

NORTH HERTFORDSHIRE DISTRICT COUNCIL



4 December 2020

Our Ref Cabinet – 15.12.20
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To: Members of the Cabinet:

Councillor Martin Stears-Handscomb, 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, Adem Ruggiero-Cakir and Carol Stanier.

**NOTICE IS HEREBY GIVEN OF A
MEETING OF THE CABINET**

to be held as a

VIRTUAL MEETING

on

TUESDAY, 15TH DECEMBER, 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.	WELCOME AND REMOTE/PARTLY REMOTE MEETINGS PROTOCOL SUMMARY Members are requested to ensure that they are familiar with the attached summary of the Remote/Partly Remote Meetings Protocol. The full Remote/Partly Remote Meetings Protocol has been published and is available here: https://www.north-herts.gov.uk/home/council-and-democracy/council-and-committee-meetings .	(Pages 7 - 8)
2.	APOLOGIES FOR ABSENCE	
3.	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.	
4.	CHAIR'S ANNOUNCEMENTS <u>Climate Emergency</u> The Council has declared a climate emergency and is committed to achieving a target of zero carbon emissions by 2030 and helping local people and businesses to reduce their own carbon emissions. A Cabinet Panel on the Environment has been established to engage with local people on matters relating to the climate emergency and advise the council on how achieve these climate change objectives. A Climate Change Implementation group of councillors and council officers meets regularly to produce plans and monitor progress. Actions taken or currently underway include switching to green energy, incentives for low emission taxis, expanding tree planting and working to cut food waste. In addition the council is a member of the Hertfordshire Climate Change and Sustainability Partnership, working with other councils across Hertfordshire to reduce the county's carbon emissions and climate impact. The Council's dedicated webpage on Climate Change includes details of the council's climate change strategy, the work of the Cabinet Panel on the Environment and a monthly briefing on progress https://www.north-herts.gov.uk/home/council-data-and-performance/policies/climate-change	

Declarations of Interest

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.

5. PUBLIC PARTICIPATION

To receive petitions, comments and questions from the public.

6. ITEMS REFERRED FROM OTHER COMMITTEES

Any Items referred from other committees will be circulated as soon as they are available.

7. STRATEGIC PLANNING MATTERS

REPORT OF THE SERVICE DIRECTOR – REGULATORY

(Pages 9
- 50)

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

8. NORTH HERTFORDSHIRE COMMUNITY LOTTERY

REPORT OF THE COMMERCIAL MANAGER AND SERVICE DIRECTOR - COMMERCIAL

(Pages
51 - 58)

To seek approval for the Council to introduce a Community Lottery that will generate additional revenue in support of, and to help good causes within the District.

9. IT CAPITAL - PURCHASING OF LAPTOPS

REPORT OF THE SERVICE DIRECTOR- CUSTOMERS

(Pages
59 - 66)

To consider a proposal to re-profile and reallocate IT capital expenditure ahead of the normal budget approval process in February in order to purchase laptops for staff.

10. DRAFT BUDGET REPORT 2021/22

REPORT OF THE SERVICE DIRECTOR - RESOURCES

(Pages
67 - 96)

To consider the Draft Budget 2021/2022.

11. SECOND QUARTER REVENUE MONITORING 2020/21

REPORT OF THE SERVICE DIRECTOR RESOURCES

(Pages
97 - 110)

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 second quarter.

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| 12. | INVESTMENT STRATEGY (CAPITAL AND TREASURY) MID-YEAR REVIEW 2020/21
REPORT OF THE SERVICE DIRECTOR - RESOURCES | (Pages
111 -
140) |
| | To receive an update on the progress with delivering the capital and treasury strategy for 2020/21, as at the end of September 2020. | |
| 13. | LAND AT THE SNIPE. WESTON, HERTS
REPORT OF THE INTERIM PROPERTY CONSULTANT | (Pages
141 -
150) |
| | To seek Cabinet's approval for the declaration as surplus to the District Council's requirements approximately 3.05 acres of land at The Snipe, Weston. | |
| 14. | COVID-19 LEISURE CONTRACTS RECOVERY
REPORT OF THE SERVICE DIRECTOR – PLACE | (Pages
151 -
154) |
| | To consider the report regarding Covid-19 Leisure Contracts Recovery. | |
| 15. | CHARNWOOD HOUSE, HITCHIN
REPORT OF THE INTERIM PROPERTY CONSULTANT | (Pages
155 -
160) |
| | To seek Cabinet's decision on the potential letting or sale of Charnwood House, Hitchin to a community group. | |
| 16. | 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). | |
| 17. | COVID-19 LEISURE CONTRACTS RECOVERY
REPORT OF THE SERVICE DIRECTOR – PLACE | 161 -
170 |
| | To consider the report regarding Covid-19 Leisure Contracts Recovery. | |
| 18. | LAND AT THE SNIPE, WESTON, HERTS
REPORT OF THE INTERIM PROPERTY CONSULTANT | 171 -
190 |
| | To seek Cabinet's approval for the District Council to enter into a Memorandum of Agreement for the joint marketing and disposal of the land at The Snipe, Weston. | |
| 19. | CHARNWOOD HOUSE, HITCHIN
REPORT OF THE INTERIM PROPERTY CONSULTANT | 191 -
244 |
| | To seek Cabinet's decision on the potential letting or sale of Charnwood House, Hitchin to a community group. | |

REMOTE/PARTLY REMOTE MEETINGS PROTOCOL SUMMARY

A protocol regarding remote meetings has been devised as a result of The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020 No.392 ('the Regulations') to provide guidance for the conduct of any remote meeting of the Council, and its various Committees and Sub-Committees, held under the provisions of the Regulations and subsequent changes to the Constitution.

The full Remote / Partly Remote Meetings Protocol has been published and is available to view on the Council's website via the following link: <https://www.north-herts.gov.uk/home/council-and-democracy/council-and-committee-meetings>

The Council's adopted Constitution will continue to apply to meetings of the Council and its various Committees and Sub-Committees. Where there is a conflict between the protocol and Constitution the Constitution takes precedence.

The protocol applies to this meeting. It outlines processes for conducting remote meetings. Some key points are highlighted here for guidance:

- Prior to the start of a meeting the Committee, Member and Scrutiny Officer/Manager ('The Officer') will confirm the meeting is being streamed live. They will confirm that they can see and hear all participating Members, Officers and/or members of the public at the start or upon reconvening a meeting.
- Any person attending the meeting remotely should join no later than 15 minutes prior to allow for technical checks. They should ensure that their name on screen appears in the agreed format, as indicated in the Protocol. They should mute their microphone when not speaking. Their background should be nondescript or virtual/blurred if possible. Headsets are recommended to reduce audio feedback.
- Remember to stay in view of the camera. While on camera everything you do is visible; please observe as far as possible the etiquette you would as if attending a meeting in person.
- Be careful to prevent exempt or confidential papers being seen within the video-feed. When a meeting is in private session there should be only those entitled to be present in the room. The live stream will continue with a holding card displayed.
- If a Member wishes to speak, they should use the raise hand function. Please wait to be invited by the Chair to address the meeting. The normal procedure rules with respect to debate and speaking times will apply as per the Constitution.
- If a Member has declared a Disclosable Pecuniary Interest and is required to leave the meeting during the consideration of an item, they will be placed in the waiting room. It is the responsibility of the Member in question to remind the Chair at the start of such item. The Officer will remind the Chair to return the Member as appropriate.
- Members will need to use the tools in the "Participants" function to vote: using a green tick to indicate 'for', a red cross to indicate 'against', or the "raise hand" tool to indicate an abstention. Where a Member has had to dial into the meeting by telephone, the Chair will ask for verbal confirmation as to how they wish to vote. Leave the vote in situ until told otherwise by either the Chair or Officer.
- The Officer will clearly state the result of the vote and the Chair will then move on.
- Details of how Members voted will not be kept or minuted unless a Recorded Vote is requested or an individual requests that their vote be recorded, although voting may be seen and/or heard on the video recording.
- If there are Part 2 (confidential) items Members will be invited to join a breakout room for these items. You must accept this invitation.
- Once Part 2 (confidential) discussions have concluded Members will need to leave the breakout room. Please do not leave the meeting.

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CABINET 15 DECEMBER 2020

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: STRATEGIC PLANNING MATTERS - DRAFT

REPORT OF THE 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> <p>2.2. That the responses to the Ashwell and Barkway Neighbourhood Plans and the Government's Planning White Paper consultation at Appendices A to F are noted and endorsed by Cabinet.</p>

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** – The Inspector examining the Local Plan issued interim conclusions and advice in October 2020. These note the ‘principal shortcoming’ in the Plan as being its failure to meet the identified need for housing in full with a shortfall of 3,200 homes identified. Although significant work has been undertaken, to date, no additional sites have been put forward to the examination to address this.
- 8.2. The Inspector’s preliminary conclusion is that *exceptional circumstances* exist to justify reviewing the Green Belt to meet housing needs in full. He has presented the Council with two options:
- To identify sufficient sites to meet housing needs in full that could be proposed or main modifications; or
 - To withdraw the Plan from examination.
- 8.3. He has requested that the Council decides on which of these two courses of action it wishes to pursue by 30 November. Should the Council wish to proceed they have been given a deadline of 31 December 2020 to submit all relevant information or evidence. Should this not be received, the Inspector will recommend the non-adoption of the Plan.
- 8.4. An update will be included in the final report if available. Any further update will be provided verbally to Cabinet.
- 8.5. **St Albans** – The Inspectors examining the Local Plan wrote to St Albans City and District Council in September setting out their concerns that the duty to co-operate had not been met in terms of housing allocations and a proposed Strategic Rail Freight Interchange. The Inspectors concluded that there were two options available to the council, either for the local authority to withdraw the plan or for the Inspectors to write their report recommending that the plan should not be adopted because the duty to cooperate had not been met. St Alban’s City and District Council agreed to withdraw the Local Plan at a meeting on 19 November 2020.
- 8.6. **Central Bedfordshire** – Resumed hearings into the Plan will begin on 7 December 2020. This will include consideration of a number of matters including sites they are proposing to address unmet needs from Luton and the future of the RAF Henlow site to the north of Hitchin and Ickleford. Any verbal update will be provided at Cabinet.

North Hertfordshire Local Plan

- 8.7. Following the Extraordinary Full Council meeting in September, the hearing sessions were rescheduled to run over three weeks beginning on Monday 23 November. These hearings are scheduled to have completed by the time of the Cabinet meeting.
- 8.8. In light of further evidence provided by the Council regarding its proposal to delete Site BK3 from the Local Plan and to review the settlement hierarchy of Barkway village, the Inspector has responded advising that he will not discuss Barkway or Site BK3 at these hearing sessions and will arrange for an entirely separate hearing session focusing on the modifications the Council is proposing in the new year, in January or February. Both the Council's note (ED210) and the Inspectors response (ED211) are on the examination webpage at:
<https://www.north-herts.gov.uk/planning/planning-policy/local-plan/local-plan-examination/examination-documents>
- 8.9. A verbal update on the hearing sessions will be provided at Cabinet.

Neighbourhood Plans

- 8.10. Consultation on a draft neighbourhood plan for Ashwell was undertaken by the Parish Council in the summer. A response was provided to Ashwell Parish Council and is attached as Appendix A. The Parish Council will consider the representations and will work towards preparing a submission version of the neighbourhood plan in due course.
- 8.11. Consultation on a draft neighbourhood plan for Barkway and Nuthampstead ended on 23 November 2020. A response was sent to the Parish Council and is attached as Appendix B.
- 8.12. Following the examiner's report to the Baldock, Bygrave and Clothall Neighbourhood Plan, consultation is continuing on the limited proposed modifications to the neighbourhood plan. The consultation period will finish in December 2020.

Government announcements

Planning for the Future White Paper

- 8.13. The Council's response to the [Planning for the Future White Paper \(August 2020\)](#) was submitted in October 2020 and is attached at Appendix C. The Council's response raises a number of concerns over the proposals. A copy of the Council's response was also sent to the Local MP's.
- 8.14. The Council also agreed, through the Hertfordshire Infrastructure and Planning Panel (HIPP) to a joint response from the Hertfordshire Growth Board, attached as Appendix D.

London Luton Airport

- 8.15. Officer meetings regarding the proposed expansion for Luton Airport and the Luton Airport Regional Forum have recommenced after being placed on hold during the Covid-19 pandemic. As previously advised, LLAL continue to [state on their website](#) that they are expecting to submit their Development Consent Order (DCO) application to the Planning Inspectorate in 2021. In addition officers have responded to a pre-application consultation (application anticipated later this year/early next year), to increase the current capacity of the airport from 18 to 19 million passengers per annum. To allow for the delay in the DCO application coming forward.

