.1 In response to the coronavirus pandemic (Covid-19), in the Budget on 11 March 2020, the Government announced that it would provide a discount of 100% to all those premises that received Retail Discount and extend it to include the leisure and hospitality sectors.
- K.2 Following the announcement on 23 March 2020 of further measures to limit the spread of COVID-19, the Government confirmed that some of the exclusions for this relief have been removed, so that retail, leisure, and hospitality properties that will have had to close as a result of the restriction measures will now be eligible for the relief.
- K.3 This relief will apply to occupied retail, leisure and hospitality properties in the year 2020/21.
- K.4 **There will be no rateable value limit on the relief.**

Who is eligible for the relief?

- K.5 Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:
- (a) as shops, restaurants, cafes, drinking establishments, cinemas and live music venues,
 - (b) for assembly and leisure; or
 - (c) as hotels, guest & boarding premises and self-catering accommodation.
- K.6 The Council consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:
- i. Hereditaments that are being used for the sale of goods to visiting members of the public:**
 - Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc);
 - Charity shops;
 - Opticians;
 - Post offices;
 - Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors);
 - Car/caravan show rooms;
 - Second-hand car lots;
 - Markets;
 - Petrol stations;
 - Garden centres; and
 - Art galleries (where art is for sale/hire).

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire
- Employment agencies
- Estate agents and letting agents
- Betting shops

iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

iv. Hereditaments which are being used as cinemas

v. Hereditaments that are being used as live music venues:

- For the purposes of this policy live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although the Council would expect this would be clear in most circumstances, guidance on this may be found in Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003.

- K.7 The Council considers assembly and leisure to mean:
- i. **Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).**
 - Sports grounds and clubs
 - Museums and art galleries
 - Nightclubs
 - Sport and leisure facilities
 - Stately homes and historic houses
 - Theatres
 - Tourist attractions
 - Gyms
 - Wellness centres, spas, massage parlours
 - Casinos, gambling clubs and bingo halls
 - ii. **Hereditaments that are being used for the assembly of visiting members of the public.**
 - Public halls
 - Clubhouses, clubs and institutions
- K.8 The Council considers hotels, guest & boarding premises and self-catering accommodation to mean:
- i. **Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:**
 - Hotels, Guest and Boarding Houses
 - Holiday homes
 - Caravan parks and sites
- K.9 To qualify for the relief, the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief. For the avoidance of doubt, hereditaments which have closed temporarily due to the government's advice on COVID19 should be treated as occupied for the purposes of this relief.
- K.10 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied uses that exist within the qualifying purposes. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that the Council considers for this purpose to be eligible for relief. The Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.
- K.11 The list below sets out the types of uses that the Council does not consider to be an eligible use for the purpose of this relief. Again, it is for the Council to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the

relief under their local scheme.

i. Hereditaments that are being used for the provision of the following services to visiting members of the public

- Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)
- Post office sorting offices

ii. Hereditaments that are not reasonably accessible to visiting members of the public

- K.12 In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, Council may not grant the discount to itself or a precepting authority.

How much relief will be available?

- K.13 The total amount of government-funded relief available for each property for 2020/21 under this scheme is 100% of the bill, after mandatory reliefs and, other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their wider discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants.
- K.14 The eligibility for the discount and the discount itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a chargeable day for a particular hereditament in the financial year 2020/21
- K.15 The amount of relief to be granted = V , where V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants. This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
- K.16 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties.

Expanded Retail Discount - the Council's policy for granting discretionary relief.

K.17 The Council has decided to grant relief strictly in accordance with Central Government guidelines.

Appendix L

Nursery Discount Scheme (2020/21)

General Explanation

- L.1 The Government announced a business rates Nursery Discount on 18 March 2020. This relief will apply to hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which are subject to business rates in the year 2020/21. There will be no rateable value limit on the relief and Ofsted will ensure that all local authorities can access the Ofsted Early Years Register to help authorities identify eligible properties.

Who is eligible for the relief?