Other transport, planning and infrastructure matters

- 8.16. **Intalink Submissions for towns/areas feasibility studies 2021/22** – Hertfordshire County Council have confirmed that Hitchin has been selected for one of three feasibility studies to be undertaken during 2021/22, the others being Hemel Hempstead and the A10 bus corridor. Officers are waiting to receive further details from HCC going forward.
- 8.17. **England's Economic Heartland draft Transport Strategy consultation** – EEH undertook a 12-week consultation on its [draft Transport Strategy](#) which closed on 6th October. The Council submitted a response which is attached at Appendix E.
- 8.18. **Department for Transport, (DfT) Emergency Active Travel Fund** – the DfT have confirmed that HCC have been allocated £6,791,000 funding for Tranche 2 funding. This is for longer-term projects which must be completed by Spring 2021.
- 8.19. 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
- 8.20. 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. New cycle stands have now been installed in Hitchin, Letchworth Garden City, Baldock and Royston town centres.
- 8.21. **Transport Forum** – the next meeting of the Transport Forum will be in January, (date to be confirmed). The topic covered will community transport and bus services in the District and operators will be invited to attend to provide an update on the services they operate.
- 8.22. **90/91/127 bus service amalgamation project** – work has recommenced on the 90/91/127 bus services amalgamation project following a pause during the summer due to the Covid-19 pandemic. Working in partnership with HCC, Cambridgeshire County Council and the Cambridgeshire & Peterborough Combined Authority this will see improvements to the bus service between Letchworth and Royston via villages in the adjoining area of South Cambridgeshire. The new service is expected to commence in April 2021.

- 8.23. **Luton Transport Strategy consultation** – Luton Borough Council recently undertook a public consultation on council's latest draft Local Transport Strategy, closing date for submissions was the 15 November. NHDC had been granted an extension of time for our comments which is subject to Senior Officer and Exec Member sign off. A copy of the Council's officer response is attached at Appendix F.

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. Appendix A - Ashwell Neighbourhood Plan consultation response
- 16.2. Appendix B - Barkway and Nuthampstead Neighbourhood Plan consultation response
- 16.3. Appendix C – Copy of NHDC Response to the Planning for the Future White Paper
- 16.4. Appendix D – Copy of Hertfordshire Growth Board Response to the Planning for the Future White Paper
- 16.5. Appendix E – Copy of NHDC Response to EEH draft Transport Strategy.
- 16.6. Appendix F- Copy of NHDC Response to Luton BC draft Transport Strategy

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 None

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North Hertfordshire District Council

Officer Response to the Ashwell Neighbourhood Plan Pre-Submission Regulation 14 Consultation – September 2020

In making this response, Officers recognise the significant amount of work that has been undertaken in the preparation of this draft neighbourhood plan for Ashwell.

Page No. & Paragraph No.	Comments
General comments	<p>There are a number of policies throughout the neighbourhood plan which include some explanatory text. This should be deleted from the policies but could be included in the supporting text.</p> <p>Consideration should be given to the phrasing or the framing of the policies, for example consider replacing developments being “encouraged...” or expected to...” with “planning permission will be granted” or “proposals will be supported where...”</p> <p>Before the neighbourhood plan is submitted, all the references to progress on the emerging Local Plan will need to be updated. This is particularly relevant to the section “Local Policy”, paragraphs 1.11 – 1.14 but there may be other references in the neighbourhood plan.</p>
Page 16 Para 2.15	The 3 rd bullet point refers to the nearest railway stations being a “drive away”, is this pessimistic for Ashwell and Morden station which is two miles from the centre of the village?
Page 18 Para 4.1	In the final sentence, the neighbourhood plan states that the emerging Local Plan allocates a site for a maximum of 33 homes. This is not strictly correct, Policy AS1 allocates a site at Claybush Road with a dwelling <u>estimate</u> of 33 dwellings.
Page 19 Policy ASH1 ASH1 (B)(iv)	<p>Several parts of this policy duplicate parts of the NPPF or policies in the emerging Local Plan, for example the settlement boundary, the acceptable types of development outside that boundary and the use of brownfield sites. Perhaps consideration should be given to a more positive policy which sets out what types of development would be supported within the settlement?</p> <p>The emerging Local Plan allocates one development site for Ashwell for the period up to 2031 and the neighbourhood plan covers the same period up to 2031. If the Local Plan is reviewed and further allocations made, the neighbourhood plan should also be reviewed.</p> <p>As this part of the policy is currently worded, could it be interpreted that development on any future proposed allocations in a Local Plan Review will be supported?</p>
Page 22 Paragraph 5.9	On a strictly pro-rate basis, using the 2011 population and household figures, Ashwell’s contribution to the total number of dwellings for the District would have been around 200 homes in the submission Local Plan and would have been around 170-180 homes using the latest figures. Therefore it is considered that the first sentence is not strictly correct.

Page 26 Policy ASH2	There is some duplication in this policy with the emerging Local Plan and the way in which affordable housing is delivered in practice. The 2016 Stevenage and North Hertfordshire Strategic Housing Market Assessment (SHMA) Update covers district wide housing need and the advice given to Development Management Officers is based on this evidence including size, type and tenure. In addition, the District Council's programme of undertaking rural housing needs surveys of individual parishes in partnership with Community Development Action (CDA) Herts informs a more specific local need.
Page 26 Policy ASH2(A)	The first sentence states that "Proposals should include a high proportion of smaller one, two and three bedroom dwellings..... Is it necessary to include "smaller" in the policy?
Policy ASH2(B)	Housing development must meet existing and future housing needs and clearly set out identified housing needs in the neighbourhood plan area, including meeting needs of older residents and younger people entering the market and addressing underoccupancy (by tackling downsizing). This is where the rural housing needs surveys undertaken by CDA identifies specific local housing need, including type, size and tenure. The other issue really depends on the site itself and it may be difficult to address the needs of all priority groups, although the provision of smaller dwellings should help. The difficulty of addressing under occupation for people in market housing, particularly older people is reliant on some kind of sheltered scheme such as that at Wolverley House (settle) or a market development such as accommodation provided by specialist developers, like McCarthy & Stone.
Policy ASH2(C)	This part of the policy repeats Policy HS2 in the emerging Local Plan. The word "preference" in the final sentence of this criterion should be deleted. All planning applications are considered on their own merits, no comparisons are made between proposed schemes and therefore there cannot be a preference for one scheme over another. The wording could be amended to state that proposals will be encouraged or supported.
Policy ASH2 (D)	The integration of affordable housing in development is a Council policy requirement, this criterion is a duplication of that policy.
Policy ASH2 (E)	There is provision in the emerging Local Plan for the provision of affordable housing off site or a commuted sum in lieu, but this is only in exceptional circumstances and requires a robust justification. Preference is always for affordable housing to be provided on site. Any commuted sums received cannot be guaranteed to be spent in Ashwell, although it must be spent in North Hertfordshire. The neighbourhood plan could also consider local requirements relating to self-build as an alternative route to home ownership. The District Council can provide further information if required.
Page 28 Para 6.2	The District Council resolved in July 2017 that the Ashwell Village Design Statement will be revoked upon the adoptions of a neighbourhood plan. If there are elements in this Design Statement

	<p>which the Parish Council wish to retain, it would be appropriate to include these in the neighbourhood plan, perhaps in Appendix E?</p> <p>Similarly, the five visual character areas referred to in this paragraph were originally included in the District Local Plan No.2 with Alterations and the Design Supplementary Planning Document 2011. Both of these documents will be replaced with the emerging Local Plan and a new Design SPD. The District Council has recently undertaken work to prepare a Conservation Area Character Statement for the village which might also be relevant.</p>
Page 30 Policy ASH3 (A)	Is it possible for development proposals to “preserve” the conservation area? Would it be more appropriate for the wording to be amended to “conserve and enhance”?
Policy ASH3 (Bi)	Should the policy be amended to include the visual impact of other approaches into the village, for example public rights of way or “lesser” highway approaches?
Page 30 Para 6.8	The “Building for Life 12” has been updated to “Building for a Healthy Life” earlier this year. The neighbourhood plan should be updated to reflect these changes.
Page 33 Paragraph 6.11 Bullet point 3	Whilst sites of fewer than 11 units would not be obliged to provide any affordable housing within the NPPF definition they should be expected to meet local housing needs as in Policy HS3 in the emerging Local Plan and Policy ASH2 Housing Mix. With the aims to ensure the sustainability of the village and encourage/ give the opportunity for younger single people and families to remain in the village this is a sensible approach.
Page 34 Policy ASH4 (A) (i) and (ii)	The references to the Lifetime Homes Standard should be deleted as they are no longer used. Reference could be made to the national Technical Housing Standards, Part M of the Building Regulations and to the Hertfordshire Sustainable Design Toolkit .
Page 34 Policy ASH4(vi)	The North Hertfordshire Parking Strategy 2019 – 2031 does not set out parking standards for new development. For residential development proposals, reference should be made to Appendix 4 in the emerging Local Plan or for non-residential development to the Vehicle Parking at New Development Supplementary Planning Document September 2011.
Policy ASH5	<p>There is a significant amount of guidance in the NPPF and the National Planning Practice Guidance about flood risk and the way in which it should be considered in development proposals. The emerging Local Plan also includes policy NE8: Sustainable drainage systems which states that planning permission will be granted if the most appropriate drainage solution is used taking into account a wide variety of criteria and that drainage solutions should follow the Sustainable Drainage Hierarchy. The policy in the neighbourhood plan seems to replicate some of the guidance which is unnecessary.</p> <p>Some of the details included in the policy should be considered further:</p>

	<ul style="list-style-type: none"> • it would appear that the standards mentioned in the policy have been superceded with the DEFRA publication “Sustainable Drainage Systems Non-statutory technical standards for sustainable drainage systems” March 2015; • it is not clear in what circumstances it is intended that this policy will be applied, is it for major development proposals, single dwellings or industrial premises or extensions? • it might not always be possible to demonstrate how the design of a SuDs scheme will enhance wildlife and biodiversity, for example tanked system is provided; and • It might not be appropriate to request maintenance plans in all circumstances.
Page 40 Policy ASH7 (B)	Planning policies are limited in what they can seek over and above the requirements set out in the Building Regulations. It may be that those elements of the policy which seek to achieve particular standards are taken out of the policy and included elsewhere in the plan as community aspirations. It should be noted that the policy can only be applied to those alterations which need planning permission.
Footnote	In the Conformity reference at the end of Policy ASH7 there is a reference to Policy D48 in the emerging Local Plan – should this be Policy D4?
Page 40 Paragraph 6.25	The section heading should be amended, should the word “structure” be deleted as it is not clear what “buildings of structure or character” means?
Page 41 Para 6.29	The paragraph refers to the “Local List”, does this mean ‘Buildings of Local Interest’?
Page 41 Policy ASH8 (A)	The policy as worded is contrary to paragraphs 194 and 195 of the NPPF and should be amended.
Page 42 Para 6.34	The significant views are identified as V1, V2 etc. This is the same as the visual character areas V1 – V5. This could cause confusion, it would be helpful if the notation is amended.
Page 56 Policy ASH11 (B)	The wording of this criterion should be amended to reflect paragraph 175 (b) of the NPPF.
Page 57 Policy ASH12 (B)	The first part of this criterion simply sets out what is stated in the NPPF and should be deleted.
Page 60 - 61 Policies ASH13 and ASH15	<p>The Government has announced that there will be changes to the Use Classes Order from 1 September 2020 to make it easier for high street uses to change use without the need for a planning application. (The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020)</p> <p>A new “E” Use Class will be introduced which will include premises which were previously classified in the following use classes: A1, A2, A3, B1a, B1b, B1c, D1 and D2.</p>