- L.2 Properties that will benefit from the relief will be hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage.
- L.3 To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purpose. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief. For the avoidance of doubt, hereditaments which have closed temporarily due to the government's advice on COVID19 should be treated as occupied for the purposes of this relief.
- L.4 In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, the Council may not grant the discount to itself or a precepting authority.

How much relief will be available?

- L.5 The total amount of government-funded relief available for each property for 2020/21 under this scheme is 100% of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their wider discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants.
- L.6 The eligibility for the discount and the discount itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a chargeable day for a particular hereditament in the financial year 2020/21:
- L.7 The Amount of relief to be granted = V, where V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, and those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants. This is calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.
- L.8 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties

Nursery Discount - the Council's policy for granting discretionary relief.

- L.9 The Council has decided to grant relief strictly in accordance with Central Government guidelines.

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North Hertfordshire District Council Council Tax Discretionary Reduction in Liability S13A (1)(c) Policy

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1 Introduction and Legislation

- 1.1 Section 13A (1)(c) of the Local Government Finance Act 1992, provides the Council with additional discretionary powers to enable it to reduce the council tax liability where statutory discounts, exemptions and reductions do not apply.
- 1.2 These discretionary awards can be given to:
- Individual Council Taxpayers;
 - Groups of Council Taxpayers defined by a common set of circumstances;
 - Council Taxpayers within a defined area: or
 - To all Council Taxpayers within the Council's area.
- 1.3 This policy is basically divided into the following areas namely:
- (a) **The Council Tax Hardship Fund** – this part of the policy covers the recent initiatives by Central Government to assist taxpayers who are suffering financial hardship due to the onset of the Corona virus (COVID-19);
 - (b) **The Flood Recovery Framework** – this part of the policy covers situations outlined by Central Government where any parts of the Council's area were to be designated as a designated flood area;
 - (c) **Granting of reductions in Council Tax liability where there is exceptional hardship** - this part of the policy applies to circumstances where the applicant experiences exceptional hardship;
 - (d) **Crisis** – this part of the policy deals with all cases where a reduction in liability is claimed where there the taxpayer experiences a crisis (other than mentioned in (a) to (c); and
 - (e) **Other circumstances** – this part applies where the application is made other than for (a) to (d) above.
- 1.4 The relevant legislation (S13 (1) (c) of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012), states the following:

Reductions by billing authority

(1) The amount of council tax which a person is liable to pay in respect of any chargeable dwelling and any day (as determined in accordance with sections 10 to 13);

- (a) in the case of a dwelling situated in the area of a billing authority in England, is to be reduced to the extent, if any, required by the authority's council tax reduction scheme;
- (b) (not applicable)
- (c) **in any case, may be reduced to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit.**

- 1.5 The provisions stated in (c) above, allows the Council to reduce the Council Tax liability for any taxpayer in addition to any application for Council Tax Reduction under the Council's scheme. This is a general power that has always been available to the Council.
- 1.6 When deciding on whether to grant a reduction in liability, the Council will consider each application on its merits. Principles of reasonableness will apply in all cases with the authority deciding each case on relevant merits.
- 1.7 Any decision made will be without reference to any budgetary considerations notwithstanding the fact that any awards must be balanced against the needs of local taxpayers who will ultimately pay for any reduction in Council Tax income. However, where Central Government provides funding directly to the Council to compensate for specific events such as the COVID-19 crisis and in the case of severe flooding, the Council will look to use **all** funding provided.
- 1.8 The period of any reduced liability will be considered in conjunction with the circumstances of the Council Taxpayer except where specified by Central Government.