	In light of the changes announced by the Government to the Use Classes Order, the Parish Council will need to review both the policy wording and the supporting text to ensure that these neighbourhood plan policies are in conformity with the new Regulations and meet the Basic Conditions.
Page 65 Policy ASH16 (A)	The word “strongly” should be deleted from the first sentence.
Page 67 Policy ASH17	As mentioned above, the Use Classes Order will change on 1 September 2020 and the A4 Use Class will become obsolete. Pubs and drinking establishments will be classified as “Sui Generis” uses. The policy will need to be amended to ensure that it is compliant with the new Use Classes Order. The policy also duplicates some of the provisions included in Policy ETC7 of the emerging Local Plan which is unnecessary.
Page 68 Policy ASH18	The Council understands the aims of this policy. However, the new Use Classes Order places clinics and health care facilities in the new “E” Use Class. The Parish Council might wish to review this policy and the supporting text in conjunction with Policies ASH13 and ASH15.
Page 68 Policy ASH18 (C)	This criterion cannot be used to determine a planning application and should be deleted from the policy. It could be added to a separate section of the neighbourhood plan which includes other “community aspirations”.
Page 70 Policy ASH19 (B) and (C)	<p>Criteria (B) and (C) should be deleted from the policy.</p> <p>The way in which the impact a development has on education provision is already considered by the District Council when considering a planning application and developers are encouraged to seek advice from Hertfordshire County Council. This is explained in both the adopted Planning Obligations Supplementary Planning Document, 2006 and the draft Developer Contributions Supplementary Planning Document 2020.</p> <p>It is not possible to “ring fence” contributions for education to the parish. Any contributions secured for education are made to mitigate any impact on education provision and this may be required for facilities which are not available within the Parish.</p>
Page 72 Policy ASH20 (A) and (F)	<p>Could the policy be made more positive in its approach, as recommended in the guidance published by Locality “Writing Planning Policies : A toolkit for neighbourhood planners”? This could be achieved by re-ordering the criteria and re-wording criterion (A).</p> <p>Criterion (F) is not a planning policy but it could be added to a separate section of the plan which includes other “community aspirations”.</p>
Page 72 11.10	A reference should be made to Hertfordshire County Council’s current Rural Transport Strategy July 2019 – 2031 to ensure policy

	consistency, as reference is made to HCC's current Rights of Way Improvement Plan 2017/18 – 2027/28.
Page 74 Policy ASH21 (C)	Criterion (C) is not a planning policy which can be used to determine planning applications and should be moved to a "community aspiration" section of the neighbourhood plan. Cambridgeshire Council should read as Cambridgeshire County Council.
Page 74 Policy ASH22	Should reference be made to NHDC's current Parking Strategy 2019-2031 and Vehicle Parking at New Development Supplementary Planning Document 2011 to ensure policy consistency?

Page No. & Para Ref. No	NHDC Comments
General	<p>In addition to the detailed comments on individual policies, there are a couple of more general comments which we would like to make:</p> <ul style="list-style-type: none"> • There are a number of policies in the neighbourhood plan where the words “will normally be permitted” or “should be” are used. Some of these phrases lead to some uncertainty about how a policy can be applied. There is some useful guidance prepared by Locality on writing planning policies which might be helpful in addressing this issue: file:///srvfp02/UserDocs\$/cskeels/Documents/Downloads/Writing-planning-policies-toolkit-HK-071218-0907-COMPLETED-JS-complete-%20(1).pdf • There is a significant amount of explanatory text throughout the plan. Consideration should be given to moving some of this text into appendices which will help to focus the neighbourhood plan on the planning policies. • It would also be helpful if the chapter headings were made clearer so that they stand out in the document.
Page 10 Objective 1	<p>Could the wording be simplified?</p> <p>“To ensure that all new development is well designed and sympathetic.....”</p>
Page 10 Objective 2	<p>Could the wording be simplified, by deleting the later part of the sentence?</p> <p>“To preserve the character, appearance and setting of all designated and non designated assets.”</p>
Page 11 Policies maps	<p>It appears that Priority View No. 1 has been omitted from the maps?</p>
Page 16 Housing Needs Survey	<p>The Housing Needs Survey which has been undertaken to support the neighbourhood plan has concluded that there is a need for smaller residential units in the parish and that there may be some interest in community led or self-build schemes to help address the need for affordable housing.</p>

	<p>However, these conclusions do not appear to have been addressed in the neighbourhood plan policies. Should the neighbourhood plan include policies which would support and encourage the provision of smaller residential units or self build schemes in the parish?</p> <p>The housing needs survey also identified a need for sheltered/adapted and bungalow accommodation. In terms of affordable housing the highest priority was for 2 bedroomed homes, followed by one bedroom homes and a couple of 3 bedroomed homes. When assessing any planning applications for Barkway, the Strategic Housing Team will consider the evidence in the Strategic Housing Market Assessment and the Housing Needs Survey and advise the Planning Officer what affordable housing is required to meet identified housing needs.</p>
<p>Page 18</p> <p>Policies BN H1, BN H2, BN H3</p>	<p>These three policies are all aimed at influencing the design of new development within the Parish.</p> <p>However, Policy BN H1 with 20 criteria is unwieldy, covering a variety of issues. As written, all of the criteria need to be met, regardless of the scale of the development proposal, does this include developments for single dwellings? Consideration should be given to revising these policies into a number of more focused policies, for example:</p> <p>Design and layout of development (which might include Policy BN H1 a; b; c; d, Policies BN H2, BN H3 and BN H8); Landscape; Sustainable construction; Heritage</p> <p>Looking in more detail at the criteria:</p> <p>Within the policy as it is written, there are references to Lifetime Homes, energy standards and conservation, criteria (k) and (n). These references should be reviewed as in March 2015 the government published the optional technical housing standards for new housing which rationalised the different standards into a more streamlined system and withdrew the Code for Sustainable Homes. The accompanying Written Ministerial Statement states:</p> <p><i>local planning authorities and qualifying bodies preparing neighbourhood plans should not set in their emerging Local Plans, neighbourhood plans, or supplementary planning documents, any additional local technical standards or requirements relating to the construction, internal layout or performance of new dwellings. This includes any policy requiring any level of the Code for Sustainable Homes to be achieved by new development; the government has now withdrawn the code, aside from the management of legacy cases.</i></p>

	<p>Whilst the relevant amendments have not been enacted to date, the recent consultation document, Future Homes Standard includes options on whether to commence those amendments. If enacted this would stop any measures being set through planning policies.</p> <p>Criterion (l) is likely to have cost implications and in some cases the technology is still being tested/perfected. This will be difficult to achieve through S106 obligations as the affordable housing should be delivered through planning gain alone and additional investment would be needed. It is difficult to insist on building standards (over and above those required for planning permission) such as these.</p> <p>Criteria (s) and (t). These criteria should be deleted from the policy as the SHMA and the local Housing Needs Survey are taken into account when considering a development proposal and the provisions included in (t) are expected in all developments where affordable housing is provided.</p>
<p>Page 19</p> <p>Policies BN H2 and BN H3</p>	<p>In addition to the comments above about the The pattern of development, or “urban grain” in Barkway tends to feature houses in rows at the back of the footway. Does criterion (a) in Policy BN H2 mean that development in the parish should not be in straight lines?</p> <p>Should the requirement for bin storage set out in Policy BN H3 also include cycle storage?</p> <p>These comments are made in addition to those above about re-focusing the policies.</p>
<p>Page 20</p> <p>Policy BN H4 and BN H5</p>	<p>As the Parish Council will be aware, resumed hearing sessions on the NHDC Local Plan are due to start on Monday 23rd November for three weeks. These scheduled sessions include several matters of relevance to the Barkway and Nuthampstead Neighbourhood Plan, including in relation to the site BK3 and the proposed Villages for Growth designation. Any Regulation 16 consultation on the Neighbourhood Plan will not take place until these hearings have concluded and may not take place until the Inspector has issued some form of findings or his final report. The Neighbourhood Plan should appropriately reflect any outcomes from these hearings, and the (likely) content of the Local Plan at the point of any future consultation, to ensure there is no conflict with its strategic policies. Any conflict between the strategic policies of the Local Plan and the Neighbourhood Plan should be addressed and justified in the Basic Conditions Statement. The present Basic Conditions Statement lists the draft policy as compatible with the emerging Local Plan, which is inaccurate.</p>

	To some extent the criteria set out in Policy BN H5 duplicate the provisions included in Policy BK3 in the emerging Local Plan and perhaps should be reviewed to ensure that there is no duplication. In terms of criterion (e), is it the intention that green roofs should be incorporated into all of the development as this will have a significant impact on the design of any scheme?
Page 21 Policy BN H6	Policy SP2 in the emerging Local Plan sets out the types of development which can take place in “category C” villages, that is limited affordable housing and facilities for local community needs. This criterion states that development must comply with the strategic policy and should therefore be deleted as it duplicates the policies in the emerging Local Plan.
Page 21 Policy BN H7	The policy broadly repeats Policy D2 – House extensions, replacement dwellings and outbuildings in the emerging Local Plan and should be deleted from the neighbourhood plan. If the policy is retained and amended, the policy title should also be amended to include outbuildings and garages.
Policy BN H8	Please see comments made in respect of Policy BN H1.
Page 30 Policy BN NE1	The District Council has no objection to the designation of the Local Green Spaces in the neighbourhood plan. However, the Parish Council should ensure that the landowners have been consulted about the proposed designations.
Page 30 Policy BN NE2	The policy as written requires that development should not be permitted within at least 10m from River Quin. This is different to the 8m buffer required in the emerging Local Plan policy, NE9 – Water quality and environment. Whilst the supporting text states that the Environment Agency has provided guidance for the Braughing Neighbourhood Plan, has the same guidance been provided by the Environment Agency in support of this policy?
Page 32 Policy BN NE3	It would be helpful if the local wildlife sites in the policy were referenced in accordance with the map include in the neighbourhood plan as Appendix F. It is not clear which description matches each reference number. The emerging Local Plan includes a policy for biodiversity and geological sites which sets out a range of restrictive criteria which should be taken into account when considering development proposals. The wording in the draft neighbourhood plan should be reviewed to ensure that there is no conflict. The wording in criterion a) states “Does not impact” – on reading the policy it is assumed that this is a negative impact rather than a positive impact but it is not clear and should be amended.

	Criterion b) – should “habitat” be plural?
Page 33-45 Policy NE4	In this section, it would be helpful to have a map insert on each page showing the location of the view in addition to the maps showing the location of the views on pages 11 -15.
Page 46 Policy BN NE5	A policy in a neighbourhood plan cannot require the local planning authority to serve a tree preservation order. The wording of the policy could be reviewed to ensure that any development does not have a negative impact on this group of trees.
Page 48 Para 3.4.5	It is not clear what the map of Barkway Village signifies or is trying to illustrate. Would this map be better placed in the appendices?
Page 50 Designated heritage assets	Paragraph 3.4.17 includes a reference to a website, British Listed Buildings. The definitive list of designated heritage assets is available through the Historic England website and the link should be amended.
Page 54 Policy BN HA3	Would be helpful to have a map showing the Conservation area in this section of the neighbourhood plan or a link to the District Council website as the conservation area boundary is split over two pages earlier in the document?
Page 55 Policy BN L1 and BN L2	The District Council acknowledges that there are a number of facilities within the villages which are valued by the community and that these should be retained where they are viable. However, the policies as drafted duplicate the provisions of Policy HC1: Community Facilities in the emerging Local Plan and should be deleted.
Page 56 Policy BN L3	The District Council welcomes the idea for the development of a community hub to serve Barkway and Nuthampstead. However, as written the policy seems to indicate that this would be acceptable only if existing facilities are used, is this the intention?

	The criteria set out in the policy set out what such a facility could be used for and as such are not planning issues and should be deleted from the policy.
Page 57 Policy BN L4	The policy identifies a number of recreational open spaces in the Parishes. However, the wording of the policy largely duplicates the provisions of Policy NE4: Protecting open space in the emerging Local Plan which could cause confusion when considering development proposals in the future.
Page 58 Policy BN E1	The 2 nd and 3 rd sentences in the policy are largely descriptive and should be taken out of the policy but incorporated into the supporting text. Examples of types of development which might be supported are described in the final sentence. However, would a large extension to a business premises be acceptable?
Page 58 Policy BN E2	Could the policy be amended to support the provision of facilities to support broadband coverage would be supported? There is an example of a policy like this in the recently “made” Preston Parish Neighbourhood Plan.
Page 60 Policy BN T1	<p>The policy states that electric vehicle charging points could be provided at each end of the village. It should be noted that conditions have been used across the District requiring residential properties to incorporate an Electric Vehicle (EV) ready domestic charging point.</p> <p>The second paragraph of the policy should be simplified with the details of the types of initiatives deleted from the policy and included in the appendices.</p>
P 61 Para 3.10.8	The left-hand photograph shows the number plate on the red vehicle which should be blurred if it is kept in the neighbourhood plan.
Page 62 Policy BN T2	The second sentence of this policy should be deleted as the introduction of HGV restrictions is not a planning issue.
P62 Policy BN T4	<p>Suggest that the first sentence in the policy is amended.</p> <p>New developments should feature an appropriate package of safe and attractive walking and cycling routes that link to schools and services.</p>

Page 63 Policy BN T5	<p>The emerging Local Plan sets car parking standards for new residential development. This policy supports those standards and as such it is not necessary to include the policy in the neighbourhood plan. Consideration could be given to amending the 2nd and 3rd sentences which would provide a policy which would support a proposal for additional off-street parking?</p> <p>The Basic Conditions Statement (para 5.4) suggests that new car parking standards are introduced in the neighbourhood plan, but that does not appear to be the case. The Basic Conditions Statement should be reviewed to ensure that it is correct.</p>
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29 October 2020

Planning for the Future Consultation
Ministry of Housing, Communities and Local
Government

Contact Officer: Nigel Smith
Direct Line: 01462 474847
E-mail: nigel.smith@north-herts.gov.uk

By email only

Dear Sir / Madam,

Planning White Paper – Response of North Hertfordshire District Council

Thank-you for providing the opportunity to comment on your proposed planning reforms. This response from the Council is in addition to that submitted by the Hertfordshire Growth Board, their response being on behalf of the partnership of the ten Hertfordshire District and Borough Councils, the County Council and the LEP.

The District Council welcomes some of the broad principles set out in the consultation. This includes proposals to streamline the plan-making process and a transition to more effective, digital engagement methods fit for the 21st Century.

However, this needs to be carefully balanced against the essential need to safeguard the public's say in the planning process. The District Council will strongly resist measures that erode local decision-making and accountability. It is also vital that, following a decade of cuts and austerity, local authorities are provided with the resources necessary to implement any future changes. This applies to both our frontline planning services and back-office IT and administration functions.

A number of the proposals are currently set out in broad terms and subject to (potentially significant) further consideration and detail. The District Council reserves its right to provide further comment as this detail is brought forward.

The vast majority of planning applications are given the go-ahead by local authority planning committees, with permission granted to around nine out of ten applications. Meanwhile, research by the Local Government Association has said that there are existing planning permissions for more than one million homes that have not yet been started.

This Council is therefore concerned that the proposals, in broad terms, seek to:

- Reduce or remove the right of residents to object to applications near them;
- Grant automatic rights for developers to build on land identified as 'for growth'; and
- Remove section 106 payments for infrastructure and replace them with a national levy

We further note that other organisations have raised significant concerns. In particular, the Royal Institute for British Architects (RIBA) have said the proposals are 'shameful and would do almost nothing to guarantee delivery of affordable, well-designed and sustainable homes'. RIBA have also stated that proposals could lead to the next generation of slum housing. The

proposed reforms are also opposed by the all-party Local Government Association, currently led by Conservative Councillors.

As a Co-operative Council, we believe that:

- Existing planning procedures, as currently administered by our own team in North Hertfordshire, allow for local democratic control over future development, and give local people a say in planning proposals that affect them;
- Proposals for automatic rights to build in 'growth' areas, and increased permitted development rights, risk unregulated growth and unsustainable communities; and
- Local communities must be in the driving seat on shaping the future of their communities, and local determination of the planning framework and planning applications play an important part in this process.

More detailed comments on matters discussed under the three 'pillars' are provided below.

A separate officer response was submitted to the consultation on proposed interim reforms to the planning system while the proposals in this White Paper are developed and / or implemented.

Pillar 1: Planning for Sustainable Development

We are concerned that the national-level approach to zoning and development requirements may prove too blunt a tool. Local authorities need to maintain local discretion to consider constraints at a local level and the appropriateness of zoning land to meet the nationally-set target. In an area such as North Hertfordshire, which is close to London and experiences high demand for new homes, this might include how the use of existing urban areas and affordability issues to set a requirement are balanced against the need to maintain separation between, and the unique identities of, closely located historic market towns and villages, Garden Cities and new towns.

It is unclear how rural areas and countryside beyond the Green Belt and not subject to specific, statutory designations (e.g. AONB, SSSI) are to be treated or afforded an appropriate level of protection. Further detail is required on each of the proposed three tiers, in particular the proposed 'renewal' category which risks becoming a catch-all for a wide range of land use and character.

We welcome proposals to review the current Duty to Co-operate. However, any replacement must include appropriate local-level mechanisms that allow authorities to appropriately consider any requests for assistance.

We further welcome the broad ambition to streamline the plan-making process. However, the Government should be realistic in the targets that it sets and ensure the system is not set up to fail. Our Local Plan examination remains ongoing 40 months after being submitted to the Secretary of State. This is 1/3rd longer than the period you propose for authorities to complete the entire process with threat of intervention if this is not met.

Any reforms should additionally address the current structural failing in the Government's approach to performance management. The planning system can only identify land for development. Although the White Paper proposes removal of five-year land supply requirements, the Housing Delivery Test would remain. This results in local authorities potentially being penalised based on the performance of others in bringing land forward for development in a timely fashion.

The District Council reserves its position on national Development Management policies. There is scope for a more efficient approach that reduces duplication. However, we consider the system needs to retain a role for local evidence and interpretation on issues such as (but not necessarily limited to) housing tenures and mix. Again, the interrelationship with the three-tier system and which forms of development are, and are not, to be 'pre-specified' within renewal areas is critical.

Neighbourhood planning is an important part of the current system and a number of Parish Councils and interested groups in North Hertfordshire have brought forward proposals. However, the 'localism' agenda which accompanied their introduction raised unrealistic expectations about what Neighbourhood Plans might achieve. They need to be appropriately framed as a component of the overall system if they are to be utilised more effectively and result in true community ownership of future growth and development proposals.

Pillar Two: Planning for beautiful and sustainable places

The District Council welcomes the increased focus on high-quality design and placemaking. In developing this pillar, the Government needs to address the challenge of integrating a highly subjective matter into its proposals for a more rules-based and 'machine readable' system. It is vital that there remains appropriate scope for qualitative professional expertise to guide new development. Government also needs to pursue this aspiration consistently; many schemes allowed under deregulated permitted development rights are the antithesis of beauty and good planning. We note the announcement that future permitted development schemes will be required to accord with nationally prescribed space standards and would encourage the prompt introduction of the regulations necessary to deliver this.

The present planning system places a heavy emphasis on fundamental principles such as maintaining land supply. Developers meanwhile often focus on satisfying 'big ticket' items such as approval of their scheme by the Highways Authority. These factors can compromise focus on design matters or the ability to negotiate. Decisions which cite design reasons, particularly those which are finely balanced, can be overturned based on a slight shift in emphasis on the weight applied to competing factors. Local authorities need to be equipped with the appropriate tools to insist on high-quality design at the first time of asking without the threat of appeal or a detrimental impact on delivery-based performance measures.

Similarly, on the issue of proposed automatic refunds of planning fees, the Government needs to ensure that this does not lead to counterproductive outcomes i.e. a rise in refusals within the time limit to protect the fee rather than the negotiation of an acceptable outcome over a reasonably extended time period. The manner in which this might work is linked to decisions yet to be made on other measures (notably the levy, discussed below).

The Council reiterates its response to the previous Future Homes consultation. This made clear that local planning authorities should not be inhibited by the planning system when it comes to setting environmental targets. North Hertfordshire, in common with many councils, has declared a climate-change emergency. Measures to address this emergency that have the benefit of local community support – such as energy efficiency requirements for new buildings - should not be prevented. We note that no further information has been presented on this matter since the close of the Future Homes consultation in February 2020.

Pillar Three: Planning for Infrastructure

The District Council would wish to see further detail on the proposed national infrastructure levy before commenting further but has concerns over its potential imposition.

Under the current system, the negotiation of s106 legal agreements (and changing demands from infrastructure providers over the lifetime of those negotiations) can be a significant 'brake' on growth and the timely progress of applications. This is recognised by the Housing Delivery Test Action Plans produced by this authority.

However, as an area of generally high prices, housing demand and viability, the District would strongly resist any measures that would negatively impact upon the provision of affordable housing or the level of developer contributions that might be secured.

The consultation claims that affordable housing provision would be maintained to at least current levels. Our own local housing and viability evidence and emerging Local Plan are clear that levels of up to 40% can be supported. Any lower target would be strongly resisted.

S106 delivers a significant proportion of all affordable housing delivered each year, with the majority of this provided without Government grant and is therefore crucial in delivering the affordable housing the country needs, (for people on lower incomes, unable to afford homes on the open market and homeless families/ people), independent of the Affordable Housing Programme (AHP).

Further detail is required to provide clarity on how s106 matters normally dealt with at outline permission stage would be addressed under the consultation's proposals for permission in principle on land zoned for growth. This includes appropriate mechanisms to ensure the timely delivery of affordable housing on site, particularly if any levy cannot be secured until a later point in the process.

Any detailed levy proposals must ensure that:

- They make clear securing affordable housing on site is paramount with financial contributions in lieu only considered in exceptional circumstances;
- The funds raised would match or exceed the numbers and / or percentage of affordable housing and other contributions currently secured through s106;
- The affordable housing element of any levy is ringfenced and ensures affordable housing provisions are maintained in perpetuity as under the current system; and
- They continue to capture (the cumulative impacts of) medium sized developments which can viably support the provision of affordable housing and infrastructure contributions.

We ask that the Government avoids a 'lowest common denominator' approach at all costs. If a levy is to be implemented it must provide scope for (at least) regional approaches to the setting of contributions. Finally, any nationally imposed approach should maintain local discretion to ensure specific items of identified infrastructure can be secured and delivered.

We trust that these views will be considered as the Government's proposals are further developed. We request that local planning authorities are given appropriate opportunities to help shape detailed requirements as they emerge.

This response has been copied to the three Members of Parliament whose constituencies, between them, cover the whole of the District. We urge them to oppose the damaging elements of these proposals and request that any responses they submit to this consultation are similarly copied to the District Council so they may be circulated to locally-elected Councillors.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Clark', written in a cursive style.

Cllr Paul Clark
Deputy Leader and Executive Member for Planning and Transport

Cc
Rt. Hon Sir Oliver Heald MP
Bim Afolami MP
Stephen McPartland MP

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Hertfordshire Growth Board Response to 'Planning for the Future' White Paper



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'Planning for the Future' White Paper Consultation Response

Thank you for the opportunity to comment on the planning white paper.

The Hertfordshire Growth Board is a partnership of the ten district councils in Hertfordshire, as well as Hertfordshire County Council and Hertfordshire Local Enterprise Partnership. This response has been prepared on behalf of the Growth Board Partners. Our feedback follows the sequence of your paper and requested form of response.

Forewords and Introduction

Herts Growth Board recognises many of the criticisms of the planning system contained in the forewords by the Prime Minister and Secretary of State. However there needs to be acknowledgement that the existing system has been subject to almost constant change for many years, is now excessively complex and inflexible to operate and is under resourced. We therefore agree that there is scope and need for change and welcome the opportunity to comment on the white paper and work with government to develop a planning system that we can all be proud of.

Proposal 1

Herts Growth Board challenges the proposal that Local Plans can be made less complicated by the introduction of a zoning approach. It is an oversimplification of a complex on-the-ground reality. At present Local Plans are able to specifically allocate land for housing, employment, retail, etc, to protect land for its green belt, environment or heritage value, to promote appropriate development opportunities and to have 'white land' that can be developed in accordance with generic policies. The introduction of growth areas and renewal areas has the potential to introduce a free-for-all approach that departs from the values of a plan-led system allowing whatever speculative type of development the market considers is most profitable to be pursued.

The suggestion that growth areas and perhaps even renewal areas would grant automatic permission-in-principle would delete a vital part of the democratic process that occurs at planning application stage. It would also front load the testing of development capacity and acceptability and mediation of technical and other development constraints to be undertaken by the local planning and highways authorities passing a significant burden of expense onto the public purse rather than being met by those hoping to benefit from the development.

Proposal 2

Herts Growth Board supports the principle that some development management policies can be established at national level, leaving Local Plans free to focus on local issues.

Proposal 3

Herts Growth Board supports the principle that Local Plans should be subject to a single statutory sustainable development test. It is true that the existing tests of soundness are a notable hurdle and require significant investment in legal advice and sustainability appraisal evidence. We agree that there should continue to be some consideration of the sustainability merits and level of cross-boundary cooperation of the submitted plan.

The deletion of the duty to cooperate in advance of a clear alternative strategy appears inherently risky. Hertfordshire has been working hard through a joint planning officer group, planning executive member group and Leaders and Chief Executive group to debate countywide planning, housing and infrastructure issues.

Proposal 4

Herts Growth Board welcomes some of the proposed changes to the standard method, notably that it will use latest ONS population and household projections, that it will take account of the number of homes already in an area and that it will consider local constraints. We would strongly encourage that such constraints include green belt designation, as this is a key challenge for meeting current housing needs in Hertfordshire.