2 The COVID-19 Council Tax Hardship Fund

- 2.1 Central Government have announced a number of recent initiatives to assist taxpayers who are suffering financial hardship due to the onset of the Corona virus (COVID-19) and have provided funds to the Council under S31 of the Local Government Act 2003 with the proviso that all monies are paid strictly in accordance with S13A(1)(c) of the Local Government Finance Act 1992 and in line their guidance issued on 25th March 2020.
- 2.2 The funds named by Central Government as the 'Council Tax Hardship Fund' relate to the 2020/21 financial year only and are designed to meet the immediate needs of all taxpayers who are currently claiming Council Tax Reduction (CTR) under S13 A (1) (a) of the Local Government Finance Act 1992. The funds are primarily designed to assist working age applicants with payment of their Council Tax.
- 2.3 It is essentially down to individual authorities to determine how to use the funds however, Central Government through the Ministry of Housing, Communities and Local Government (MHCLG) state that, in order to retain the funding, Councils must look to use monies as directed by them.
- 2.4 The scheme guidance issued by MHCLG states the following:
 - (a) The Government's strong expectation is that billing authorities will provide all recipients of working age local Council Tax Reduction during the financial year 2020/21 with a further reduction in their annual council tax bill of £150, using their discretionary powers to reduce the liability of council taxpayers outside of their formal scheme design;
 - (b) Where a taxpayer's liability for 2020/21 is, following the application of Council Tax Reduction, less than £150, then their liability would be reduced to nil;
 - (c) Where a taxpayer's liability for 2020/21 is nil, no reduction to the Council Tax bill will be available;

- (d) There should be no need for any recipient of Council Tax Reduction to make a separate claim for a reduction under this scheme. The billing authority should assess who is eligible for support from the hardship fund and automatically rebill those council taxpayers;
- (e) Whether or not a taxpayer has been affected by COVID-19, directly or indirectly, should not be taken into account in assessing eligibility for this reduction;
- (f) The Government recognises that existing support mechanisms vary locally, including CTR schemes, discretionary Council Tax discount/hardship schemes and local welfare schemes;
- (g) Having allocated grant to reduce the Council Tax bill of working age Council Tax Reduction recipients by a further £150, billing authorities should establish their own local approach to using any remaining grant to assist those in need. Billing authorities will want to revisit their broader approach at intervals during the financial year, in order to ensure expenditure for 2020/21 remains within their allocation;
- (h) In determining any broader approach to delivering support, authorities are best placed to reflect on the financial needs of their most vulnerable residents. In doing so, they may wish to consider using their remaining grant allocation as part of wider local support mechanisms. These may include, but are not restricted to:
 - (i) Council Tax relief using existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by COVID-19);
 - (ii) Additional support outside the Council Tax system through Local Welfare or similar schemes; and
 - (iii) A higher level of Council Tax Reduction for those working age Council Tax Reduction recipients whose annual liability exceeds £150.
- (i) The Government is keen to ensure that support is provided as quickly as possible to individuals who are eligible. It therefore considers that there is a strong case for councils to provide the support 'up front' to enable the maximum benefit to be delivered promptly. However, the Government recognises that in some cases, authorities may consider that the most effective assistance could be profiled across the year.

The Council's Policy in respect of the Council Tax Hardship Scheme (COVID-19)

- 2.5 The Council is keen to support all taxpayers within the area and, as such, will implement the scheme strictly in accordance with Central Government guidelines by taking the following actions:
- (a) An amount of up to £150 will be credited to the Council Tax account of all working age applicants who are in receipt of Council Tax Reduction on 1st April 2020 (it should be noted that where any residual liability of any taxpayer is less than £150, then an amount will be granted to ensure that the liability is reduced to zero). There will be no requirement for any taxpayer to apply for this initial award and it shall be automatically applied to their account; and
 - (b) Where the working age taxpayer is not entitled to Council Tax Reduction on 1st April 2020 but subsequently becomes entitled, in line with Central Government guidance, assistance shall be given as in (a) above.
- 2.6 Funding shall be used initially for (a) above and any residual monies shall be used for cases falling with section (b).

3. The Flood Recovery Framework

- 3.1 In a severe weather event with significant wide area impacts, local authorities may need central support to help their communities and businesses return to normal. Building on these principles, a core package of business and community recovery support has been developed by Central Government to serve as a framework for flood recovery funding when needed.
- 3.2 It will be for Government Ministers to determine when this support will be made available. Weather incidents with localised impacts will not usually trigger a recovery support package.
- 3.3 In relation to Council Tax, Central Government have developed a Council Tax discount package that is available under S13A(1)(c).