Herts Growth Board is concerned about some of the other proposed changes however, notably the removal of the 40% affordability cap, which could have the effect of increasing the housing target for the county when there are many other local constraints.

Herts Growth Board also opposes the proposal that the standard method be binding on local plans and when determining planning applications. Our experience over recent years is that ONS population and household projections can sometimes contain mistaken assumptions and can vary significantly from projection-to-projection. These figures should therefore be subject to some form of scrutiny.

We would encourage MHCLG to recognise that ONS population and household projections are prepared every two years, which will presumably lead to an update of the standard method. The Planning white paper proposes that new Local Plans should be prepared within a strict 30-month time period. This means that at some point during the preparation of a plan, councils will have to take account of a new standard method target, and if this is a dramatic change, it could make it harder to achieve the timetable.

Proposal 5

Herts Growth Board has fundamental objections to the proposal that growth areas and perhaps even renewal areas would grant automatic permission-in-principle. This would delete a vital part of the democratic process that occurs at planning application stage. It means that anyone who would otherwise be consulted and have the opportunity to make comments and speak at planning committee would instead have to involve themselves in the preparation of the Local Plan and design codes potentially many years before the development was progressed.

The concept of growth areas and permission-in-principle also completely disregards the reality that the pre-application and planning application stages of the existing planning system are used to solve many technical problems and to allow councillor and public to comment as a development site is progressed from concept, to proposals, to construction. The planning system plays an important community mediation role. It allows everyone to have their say regardless of their position of influence within the community. It ensures that all relevant matters have been taken into account before a decision is made. Items that go to planning committee also demonstrate in a very public way that democratic transparency and accountability is occurring.

Proposal 6

Herts Growth Board supports the greater use of digital technology within the planning system. That being said however, the use of technology does not solve every problem. People often learn about local development for example via laminated notices pinned to lampposts that they may not find online or social media. The ability of local planning authorities to adopt new technology for consultation and plan production needs further understanding to ensure this is adequately resourced and to ensure that it reaches all in the community who may be interested.

Herts Growth Board also considers that emphasis on a firm deadline for determining applications within 8 or 13 weeks may well lead to more refusals. The ability to agree extensions of time with an applicant allows planning officers more time to resolve any issues that have arisen during the consultation and consideration stage, in order that a positive and correct decision can be made.

Proposal 7

Herts Growth Board supports the proposal that Local Plans should be standardised, based on digital technology and more visual and map based. We look forward to IT systems being developed by the Government to allow this to be achieved. We would encourage that these IT systems be developed in partnership with local planning authorities rather than simply handing the work to private sector PlanTech firms.

Proposal 8

Herts Growth Board is concerned about the imposition of the proposed statutory timetables for the preparation of Local Plans. Whilst we support having a clear programme for plan production, it is hard to believe that every new plan in the country can be prepared within a 30-month period and to penalise those councils who cannot reasonably achieve such a challenging timetable. We question whether the full evidence base and selection of growth/renewal/protection areas can be achieved in a 6-month period given the upfront work that would be needed to ensure the development coming forward met the government's own beauty ambitions.

The level of investigation and analysis achievable within this timeframe would almost certainly be open to challenge, either by landowners whose sites are not zoned or by communities who oppose the zoning of sites in their area. The 30-month period is also likely to foreshorten the realistic democratic and community input to the preparation of these documents, a move that is antithetical to the desired front loading of public engagement described in the white paper.

Proposal 9

Herts Growth Board would simply observe at this stage that town/parish councils do not always have the resources or expertise to prepare neighbourhood plans.

Proposal 10

This is a very welcome proposal. Assessment of the causes of low housing delivery do not single out the planning system and our local experience is that permissions exceed many times more than the numbers of homes that have been built.

We would like to see future legislation to do much more to force landowners and developers to actually bring their sites forward once they have planning permission.

Proposal 11

Herts Growth Board supports the principle of design guidance and design codes to improve the quality of development.

Proposal 12

A body to support the delivery of popular local design codes is welcomed given the volume of work that this will probably entail. The Growth Board support the proposal to nominate a chief officer for design and place-making.

Proposal 13

Herts Growth Board welcomes any Homes England support to help deliver beautiful places in Hertfordshire.

Proposal 14

Herts Growth Board is concerned by the proposal. Development is about much more than just beauty. A scheme should not be fast-tracked just because it is deemed to be beautiful if it has other fundamental flaws.

Proposal 15

Herts Growth Board supports this proposal as we have declared a climate change emergency but would like to see much more detail in future legislation and changes to the NPPF.

Proposal 16

Herts Growth Board recognises that sustainability appraisals and habitats assessments are an expensive and time-consuming part of the current Local Plan system and that environmental impact assessments can be equally costly and burdensome for major applicants. We support the principle of a quicker and simpler framework to assess environmental impacts and benefits but are keen to ensure that these processes can be successfully augmented by national and local data.

This proposal needs more careful thought about how specifically prepared documents that analyse the particular circumstances of a plan or development proposal can be successfully replaced by data. Decisions sometimes need to be based on a careful weighing-up of policy, facts, evidence and advice and cannot always be quantified or binary choices.

Proposal 17

Herts Growth Board supports all efforts to conserve and enhance historic buildings and areas. We would query whether it is expected that Local Plans should identify all such assets or whether they should simply be zoned as protection areas.

Proposal 18

Herts Growth Board supports all efforts to facilitate improvements in the energy efficiency of buildings. We have declared a climate change emergency and are currently identifying policies and actions that can be implemented at a local level to help solve this global problem. We see considerable merit in national standards being incorporated into building regulations as this has a better chance of ensuring they are achieved via the design and fabric of the building from the outset.

Proposal 19

Herts Growth Board recognises that Section 106 negotiations are a major factor in the time it takes to determine planning applications. We have concerns however about the principle of a mandatory and nationally set flat rate for development contributions. It is unclear how this will take account of local viability issues. It is not yet explained how the value of the development will

be calculated. It undoes the current emphasis on the identification of projects that are directly related to the development, appropriate in scale and kind and necessary to make the development acceptable in planning terms. The ability to plan, fund and deliver local and strategic infrastructure that is needed upon occupation of new development in a coordinated way is questioned. It could leave many projects unfunded and many developments unsupported by the infrastructure they need to be genuinely desirable and sustainable.

Proposal 20

Herts Growth Board supports the principle that the Infrastructure Levy could be extended to capture changes of use through permitted development rights. The county has seen a significant amount of its office stock converted into flats in recent years, without being able to secure any contributions for affordable housing, schools, healthcare, transport, etc.

Proposal 21

Herts Growth Board is deeply concerned by the proposal that affordable housing provision should be incorporated into the reformed Infrastructure Levy. At present most local plans contain policies to seek affordable housing on sites of 10+ units and this can only be reduced through validated viability evidence.

The inclusion of affordable housing within a levy immediately reduces its priority and puts it on a par with all other infrastructure requirements. It is not clear how this proposal will incentivise developers to build on-site affordable housing. In some cases, particularly greenfield sites, our experience has been that developers are often keener to make off-site provision.

In respect of the separate Changes to the Planning System consultation it has been noted that seeking affordable housing on small sites allows villages to support small development sites in order to provide new affordable homes, but that they are less likely to do so if the threshold is set at 40-50 homes.

Proposal 22

Although Herts Growth Board welcomes the principle of freedom to decide how to spend income from the Infrastructure Levy, in practice we are concerned that the demands for implementation of infrastructure and affordable housing from this fund could leave some projects unfunded, to the detriment of nearby development. Clearly the percentage of development value the Government has in mind for councils to claim for infrastructure investment will be critical in areas such as Hertfordshire.

Any Infrastructure Levy rate should be set at a rate specific to that area, with the rate reflecting the level of infrastructure required to mitigate the impact of proposed development. That will in turn be a function of the scale of the infrastructure required and the cost of providing it. Both are functions specific to an area and should be evaluated as such.

Given the extent to which options already exist for land identified for development in Local Plans addressing this particular issue will take time unless the Government is prepared to intervene and direct the re-evaluation of 'options' already secured by developers on land for development.

It is noted that the White Paper proposes that the new Infrastructure Levy should only be applied above a value-based minimum threshold. This approach runs the risk of continuing the current situation where the developer is able to cite concerns about viability as a means of reducing the contribution towards delivery of local infrastructure. As a consequence, many development proposals fail to provide an appropriate contribution towards the local measures required to

mitigate their impact. A particular concern is the reduction in affordable housing that typically takes place as a consequence of this line of argument.

Given the critical importance of ensuring that any new development contributes towards addressing the impact that it has on the local community it is recommended that there should be no minimum threshold for the new Infrastructure Levy.

Proposal 23

The principles in the consultation document that the proposed changes will free-up planning staff to focus on creating great communities are welcomed. It is also welcomed that HM Government recognises the need for additional funding into planning to support attaining the right level of capacity, skills and resource distribution within planning departments.

Proposal 24

Herts Growth Board welcomes proposals to strengthen enforcement powers and sanctions.

Other comments

There is a lack of recognition of the important and central role of elected members within the white paper.

The white paper doesn't acknowledge the need for a coherent and effective system of pan-county strategic planning to support the production and delivery of development plans and infrastructure. The paper does acknowledge the need for further consideration to the way in which strategic cross-boundary issues, such as major infrastructure, can be adequately planned for. Strategic infrastructure needs to be a consideration for local authorities when developing their Local Plans, giving authorities the confidence to take the availability of the infrastructure into account when considering the growth options for their area.

There is no mention of the important programming role of the Planning Inspectorate and planning inspectors to ensure that Local Plans are examined in a timely manner.

There is no mention of minerals planning, which is an important function of Hertfordshire County Council.

The white paper needs to do more to support the critical decarbonisation and wider sustainability agenda. The Hertfordshire Growth Board partners recognise the climate imperatives and sustainability that we face, and these concerns need to be given even greater focus in the planning system.

Recommendations for Planning System reform

Based on our collective experience of operating across all parts of the planning system, Herts Growth Board would like to offer the following views on the best structure for a modernised system:

- Establishment of an effective strategic planning approach to support plan making, infrastructure planning and delivery.

- A national IT system, similar to the Planning Portal, for consistently presented Local Plan policies and Local Plan proposals maps.
- A list of national development management policies that councils can choose to adopt as drafted or enhance as they see fit.
- A simplified test of soundness process for Local Plans.
- A simplified evidence base for Local Plans.
- A simplified process to evidence long-term infrastructure provision for Local Plans.
- A simplified sustainability appraisal process for planning applications.
- Far greater scope for planning matters including applications to be advertised via websites and social media.
- Greater emphasis on strategic cooperation to replace duty to cooperate.
- A realistic timescale for the preparation of Local Plans.
- More scrutiny of the consistency of Local Plan inspectors when carrying out public examinations.
- Removal of the PDR changes to residential uses in areas where this is having adverse economic recovery impacts

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Response ID ANON-6H3N-2P12-4

Submitted to **EEH Transport Strategy, Integrated Sustainability Appraisal and Statutory Status Consultation**
Submitted on **2020-10-06 16:03:47**

Draft Transport Strategy: Vision and principles

1 To what extent do you support or oppose our vision?

Support

2 To what extent do you support or oppose each of our principles?

Principles - Achieve net-zero carbon emissions from transport no later than 2050:

Oppose

Principles - Improve quality of life and wellbeing through an inclusive transport system accessible to all, which emphasises sustainable and active travel:

Strongly support

Principles - Support the regional economy by connecting people and businesses to markets and opportunities:

Strongly support

Principles - Ensure the Heartland works for the UK by enabling the efficient movement of people and goods through the region and to/from international gateways:

Strongly support

3 Please provide any further comments you have about the vision and principles.

Comments:

North Hertfordshire District Council (NHDC) would prefer to see EEH achieve net-zero carbon emissions from transport no later than 2040, instead of 2050 as proposed.

NHDC supports the broad vision and principles of the Draft Strategy, in addition we would welcome the additional mention of a commitment to working with adjacent local authorities and statutory bodies to the EEH, to ensure a consistent approach and outcomes across the wider region.

Draft Transport Strategy: Step-change in approach

4 To what extent do you support or oppose investment in the following areas?

Investment - Digital infrastructure both fixed (e.g. broadband) and mobile (e.g. 4G/5G) to enable business growth, improve access for residents to services and opportunities, in ways that also reduce the need to travel (where appropriate):

Strongly support

Investment - Our existing infrastructure assets to improve its resilience and connectivity, thereby improving business productivity and supporting our communities:

Strongly support

Investment - Repurposing existing infrastructure and services, particularly within larger urban areas to actively encourage active travel modes and user-centred services, and reduce reliance on the private car:

Strongly support

Investment - Greening travel routes to encourage walking or cycling and therefore improve both physical and mental health, whilst at the same time acting as green corridors for wildlife:

Strongly support

Investment - New infrastructure capacity and capability to enable delivery of planned economic and housing growth:

Strongly support

Investment - Improved connectivity for rural communities to enable small market towns to support their rural hinterlands:

Strongly support

Draft Transport Strategy: Policies

5 To what extent do you support or oppose the policies set out in the following themes?

Policies - A Transport System for the Future - policies targeted towards decarbonising the transport system and enable more people to travel using sustainable modes:

Strongly support

Policies - Transforming Journeys - policies to transform the way people travel through the region, including east to west, and north to south:
Strongly support

Policies - Connecting People with Opportunities - policies for improving local connectivity across the region:
Strongly support

Policies - Making the Heartland Work for the UK - policies aimed at improving the way people and goods travel through the region, for example to airports, or as part of the freight and logistics sector:
Strongly support

6 Please provide any further comments you have about the Draft Transport Strategy's policies.

Comments:
NHDC has no additional comments to add about the Draft Transport Strategy's policies.

Draft Transport Strategy: Implementation and delivery pipelines

7 To what extent do you support or oppose the implementation and delivery approach we've outlined?

Strongly support

8 To what extent do you agree or disagree that the investment pipeline reflects the region's connectivity priorities?

agree

9 Please provide any further comments you have about implementation and the investment pipeline.

Comments:
NHDC agrees with the broad investment pipeline as outlined, however we question the lack of inclusion of any cycling schemes in the priorities list, especially when the Oxford – Cambridge 'Varsity Way' segregated cycling and walking route as a 'green spine' across the Heartland itself is mentioned in the Draft Strategy. NHDC would like to see the Varsity Way and consideration given to upgrading existing National Cycle Network routes, as well as identifying further inter-urban 'green spine' routes providing an equivalent network throughout the Heartland area.

Draft Transport Strategy: Overall view

10 Overall, to what extent do you support or oppose the Draft Transport Strategy?

Support

11 Please provide any further comments you have about the Draft Transport Strategy

Comments:
NHDC has no additional comments to add about the Draft Transport Strategy.

Integrated Sustainability Appraisal

12 To what extent do you agree or disagree that the independent Integrated Sustainability Appraisal is a robust assessment of the Draft Transport Strategy?

Agree

13 Please provide any further comments you have about the Integrated Sustainability Appraisal.

Comments:
NHDC has no further comments to add on the Integrated Sustainability Appraisal.

Statutory status

14 To what extent do you support or oppose the approach set out in the Proposal to Establish a Statutory Sub-national Transport Body?

I'm not sure

15 Please provide any further comments you have about the Proposal to Establish a Statutory Sub-national Transport Body

Comments:
Firstly, NHDC's view is that the powers and responsibilities proposed sit better with the existing local authorities that have responsibility for transport and highways within the area of the England Economic Heartland. That there is the risk, that by creating a further body, in addition to existing local authorities, will cause additional delays as additional consultation on scheme proposals will be required. Of the proposed powers and responsibilities for the SSNTB, most of

these are already available to upper tier and unitary authorities, by granting these to the SSNTB as well is likely to lead to confusion and duplication. Secondly, NHDC also has concerns as to how a new Statutory Sub-national Transport Body will be funded, as it is not clear whether additional, new funding for this purpose will be provided by Government or will local authorities be expected to fund the SSNTB from existing budgets? If additional, Government funding is to be made available, then NHDC is of the view that this funding should be given to existing local authorities for this purpose, not to establish an additional body. Thirdly, NHDC has further concerns on the accountability to the public of a new SSNTB; much greater detail and understanding needs to be provided as to how the proposed SSNTB will be held accountable both by the constituent local authorities and local residents.

About you

16 I am responding to this consultation as.....

An official representative of a business, local authority or other organisation

Business/organisation

18 In which area(s) of the Heartland region does your business/organisation operate? (In 2021, Northamptonshire will split into two unitary authorities – West Northamptonshire and North Northamptonshire) Please select all that apply.

Hertfordshire

Other area:

19 What is your name?

Full name:

Daniel Washington

20 What is the name of your business/organisation?

Business/organisation name:

North Hertfordshire District Council

21 What is your role within the business/organisation?

Role:

Transport Officer

22 Which of the following categories best describes your organisation?

Local government

Other organisation type:

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NORTH HERTFORDSHIRE DISTRICT COUNCIL

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BY EMAIL

Keith Dove
Strategic Policy Adviser
Place & Infrastructure
Luton Borough Council
Town Hall,
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LU1 2BQ

Our Ref:
Contact Officer: Daniel Washington
Direct Line: 01462 474368
Email: Daniel.washington@north-herts.gov.uk

Date: 1 December 2020

Dear Keith

Luton Transport Strategy Consultation

On behalf of North Hertfordshire District Council (NHDC) thank you for your recent email providing details on Luton Borough Council's (LBC) Transport Strategy Consultation and invitation to respond.

Whilst supporting LBC's overarching vision and objectives for Luton contained in the Transport Strategy, we would like to take this opportunity to highlight several related aspects from NHDC's perspective that we would request be given consideration for inclusion in the adopted Transport Plan:

Luton – Hitchin

Hertfordshire County Council's (HCC) current Local Transport Plan and draft North Central Growth and Transport Plan both highlight the bus corridor between Luton, Hitchin, Letchworth, Baldock and Stevenage as part of the indicative core bus network in the county where infrastructure investment will be focused to aid bus services. NHDC's emerging Transport Strategy also supports proposals for a 'Sustainable Spine' with a focus on enhanced public transport and cycling connectivity between the towns.

With the proposal for a new Park & Ride site located at Butterfields Park adjacent to the A505, for up to 400 car parking spaces we have particular concerns that this could induce additional traffic along an already busy corridor as well as increasing rat running through local villages given the alternative options to the private car are limited. We would welcome the opportunity to see a copy of the feasibility study produced by ITP in 2016 of the potential demand for the two Park and Ride sites, to understand the anticipated impact on North Hertfordshire and any mitigation measures that were recommended. We would expect detailed traffic modelling to be undertaken in order to be able to respond fully to such a proposal and would wish to be included along with Hertfordshire County Council



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Chief Executive

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and Central Bedfordshire in any future discussion on transport matters relating to the Park and Ride.

NHDC would welcome opportunities to adopt a collaborative approach with LBC and HCC on developing schemes that will encourage modal shift to sustainable transport, between Luton and the main towns in North Hertfordshire.

East of Luton developments

NHDC welcomes the commitment contained in the Transport Strategy to ensure that the proposed new urban extensions to the East of Luton should be incorporated into existing walking and cycling networks, as well as providing opportunities to improve bus services to connect with Luton town centre and train station. As with the A505 corridor, we would welcome opportunities to adopt a collaborative approach with LBC and HCC to ensure a consistent approach on scheme design and implementation.

Local Cycling and Walking Infrastructure Plan

Noting LBC's ongoing development of a Local Cycling and Walking Infrastructure Plan (LCWIP) for Luton, we would like to bring to your attention that NHDC is also developing an LCWIP for North Hertfordshire, again we would welcome the opportunity where appropriate to adopt a collaborative approach for identifying cross-boundary corridors for prioritisation and investment, especially with regards to the proposed East of Luton developments, as well as neighbouring villages. Further NHDC would welcome the opportunity to explore opportunities to develop a cycle route between Luton and Hitchin.

Thank you again for this opportunity to respond to LBC's Transport Strategy Consultation, please don't hesitate to contact me if you would like any additional information or to discuss any of the comments raised further.

We look forward to receiving a copy of LBC's adopted Local Transport Strategy in due course.

Kind regards,

Daniel Washington
Transport Officer



**CABINET
15 DECEMBER 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: NORTH HERTFORDSHIRE COMMUNITY LOTTERY

REPORT OF THE COMMERCIAL MANAGER AND SERVICE DIRECTOR - COMMERCIAL

EXECUTIVE MEMBER: EXECUTIVE MEMBERS FOR ENTERPRISE AND COOPERATIVE DEVELOPMENT; AND COMMUNITY ENGAGEMENT

COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to seek approval for the Council to introduce a Community Lottery that will generate additional revenue in support of, and to help good causes within the District.
- 1.2. Voluntary and Community Sector (VCS) groups such as local charities, community groups, sports clubs and schools will have the opportunity to financially benefit from this project, via funds raised through online lottery ticket sales.

2. RECOMMENDATIONS

- 2.1. That Cabinet approves the establishment of a Community Lottery, to be managed by an External Lottery Manager (ELM).

3. REASONS FOR RECOMMENDATIONS

- 3.1 To set up a Community Lottery that will enable the local Voluntary and Community Sector groups to have access to additional funding at no cost.
- 3.2 The Community Lottery will provide an income stream for the Council, with the Council benefiting financially from each ticket sale, however at a lower monetary proportion than the VCS groups.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 To set up a Community Lottery managed directly by NHDC. This would require additional funding for several elements such as staffing, set up of the lottery and running software systems. This option has not been fully costed however data from other local authorities estimate the costs to be in the region of £80-100,000 for set-up costs alone.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member and Deputy Executive Member for Enterprise and Co-operative Development have been kept updated regarding this project. The business case was considered by the Senior Leadership Team on 5 October 2020. It was also presented to Political Liaison Board on 3 November 2020 whom supported it and recommend it be taken to Cabinet to seek approval. The team have also held initial discussions with an External Lottery Manager (ELM) who has experience delivering and managing other local authority lotteries.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision although this was notified to the public in the Forward Plan on 12 November 2020.

7. BACKGROUND

- 7.1 The concept of a Community Lottery was first identified in 2017 by the Community Engagement and Finance teams. However, after consideration it was not pursued at that point in time. Concerns were raised regarding staff resource, and time associated with the ongoing promoting and managing of the project.
- 7.2 The Commercial team has since reinvestigated this project and has identified that several Councils have successfully implemented and managed a Community Lottery within their local community. The team scored the viability of the concept using the Commercial scoring matrix (a resource used within the team as part of the commercial ideas process), based on attributes such as, but not limited to; political impact, social value impact, financial impact and local competition.
- 7.3 The team have identified a suitable External Lottery Manager (ELM), however are currently following the NHDC Procurement Process before appointing them.

8. RELEVANT CONSIDERATIONS

- 8.1 The aim of the Community Lottery is to generate additional revenue in support of good causes such as local charities, community groups, sports clubs and schools within the District.
- 8.2 The Council will also benefit financially from each ticket sale, however at a lower monetary proportion than the VCS groups.
- 8.3 This project will require the support of the Council, an External Lottery Manager (ELM), the VCS groups, and the general public/ community.
- 8.4 The Community Lottery will support local groups and organisations to create and promote an additional funding stream. Members of the public/ community can purchase tickets from the North Hertfordshire Community Lottery website and choose which VCS group or organisation/s they wish to financially support via a lottery ticket sale. By doing this, it allows a large proportion of the monetary donation to go directly to the good cause.

- 8.5 The money draw is based upon the results of the 'Australian National Lottery Super66' game and takes place every Saturday. The external provider will monitor the results and will also notify and process any winning payments if required. East Hertfordshire report that since launching their Community Lottery in February 2019, an average of 20 winners per draw worldwide have been drawn.
- 8.6 The purchase of a ticket automatically enters the 'player' into a money draw whereby they have the chance of winning up to £25,000.
- 8.7 Each ticket has a 1 in 56 chance to win a prize each week. Prizes are fixed and do not rollover. All prizes are guaranteed and underwritten by the ELM.
- 8.8 The local VCS group or organisation/s will retain half of the monetary amount of every ticket sold via their own webpage, providing the local good cause another source of income.
- 8.9 Each ticket is worth £1.00. Please see below for how this £1.00 is split amongst good causes, the Council, prize fund, management fee and VAT.
- 50p to good causes (VCS groups and organisations)
 - 10p to the Council
 - 20p to the prize fund
 - 17p to the lottery management company for administration and management
 - 3p VAT
- 8.10 For comparative purposes, 28% of ticket sales from the National Lottery go to good causes, 27.5% from the Postcode Lottery and 20% from the Health Lottery.
- 8.11 The table below shows the estimated income that could be achieved according to NHDC's population. This is based on 0.5% (533 people or tickets sold) of the total population, playing weekly in the first year with an increase of 0.5% in players per year to a maximum of 2.5% over six years. These projections are based on the performance data of other local authority led lotteries provided by the ELM.