Who is eligible for a council tax discount?

- 3.4 Where the Council Tax Discount Scheme is activated following severe weather, MHCLG will refund eligible local authorities for granting discounts in the following circumstances:
- (a) 100% discount for a minimum of 3 months, or while anyone is unable to return home if longer, for **primary residences** whereas a result of the relevant weather event:
- Flood water entered into the habitable areas; or,
 - Flood water did not enter into the habitable areas, but the local authority regards that the residence was otherwise considered **unliveable** for any period of time.

AND

- (b) 100% council tax discount on temporary accommodation for anyone unable to return to their home, in parallel with the discount on their primary residence where applicable.
- 3.5 Second homes and empty homes will **not** be eligible.
- 3.6 Instances where households might be considered **unliveable** could include:
- where access to the property is severely restricted (e.g. upper floor flats with no access);
 - key services such as sewerage, draining, and electricity are severely affected;
 - the adverse weather has resulted in other significant damage to the property such that it would be, or would have been, advisable for residents to vacate the premises for any period of time, regardless of whether they do vacate or not;
 - flooded gardens or garages will **not** usually render a household eligible but there may be exceptions where it could be demonstrated that such instances mean effectively that the property is unliveable.
- 3.7 It will be for the Council to determine eligibility under the scheme.

Properties affected by multiple instances of flooding

- 3.8 Residences impacted in multiple flood events will not be precluded from repeat support where this is made

available by Government in respect of separate weather events.

- 3.9 Where the scheme is activated for two separate instances of flooding within 3 months of each other, the two discount periods will run concurrently. For example, if the second flood event occurred after 2 months, flooded properties already receiving support could be eligible for another 3 months' discount, making the total period of reimbursement 5 months.

Funding

- 3.10 In such cases, Central Government will make payment to the Council via a Section 31 grant.

The Council's Policy in respect of the Flood Recovery Framework

- 3.11 The Council shall operate the scheme strictly in accordance with Central Government guidelines.

4 Exceptional Financial Hardship

- 4.1 In accordance with **Section 13A (1) (a)** of the Local Government Finance Act 1992, the Council has a Council Tax Reduction Scheme which provides support, through a discount, to those deemed to be within financial need. The Scheme has been designed to take into account the financial and specific circumstances of individuals through the use of applicable amounts, premiums and income disregards.
- 4.2 Applications will be accepted under this part of the policy for people who have qualified for support under the Council Tax Reduction Scheme **but** who are still experiencing severe financial hardship. Other taxpayers may also apply; however, the Council would normally expect the taxpayer to apply for Council Tax Reduction in any case.
- 4.3 As part of the process of applying for additional support, all applicants must be willing to undertake **all** of the following:
- (a) Make a separate application for assistance;
 - (b) Provide full details of their income and expenditure;
 - (c) The taxpayer is able to satisfy the Council that they are not able to meet their full Council Tax liability or part of their liability;
 - (d) Accept assistance from either the Council or third parties such as the CAB or similar organisations to enable them to manage their finances more effectively including the termination of non-essential expenditure;
 - (e) Identify potential changes in payment methods and arrangements to assist the applicant;
 - (f) Assist the Council to minimise liability by ensuring that all discounts, exemptions and reductions are properly granted;
 - (g) The taxpayer is able to demonstrate that all reasonable steps have been taken to meet their full Council Tax liability including applications for employment or additional employment, alternative lines of credit;
 - (h) The taxpayer has no access to assets that could be realised and used to pay the Council Tax
 - (i) and benefits, Council Tax Support, discounts and exemptions

- (j) Maximise their income through the application for other welfare benefits, cancellation of non-essential contracts and outgoings and identifying the most economical tariffs for the supply of utilities and services generally.
- 4.4 The Council will be responsible for assessing applications against this policy and an officer will consider the following factors when applying this policy:
- a. Current household composition and specific circumstances including disability or caring responsibilities;
 - b. Current financial circumstances;
 - c. Determine what action(s) the applicant has taken to alleviate the situation;
 - d. Consider alternative means of support that may be available to the applicant by:
 - i. re-profiling council tax debts or other debts;
 - ii. applying for a Discretionary Housing Payment for Housing Benefit (where applicable);
 - iii. maximising other benefits;
 - iv. determining whether in the opinion of the decision maker the spending priorities of the applicant should be re-arranged.