Year	% NHDC population	player	NHDC (10%) share cover costs/distribute to VCS	Annual cost of lottery	Set up cost	Net income to the Council	Good Causes (50%)
2021/22	0.5% sold)	(533 tickets	£2,771	£1,000	£5,000	-£3,229	£13,858
2022/23	1.0% sold)	(1066 tickets	£5,543	£1,000	-	£4,543	£27,716
2023/24	1.5% sold)	(1599 tickets	£8,314	£1,000	-	£7,314	£41,574
2024/25	2.0% sold)	(2133 tickets	£11,091	£1,000	-	£10,091	£55,458
2025/26	2.5% sold)	(2666 tickets	£13,863	£1,000	-	£12,863	£69,316
2026/27	2.5% sold)	(2666 tickets	£13,863	£1,000	-	£12,863	£69,316

8.12 For comparative purposes, East Hertfordshire District Council launched their community lottery in February 2019. As a Council they have a population of approximately 149,000 people, of which 93,000 are eligible to purchase a ticket/s for the lottery. The current VCS groups and organisations signed up to the East Hertfordshire lottery are on course to raise £39,000 this year (2020) despite effects of Covid-19.

8.13 The table below demonstrates examples of ticket sales according to eligible population by other local authorities in their first year of launching the community lottery.

Council	Eligible Population (16+)	Money to the Central Fund	Money to Good Causes	% of Player population
A	70,000	£35, 261	£46, 776	2.09%
B	116, 000	£19, 124	£48, 577	1.04%
C	122, 000	£10, 930	£44, 088	0.72%

8.14 Although the Lottery will be managed and run by an external provider; it will require officer time. Once set up, duties will include managing applications from VCS groups and organisations to become beneficiaries of the lottery, processing payments for the Council allocated money to VCS groups and organisations and completing the annual licence return. Advice from the ELM and the experience from other Local Authority led lotteries states that the above duties averages out at approximately one hour per week of officer time. These processes can be managed within the Commercial team by a Commercial Support Officer, with further ongoing support from the Community Engagement and Communications teams.

8.15 The Community Engagement team have agreed to support a launch event alongside the Commercial team. As mentioned previously, due to the current Covid-19 restrictions, a virtual launch will be considered. The team will monitor the restrictions and a decision will be taken on the best approach based on recent guidance that is in place at the time. The Commercial team will lead on the organisation of the event, however, will require support from the Community Engagement team. The amount of time required from the Community Engagement team is estimated at a maximum of one hour per week in the run up to the event.

8.16 Support will also be required from our Communications team regarding advertising via NHDC social media channels. The estimated resource costs for launching the lottery is £300, however this is not a growth item and the Communications team have been informed and will be updated regarding this project.

8.17 At an estimate, officer cost for operating the lottery is £600 per annum (based on one hour a week at grade 5). This cost is already accounted for and is not a growth. This will not be affected by ticket demand.

9. LEGAL IMPLICATIONS

9.1. Based on research, there is just one ELM who offer the specific services we require. Due to this, and with the contract value over the one quote threshold (£5, 000), a single tender will be conducted upon approval following this Cabinet report.

9.2. Single tenders fall under Rule 14 of the Contract Procurement Rules, and it is the reason of 14.1 c) (i)(ii) that applies:

- c) Specialist consultants, suppliers, agents or professional advisors are required and:
 - (i) Evidence that there is no satisfactory alternative; or
 - (ii) evidence indicates that there is likely to be no genuine competition;

9.3 The Gambling Act 2005 (the 'Act') creates eight categories of permitted lottery, one of which is a local authority lottery. The Act requires the Council to apply for an operating licence and it must comply with specific licence conditions and relevant codes of practice which are published by the Gambling Commission.

9.4 The Council will appoint an ELM to run its lottery under S257 of the Act.

10. FINANCIAL IMPLICATIONS

10.1 To set up the Community Lottery there is a one-off payment of £5,000 plus VAT to the ELM. This is required for an external platform/ website to be set up and made bespoke to the North Hertfordshire Community Lottery. This figure also includes personalised pages set up for the VCS groups and organisations and marketing materials.

10.2 Please refer to 8.14 and 8.15 regarding officer time and cost.

10.3 It is important to note that the ELM provides initial and ongoing marketing materials to NHDC and the VCS groups and organisations at no additional cost. They will also continuously work with groups and organisations to promote the lottery.

10.4 The Council will have two annual payments associated with the lottery, totalling an annual cost of £1, 000 (excluding Officer time). Please see further details below:

- Payment 1: To the Lotteries Council Membership - Estimated at £350.
- Payment 2: A Licence Fee - Estimated at £650.

11. RISK IMPLICATIONS

11.1 In order to operate a Local Authority Lottery, the Council would need to apply for a Local Authority Lottery Licence from the Gambling Commission. A local authority licensed by the Gambling Commission is required to have at least one Personal Management Licence holder. We have identified two officers that meet the requirements of a Personal Management Licence Holder. They will be supported by the ELM to apply for the appropriate licence.

11.2 The number of VCS groups and organisations that sign up poses a risk as one of the main purposes of the lottery is to support as many VCS groups and organisations as possible within the District.

11.3 There is a risk that the number of 'players' purchasing tickets does not meet the desired percentage set out in 8.11.

- 11.4 The lottery requires VCS groups and organisations to continually promote the lottery to their supporters/ players. If the marketing and promotion is not supported by the groups or organisations, this could impact on sales. NHDC will support aspects of the marketing campaign via social media, with an aim to create awareness of the lottery and to increase the number of people that take part. However, this must be mirrored/ supported by the VCS group or organisation.
- 11.5 The Council are aware of the potential issues/ perceptions around gambling and the reputational impact of supporting this type of activity. Although lotteries can be considered as gambling, we do not believe the North Hertfordshire Community Lottery will be portrayed in the same manner. The key aim is to support local organisations and the potential prizes funds are significantly less than other types of lotteries. However, if this becomes an issue NHDC have the ability to exclude or place a cap on the amount of tickets that a player is able to purchase. The lottery website will also contain a section providing links to gambling support organisations. Marketing material will also promote the support to the VCS groups and organisations, rather than focussing on the prize fund.

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 equality implications arising from this report. One of the three objectives of the Gambling Act 2005 is 'to protect children and other vulnerable people from being harmed or exploited by gambling'. The promotion of the Gamble Aware via any External Lottery Manager and the Licence Holder will seek to mitigate any adverse and disproportionate impacts on vulnerable groups as noted at 11.5.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. As the recommendations in the report relate to a contract below £50,000 the "go local" policy has not been applied for the following reason: There is no local provider able to deliver a suitable alternative

14. ENVIRONMENTAL IMPLICATIONS

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

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 None identified other than staffing requirements detailed in the body of the report.

16. APPENDICES

- 16.1 None.

17. CONTACT OFFICERS

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- 17.3 Steve Crowley, Service Director – Commercial, (steve.crowley@north-herts.gov.uk / ext 4211)
- 17.4 Reuben Ayavoo, Policy and Community Engagement Manager, (reuben.ayavoo@north-herts.gov.uk / ext 4212)
- 17.5 Jeanette Thompson, Service Director – Legal and Community, (jeanette.thompson@north-herts.gov.uk / ext 4370)
- 17.6 Shah Mohammed, Group Accountant (shah.mohammed@north-herts.gov.uk / ext 4240)
- 17.7 Tim Everitt, Performance and Risk Officer (tim.everitt@north-herts.gov.uk / ext 4646)

18. BACKGROUND PAPERS

- 18.1 BC01 – North Hertfordshire Community Lottery – Final 6.

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CABINET 15 DECEMBER 2020

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: IT CAPITAL - PURCHASING OF LAPTOPS

REPORT OF THE SERVICE DIRECTOR - CUSTOMERS

EXECUTIVE MEMBER: FINANCE AND IT

COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL

1. EXECUTIVE SUMMARY

- 1.1 This report seeks to obtain approval from Council to re-profile and reallocate IT capital expenditure ahead of the normal budget approval process in February. This would enable IT to progress the procurement and delivery of laptops to staff at the earliest opportunity and would avoid the Council incurring additional capital costs relating to Microsoft licences from 01 April 2021.

2. RECOMMENDATIONS

That Cabinet recommends to Council:

- 2.1. That the capital programme for IT spend is amended as detailed in 7.2 Table 2 to enable IT to progress the procurement of laptops for staff to facilitate more effective home working arrangements. The net impact is an increase in spend in 2021/22 of £55k as detailed in 7.3 and shown in Table 3.
- 2.2. That £50k of the capital is bought forward into this year's budget so that the IT Manager can progress the procurement of the first batch of laptops so that delivery to staff can happen at the earliest opportunity.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To enable a continued agile way of working which has been brought about by the Coronavirus pandemic, increasing flexibility and business continuity resilience and ensuring a future proofed approach.
- 3.2. To avoid additional capital costs associated with a requirement to increase Microsoft licences where users have a personal computer in the office and an NHDC provided device at home.
- 3.3. To respond to feedback from the staff survey regarding the need for staff to be provided with equipment that have cameras and microphones to enable council wide participation in meetings and similar activities.

- 3.4. To enable the procurement, build and distribution of laptops to take place ahead of the new financial year, considering supplier lead in times and scheduling of resources in the IT team.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The alternative to this proposal would be to continue working in the same way as we are currently, however, this would lead to an ongoing increase in capital costs for additional Microsoft licences.
- 4.2. Remaining as is, would also not address the feedback from staff regarding the tools needed to work effectively from home and access online meetings.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Executive Member and Deputy Executive Member for Finance and IT have been consulted on this report and support these 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 In February 2020 Capital investment proposals for ongoing replacement of PCs and laptops were approved. These were entries ECP2 (PC refresh), ECP20 (home working equipment) and ECP14 (laptop refresh) which had a combined total of £331k. This proposal was at the time based on the IT strategy, which had not accounted for the Coronavirus pandemic and the impact that would follow.
- 7.2 The proposal for 2021/2022 is to reprofile these entries, with most of the investment moving from ECP2 and ECP20 to ECP14 so that laptops become the prime device for all staff rather than desktop PCs. The re-profiling would move £80k of the spend forward so that all staff can be equipped with a laptop by the early part of 21/22.
- 7.3 Additionally this report seeks to bring £50k of the £80k mentioned in 7.2 into this financial year to enable a first batch of laptops to be distributed at the earliest opportunity.
- 7.4 The breakdown and net impact of these changes are shown below in table 1 and 2 with the profile of expenditure shown in table 3. The budget agreed in February 2020 allocated spend in each year for the 5-year period up to 2024/25, and then a five-year allocation combined for the period from 2025/26 to 2029/30. As we are now in 2020/21, the future allocations are for 4 years and 9 years respectively.