5 Crisis

- 5.1 The Council will consider requests for assistance from Council Taxpayers who, through no fault of their own, have experienced a crisis or event that has made their property uninhabitable, where they remain liable to pay council tax and for which they have no recourse for compensation nor have recourse to any statutory exemptions or discounts.
- 5.2 All such requests must be made in writing detailing the **exact** circumstances of why reduction in the liability is required and specifying when the situation is expected to be resolved.
- 5.3 The Council will consider applications on a case-by-case basis in consultation with other organisations as appropriate. Any reduction will be applied where they remain liable to pay council tax and for which they have no recourse for compensation nor to any statutory exemptions or discounts or where the crisis or event is not covered by any insurance policy.

6 Other Circumstances

- 6.1 The Council will consider requests from Council Taxpayers for a reduction in their liability based on other circumstances, not specifically mentioned within this document. However, the Council must be of the opinion that the circumstances relating to the application warrant further reduction in their liability for Council Tax having regard to the effect on other Council Taxpayers.
- 6.2 No reduction in liability will be granted where any statutory exemption or discount could be granted.
- 6.3 No reduction in liability will be granted where it would conflict with any resolution, core priority or objective of the Council.

7 Changes in circumstances

- 7.1 The Council may revise any discretionary reduction in liability where the applicant's circumstances or situation has changed.
- 7.2 The taxpayer agrees that he/she must inform the Council immediately either by phone or in writing about any changes in their circumstances which might affect the claim for under this policy. Failure to do so may result in the withdrawal of the reduction granted for the year and the requirement to repay any outstanding amount to the Council.

8 Duties of the applicant and the applicant's household

- 8.1 A person claiming any reduction in liability must:
- Provide the Council with such information as it may require to make a decision;
 - Tell the Council of any changes in circumstances that may be relevant to their ongoing claim; and
 - Provide the Council with such other information as it may require in connection with their claim.

9 The award and duration of a reduction in liability

- 9.1 Both the amount and the duration of the award are determined at the discretion of the Council and will be done so on the basis of the evidence supplied and the circumstances of the claim.
- 9.2 The start date of such a payment and the duration of any payment will be determined by the Council. In any event, the maximum length of the award will not exceed the end of the financial year in which the award is given.
- 9.3 The application and any supporting documentation will be submitted to the Service Director - Customers for a decision.

10 Payment

- 10.1 In line with legislation, any award shall be granted as a reduction in the liability of the Council Taxpayer thereby reducing the amount of Council Tax payable

11 Reductions in Council Tax liability granted in error or incorrectly

- 11.1 Where a reduction in liability has been granted incorrectly or in error either due to a failure to provide the correct or accurate information to the Council or some other circumstances, the Council Taxpayers account will be adjusted and billed in the normal way.

12 Notification of a reduction in liability

- 12.1 The Council will notify the outcome of each application in writing. The notification will include the reason for the decision and advise the applicant of their appeal rights.
- 12.2 If a Council Taxpayer is aggrieved by the council's decision a written request for a review of its decision can be submitted if it is made within 2 months of the original decision. If the original decision is upheld and the council taxpayer remains aggrieved, there is a further right of appeal to the valuation tribunal.

13 Delegated Powers

- 13.1 This S13A (1) (c) policy has been approved by the Council. However, the Service Director - Customers is authorised to make technical scheme amendments to ensure it meets the criteria set by the Council and, for certain defined schemes, Central Government guidance.

14 Appeals

- 14.1 Appeals against the Council's decision may be made in accordance with Section 16 of the Local Government Finance Act 1992.
- 14.2 The Council Taxpayer must in the first instance write to the Council outlining the reason for their appeal. Once received the council will then consider whether any additional information has been received which would justify a change to the original decision and notify the Council Taxpayer accordingly.**
- 14.3 Where the Council Taxpayer remains aggrieved, a further appeal can then be made to the Valuation Tribunal. This further appeal should be made within 2 months of the decision of the Council not to grant any reductions. Full details can be obtained from the Councils website or from the Valuation Tribunal www.valuationtribunal.gov.uk

15 Fraud

- 15.1 The Council is committed to protecting public funds and ensuring funds are awarded to the people who are rightfully eligible to them.
- 15.2 An applicant who tries to fraudulently claim a reduction in liability by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.
- 15.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

16 Complaints

- 16.1 The Council's Complaints Procedure (available on the Councils website) will be applied in the event of any complaint received about this policy.

17 Policy Review

- 17.1 This policy will be reviewed annually and updated as appropriate to ensure it remains fit for purpose. However, a review may take place sooner should there be any significant changes in legislation.

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**CABINET
15 SEPTEMBER 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: CARELINE FUTURE PROVISION

REPORT OF: SERVICE DIRECTOR – CUSTOMERS

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR HOUSING & ENVIRONMENTAL HEALTH

COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES

1. EXECUTIVE SUMMARY

- 1.1 To advise Cabinet of the current position relating to the potential expansion of the Careline Service

2. RECOMMENDATIONS

- 2.1. That Cabinet notes the report.
- 2.2. That the Service Director – Customers in consultation with the Executive Member for Housing & Environmental Health be authorised to continue discussions with Hertfordshire County Council and to enter into a formal agreement for the expansion of the Careline Service, provided this remains cost neutral for the Council.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To secure the on-going viability of the Careline Service and the excellent service to customers that it provides.
- 3.2 Very similar recommendations were proposed previously through a report to the Cabinet meeting scheduled for 24 March 2020, which was cancelled due to the COVID-19 lock down being implemented from the previous day.
- 3.3 The recommendations in that report were approved by the Chief Executive in consultation with the Leader of the Council under emergency powers.
- 3.4 The slightly amended recommendations are proposed again for completeness.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. This is considered in the Part II Report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 This report has been the subject of considerable and on-going discussions between Officers of the Council and Hertfordshire County Council (HCC). The Executive Member for Housing & Environmental Health and has been kept informed of developments.

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 26 June 2020.

7. BACKGROUND

- 7.1 This matter was first reported to the Cabinet Meeting due to be held on 24 March 2020, which was cancelled due to the COVID-19 lock down having been implemented from the previous day.
- 7.2 This report reaffirms the background to the proposal and provides Cabinet with an update on progress.
- 7.3 The Council has provided assistive technology through the Careline Service since 1982, not only in Hertfordshire, but also regionally.
- 7.4 The service is highly regarded by customers with satisfaction ratings regularly in the high 90+% and many compliments received through the Council's Comments, Compliments & Complaints process.
- 7.5 In 2014 the Council entered a long term partnership with HCC to improve the large scale uptake of assistive technology in the County. This collaboration "Herts Careline" aims to provide affordable goods and services to a range of Service User groups in order to promote independent living. Herts Careline's mission is to be a public service asset that supports not only individuals also the Social Care Authority, Police, Fire & Rescue Service, Ambulance Service, other NHS bodies, Social Housing providers, and other Hertfordshire public or voluntary service organisations with their ambitions.
- 7.6 The arrangement was renewed in 2018.
- 7.7 Since its launch, Herts Careline has grown significantly and aims to assist approximately 5,000 new Service Users in 2020/2021.
- 7.8 The Service Users include older people, those living with dementia, people who are frail due to age or long-term health conditions, people with physical and sensory disabilities (sight loss, hearing impairment, deaf/blind people), people with learning disabilities, people with Autism and Asperger syndrome, people with mental health issues and families with disabled children, and those with other complex needs. Herts Careline also assists people in connection with domestic violence or abuse, distraction burglary or rogue trading, and elevated fire risk.
- 7.9 The service has experienced huge growth over the past few years as demand for assistive technology to support people's independence in their own home has seen a steep increase in interest as people see the benefits it can bring. In 2019/2020, the Team dealt with 479,200 calls.

- 7.10 In 2019, Herts Careline successfully completed its first year at its new Control Room in the District Council Offices, investing in the long term future of the service for its 14,000+ customers. The move was influenced by its previous site reaching capacity due to the significant increase in new customers the service has seen.
- 7.11 The move also offered a further opportunity to upgrade the supporting infrastructure to accept the new digital alarms that have are being necessitated by the switch from analogue to digital telecommunications infrastructure.

8. RELEVANT CONSIDERATIONS

- 8.1. Careline provides its services to a mixture of commercial clients and those referred by HCC. At the time of preparing this report, the numbers were:

Type	Volume
Commercial service properties	7,731
Hertfordshire County Council properties	5,159

- 8.2 Careline carries out its work for HCC under a delegation of powers to this Council under Section 9EA of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.
- 8.3 The scope of the delegation is detailed at Appendix 1.
- 8.4 HCC's medium to longer term strategy for assistive technology is the development of an additional offering that is known as an "Internet of Things" or IOT to complement the existing AT solutions provided within the community. This is the development of technology designed to help customers remain in their homes rather than be admitted to Care Homes or Hospitals and includes sensors to detect things such as the use of a kettle, the opening of bedroom doors, opening of a fridge, switching on of lights etc. This can be monitored through an App by relatives or carers to ensure that the customer is accessing drinks, has got up in the morning, has had something to eat etc.
- 8.5 The aims of the new service are to reduce formal carer visits, hospital admissions and ambulance callouts.
- 8.6 At the moment, Careline provides an alarm monitoring and response service to about half of HCC's client base. The other half is serviced through HCC's managed contract with Serco, who in turn sub-contract the work to Tunstall (Healthcare) Ltd.
- 8.7 The managed contract is coming to an end and HCC has decided that it would prefer to have all its assistive technology services going forward provided by one provider. The contract with Serco is due to end on 31 March 2021.
- 8.8 HCC has decided that it would prefer Careline to take on this full service under an extended Section 9EA Agreement.

- 8.9 Careline will act as HCC's delivery, installation, maintenance, response and monitoring partner for the implementation of AT solutions throughout the County. HCC will utilise Careline's expertise and services to deliver a comprehensive and inclusive solution in supporting those living with chronic health issues and a growing ageing population. Careline and HCC will work in partnership to service the legacy solutions whilst developing new and innovative models of support utilising data analytics, machine learning, artificial intelligence etc., to predict and resolve potential crisis before they develop. In return for Careline's involvement the Council will receive a funding stream from HCC to support the capital costs of developments and an income stream from service users to cover the revenue costs.
- 8.10 HCC has already carried out pilot schemes to assess the effectiveness of this technology and is carrying out more assessment work. HCC is working with Careline in the development of these new technologies.
- 8.11 This proposal has been through HCC's governance process and been endorsed.
- 8.12 For some time, Officers from both Councils have been carrying out feasibility and financial studies to establish what additional resources Careline will require and ensure that the new service can be delivered within the financial envelope available.
- 8.13 It is expected that the number of Careline customers will increase by around 3,300 and initial calculations would suggest that Careline should expect a 10% to 15% increase in call volumes, based on data provided by Tunstall (Healthcare) Ltd.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet is being asked to note the position, authorise on-going negotiations with HCC and the entering into a new Section 9EA Agreement provided the service can be delivered within the funding available.
- 9.2 The relevant functions vested in Cabinet by the Constitution are:
 - 5.6.15 To oversee the provision of all the Council's services other than those functions reserved to the Council, and;
 - 5.6.24 To promote and develop external partnerships to meet strategic objectives.
- 9.3 Section 9EA of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 permits a local authority to arrange for the discharge of any of the local authority's executive functions by (inter alia) another local authority. As Section 9EA is a delegation of powers between two local authorities, there is no requirement to go through a formal procurement exercise.
- 9.4 There may be other legal implications arising from on-going negotiations.

10. FINANCIAL IMPLICATIONS

- 10.1 This will be considered in the Part II report.

11. RISK IMPLICATIONS

- 11.1 This will be considered in the Part II 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. Further equalities implications will be considered in the Part II report.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 The expansion of the service will need an increase in the number of Careline Operators to take the increased number of calls. This increase in numbers will be funded through the Section 9EA Agreement.
- 15.2 A review is also taking place on whether there will be a need for an increase in the number of administrative staff. It is the intention to automate these processes as far as possible to reduce the need for staff intervention.
- 15.3 Recruitment will be undertaken in line with NHDC recruitment processes and advice from Human Resources.
- 15.4 Initial analysis based on the information provided by HCC and Tunstall (Healthcare) Ltd suggests that any TUPE liability will be limited to an Administrator and Technicians. The administration position would be directly related to the Council’s internal functions, the Technicians would be a TUPE responsibility for ILS and Provide. A comprehensive assessment is currently awaited from Tunstall (Healthcare) Ltd in order to finalise the position.

16. APPENDICES

- 16.1 Appendix 1 – Scope of Delegation Section 9EA Agreement

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18. BACKGROUND PAPERS

- 18.1 Reports to Cabinet – 24 March 2020

Appendix 1: Scope of Delegation

The County Council is delegating an executive function for the provision of community alarm, telecare, and wide ranging assistive technology services to NHDC. In this appendix wherever the County Council's agreement is required such agreement shall not be unreasonably withheld or delayed. In the event of any emergency or if NHDC reasonably considers that the discharge of the Functions or Services may be compromised, NHDC may proceed without the agreement of the County Council provided both parties shall meet as soon as practicable to reach agreement going forwards.

The broad scope of the delegated function consists of:

- 1.1 The provision of a single point of access for countywide referrals for community alarms/telecare/assistive technology services, including the advertising and marketing of services.
- 1.2 The assessment of applications for assistive technology and the prescribing of equipment and services in accordance with the standards and processes agreed with HCC commissioning managers from time to time.
- 1.3 The assessment of need, and management and processing of referrals for community alarms/telecare/assistive technology services including, but not limited to, those relating to Enablement, hospital discharge, Learning Disability, and community safety clients.
- 1.4 The assessment of need, management, and processing of referrals for assistive technology services in connection with the Hertfordshire Home Improvement Agency (HHIA) as agreed by the HHIA Board.
- 1.5 Purchase and supply of alarm equipment including; base units, pendant/wrist alarm devices, key safes and other telecare/ assistive technology equipment or devices as reviewed and agreed with HCC Commissioning managers from time to time.
- 1.6 The installation of equipment (either directly or subcontracted to another party).
- 1.7 The maintenance and replacement of alarm/telecare/assistive technology equipment.
- 1.8 The provision of an alarm monitoring service including call triaging and onward referral to emergency services, nominated responders, and keyholders where necessary.
- 1.9 The provision of a countywide responder service to respond to emergencies where a keyholder/carer/responder is not available as reviewed and agreed with HCC commissioning managers from time to time.
- 1.10 The management of the service user database within the bounds of data protection requirements.
- 1.11 The provision of management/performance information as agreed with HCC commissioning managers from time to time. The provision of an annual summary within 6 weeks of the financial year end.
- 1.12 The setting of fees and charges for services, the management of service user charging arrangements, VAT, and the discretionary charge waiver policy as reviewed and agreed with HCC commissioning managers from time to time.

- 1.13 The management of a research and development programme to further enhance the use of wide ranging assistive technology services in Hertfordshire as reviewed and agreed with HCC commissioning managers from time to time.
- 1.14 The provision of advice, incidental goods or services as agreed by HCC commissioning managers from time to time.
- 1.15 The provision of data analysis and data management services associated with assistive technology.
- 1.16 The oversight, management and delivery of assistive technology trials and pilots as agreed with HCC commissioning managers.

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