Table 1: Capital investment approved in February 2020

Capital Investment Reference	Description of investment	Spend over 4 years 2021/22 to 2024/25 (£000)	Spend over 9 years 2021/22 to 2029/30 (£000)
ECP2	PC refresh	74	182
ECP20	Additional PCs (Home working equipment)	52	128
ECP14	Laptop refresh	11	21
Total		137	331

Table 2: Proposed changes to Capital Investment programme

Capital Investment Reference	Description of investment	Additional amount brought forward in to 2020/21	Spend over 4 years 2021/22 to 2024/25 (£000)	Spend over 9 years 2021/22 to 2029/30 (£000)
ECP2	PC refresh	0	41	82
ECP20	Additional PCs (Home working equipment)	0	0	0
ECP14	Laptop refresh	50	124	199
Total		50	165	281

7.5 Additionally, there is a new capital item to top up the laptop refresh programme in future years, with £55k in every third year from 21/22. This will be included as part of the standard budget process, being considered by Cabinet in January and Full Council in February. That budget process will also add in provision for the year 2030/31. The revised combined capital spend for these items is shown below:

Table 3: Revised annual spend £000 (excluding the additional amount in this year- 2020/21)

Capital Investment Reference	Description of investment	21/22	22/23	23/24	24/25	25/26 to 29/30	Total
ECP2	PC refresh	13	8	7	13	41	82
ECP20	Additional PCs (Home working equipment)	0	0	0	0	0	0
ECP14*	Laptop refresh	30	7	7	80	75	199
NEW	Additional Laptop Refresh	55	0	0	55	55	165
Total		68	15	14	148	171	446

*ECP14 £50k of £80k bring forward into 20/21

8. RELEVANT CONSIDERATIONS

- 8.1 Since the start of the Coronavirus pandemic in March 2020 nearly all Council staff have been working solely from home. Prior to this there was an average of 80 employees working from home on any one day.
- 8.2 Council owned IT equipment had historically been provided to approximately 105 users for use whilst working from home. The IT strategy until this time had been to provide PCs and monitors for homeworking, the same as in the office.
- 8.3 In response to the pandemic, IT provided homeworking equipment to an additional 80 staff in March and April in order to get services quickly set up to operate remotely, with the remainder of staff using their personal devices. As the situation has lasted much longer than originally anticipated, we have seen an increase in requests for NHDC provided equipment due to personal equipment no longer being available or fit for purpose. There has been a further provision of 45 PCs issued to staff at home. Currently NHDC equipment is provided to approximately 230 staff, most of which are PCs.
- 8.4 It is evident that the way that we work has changed considerably over the last eight months with increased levels of remote working likely to last longer term. It is important that we adapt our strategy to reflect this change and the most practicable and cost-effective approach is to have one device that is suitable for both office and home working use, with the ability to move easily between locations.
- 8.5 Since March, the Council has successfully implemented virtual committee meetings, management meetings and staff briefings via Zoom. 65 laptops with cameras and microphones were purchased and issued to Councillors and Senior managers who required them specifically for council meetings and this has been effective in enabling the Council to continue to conduct its business virtually.
- 8.6 The opportunity has been taken to review the IT strategy and approach regarding both homeworking and office working equipment to enable an agile way of working. The use of laptops as the main device would facilitate that, allowing work to be conducted from the office or a remote location. To help ensure health and safety compliance (DSE workstation assessments) an assessment of suitable laptops will take place and 19- or 24-inch monitors, keyboards along with mice will be provided.
- 8.7 The results of the recent staff survey show that staff have adapted brilliantly to the situation, despite many challenges of juggling caring responsibilities, home schooling and makeshift offices. However, feedback from the survey also shows that staff are struggling without all the IT equipment that they need to participate in virtual meetings and stay connected to their colleagues.
- 8.8 Moving to one agile device also avoids incurring additional licensing costs with Microsoft. Microsoft changed its licensing model requiring each device to be licenced. This means that if we were to continue with users having two devices then we would need to increase the number of licences by another 104 at an equivalent annual cost of up to £395.00 each per year. The additional licencing costs would be effective from 01 April 2021 unless we move towards users having one device for working at home and in the office. The Council purchases its licenses over a 3-year period and therefore treats them as capital expenditure, so currently has a capital budget allocation of £390k in 2022/23, £426k in 2025/26 and £462k in 2028/29. These amounts were based on needing one

license per device and a unit rate of around £350 per year. Based on current prices (although the Council may receive a discount on these) and a need to have 2 licences per user from 01 April 2021, the cost in 2022/23 would be around £650k. It is expected that moving to predominantly laptops would mean that costs could be contained within (or be less than) the current capital allocations.

- 8.9 There will be additional benefits from to a move to laptops, which have not yet been fully quantified such as; the ability to implement softphones on laptops, negating the need for a physical handset in most cases. This will avoid further costs in the future when handsets reach end of life. Current costs of handsets are approximately £250 each.
- 8.10 Another long-term benefit of this approach is an increase in business continuity capabilities, through a more agile and flexible workforce, able to work from any location with networked technology. Other positive impacts of increased home working include a reduction in car travel and the impact of that on the environment, as well as potential commercial opportunities through released capacity of office space.

9. LEGAL IMPLICATIONS

- 9.1. The constitution at paragraph 5.6.39 sets out that Cabinet may exercise the following function, by recommendation to Council: The annual budget, including the capital and revenue budgets.
- 9.2. Sections 25 to 29 of the Local Government Act 2003 impose duties on local authorities in how they set and monitor their budgets. They are designed to help ensure that authorities make prudent allowance for risk and uncertainties in their budgets, and regularly monitor their finances during the year. The Local Government Act 2003 provides discretion with the authorities about the allowances to be made and action to be taken in terms of the budget and capital.
- 9.3. There are no other legal implications arising from this report.

10. FINANCIAL IMPLICATIONS

- 10.1 The capital implications are covered in sections 7 and 8 above, including the avoidance of potential additional costs in relation Microsoft licenses. It also references some potential revenue savings that may be achieved. The specific recommendations contained within this report do not increase overall capital spend, and therefore do not require an analysis of impact on funding and potential borrowing requirements. However, there is a contingent new proposed capital allocation that will be included in the capital budget presented to Council in February. Over a 10-year period up to 2030/31 the additional spend will be £220k - £55k in 2021/22, 2024/25, 2027/28 and 2030/31. Note that the spend in 2030/31 is not included in the table 3 above as that table only goes up to 2029/30. The full Investment Strategy presented to Council in February will determine how this additional spend affects how the Council funds its capital programme. Over a number of years, the Council has been able to fund its capital programme using capital receipts, although these are now diminishing. Local Authorities are able to borrow to fund capital spend and that is the position that most Councils are in. Borrowing has associated revenue costs relating to interest payments and setting aside a Minimum Revenue Provision. Overall, for every £100k of borrowing there are revenue costs of at least £4k per year

11. RISK IMPLICATIONS

- 11.1 Approving this proposal would help to minimise the risk in relation to needing additional MS licences and the cost of those licenses. The Council would still need to purchase around 359 licenses and so would still be exposed to price increases in respect of those. This proposal does relate to a new way of working and therefore comes with some risk. However, many aspects of that new way of working have been imposed upon the Council by the Covid-19 pandemic, and staff have adapted very well. The provision of laptops will provide IT equipment that is more fit for purpose and provides a device that contributes to new ways of working, and therefore is intended to reduce the risk.

12. EQUALITIES IMPLICATIONS

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

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, other than the benefit mentioned in 8.12 of the positive environmental impact of less car travel due to increased home working.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 The results of the staff survey carried out in August, show that the majority of staff have responded well to the closure of the Council offices and the move to full home working. However, a common theme in the survey feedback was the need for the Council to provide more suitable equipment for staff to use while working from home, that include a camera and microphone to enable participation in online meetings and maintain staff engagement and connectivity.
- 15.2 This proposal addresses the feedback from staff. The capital investment will also allow large display screen monitors, keyboards and mice to be provided with each laptop to help ensure Health and Safety compliance.

16. APPENDICES

- 16.1 None

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 None.

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CABINET 15 DECEMBER 2020

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: DRAFT BUDGET 2021/22

REPORT OF 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. Cabinet is asked to consider the draft budget for 2021/22 and the main factors which contribute to the determination of the North Hertfordshire District Council (NHDC) Council Tax level.

2. RECOMMENDATIONS

- 2.1. That Cabinet note the funding forecasts for 2021/22 and the significant uncertainty around Central Government funding levels in 2021/22 and beyond, and that these estimates provided could be subject to significant change.
- 2.2. That Cabinet note the comments made at the budget workshops, and comment on the inclusion of the revenue savings and investments in the draft budget.
- 2.3. That Cabinet note the comments made at the budget workshops, and comment on the inclusion of the capital investments in the draft budget.
- 2.4. That Cabinet confirm that Council Tax increases for 2021/22 will be in line with the Medium Term Financial Strategy (i.e. the maximum amount allowed without the need for a local referendum).

3. REASONS FOR RECOMMENDATIONS

- 3.1. To ensure that all relevant factors are considered in arriving at a proposed budget and Council Tax level for 2021/22, to be considered by Full Council on 11 February 2021.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. In seeking to address the funding gap detailed in the Council's Medium Term Financial Strategy for 2021-26, Political Groups and Officers have been asked for savings ideas and these are presented in appendix A to this report.

- 4.2. The proposed investments are a combination of cost pressures to deliver existing services and new spend that is linked to the delivery of priorities identified within the Council Plan.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Councillors were given an opportunity to comment on the revenue efficiency, revenue investment and capital proposals at the budget workshops. The comments from these workshops are detailed in this report.
- 5.2. This report is the first draft of the budget and a further report to Cabinet will follow in January. Both reports will also be considered by the Finance, Audit and Risk (FAR) Committee.
- 5.3. Business Ratepayers will be consulted on the proposals within the January report. This is the only statutory consultation that is required. It is intended that this consultation will be via the website/ e-mail, as previous consultation events have not been very well attended, and this is also more practical given the impact of Covid-19.
- 5.4. If any saving proposal is anticipated to have a particular impact on a specific area (or areas) then it would be referred to the relevant Area Committee(s). It is however considered that this does not apply to any of the savings included.

6. FORWARD PLAN

- 6.1. The report contains a recommendation on setting a draft budget which is a key Executive decision that was first notified to the public in the Forward Plan on the 16 November 2020. The budget for 2021/22 will need to be approved by Full Council in February.

7. BACKGROUND

- 7.1. The Medium Term Financial Strategy (MTFS), which provides the financial background for the Corporate Business Planning Process, was approved by Full Council in September following recommendation by Cabinet. The budget estimates within the MTFS included a number of assumptions. These have been updated as better information has become available and further updates will be made prior to the presentation of the budget to Cabinet in January. The final budget recommended to Council in February will still contain some assumptions, hence monitoring reports are provided to Cabinet on a quarterly basis.
- 7.2. The Covid-19 pandemic is expected to have a fundamental impact on the Council's finances in the short and medium term. The financial impacts of Covid-19 have been detailed in a separate report to Cabinet in July and a further summary update is included in the Second Quarter Revenue Budget Monitoring report, which will be considered by Cabinet this evening. It is anticipated that additional funding from Central Government will not fully compensate for the financial impacts of Covid-19 and this has therefore reduced the projected reserves available at the start of the financial year 2021/22. With regards to the medium term, at this stage the budget estimates for 2021/22 and beyond provided in this report have not been adjusted for those impacts identified as most likely to be ongoing, such as reduced demand for car parking and leisure centres, due to the associated level of uncertainty. The Medium Term Financial Strategy did consider sensitivities in respect of key sources of income and concluded that the Council had sufficient reserves to manage these risks.

- 7.3. Due to Covid-19, the introduction of a new Fairer Funding Formula and 75% Business Rates Retention have been delayed. The details of these are now expected in 2021/22 for implementation from 2022/23. Similarly, there has also been no Autumn Budget this year, while an anticipated three-year Spending Review will now cover only one year, with an announcement expected from the Chancellor in late November. The provisional Local Government settlement is likely to be announced in mid-December, and the final settlement expected in January.
- 7.4. The Council has applied, along with four other Hertfordshire District and Borough Councils and Hertfordshire County Council, to form a Business Rates Pool for 2021/22. The anticipated benefit, based on current forecast rates income, from the pooling of Business Rates is a relative reduction in the business rates levy payable to Central Government next year, referred to as the 'pooling gain', meaning the Council will be able to retain more of the Business Rates income it collects. Should the forecast position change, however, each of the proposed pool members have the option to withdraw from the Pool after (within 28 days of) the announcement of the Local Government Finance settlement. Such is the volatility of business rates and the higher level of uncertainty surrounding estimates in this area, a pooling gain in 2021/22 is not assumed in the estimated funding figures contained in this report.

8. RELEVANT CONSIDERATIONS

General and Specific Funding

- 8.1. With the delays to planned changes in Local Government funding mechanisms and the Government spending review announcement to now only cover one year, it is assumed that the funding outcome for 2021/22 will be similar to last year, with the application of the "negative Revenue Support Grant" (RSG) (or equivalent) deferred for at least a further year. This however remains subject to confirmation from Government and the publication of the provisional Local Government Finance Settlement. Funding amounts for the Council in 2022/23 and beyond are highly uncertain, with reforms to Local Government funding and business rates having a potentially significant impact on the level of funding the Council receives.
- 8.2. The key assumptions underlying the funding amounts shown in table 1 are as follows;
- Business rates retained next year and beyond will be at the Business Rates Baseline level. The Baseline will continue to increase annually by inflation, but will be subject to a cut of £1.2m (also increasing by inflation each year) from 2022/23 onwards. This is equivalent to the expected negative RSG, but is actually likely to take the form of a cut to the Councils assessed need following the Fairer Funding Review.
 - New Homes Bonus funding will continue to be phased out in line with previous announcements and from 2023/24, there will be no New Homes Bonus received. No assumption is made as to any replacement funding.
 - Council Tax can be increased by £5 per year (band D equivalent). There is a risk that the referendum limit could be set lower (e.g. 2%).

- 8.3. The level of Council Tax funding shown in table 1 has been updated for the calculation of the provisional Council Tax Base for 2021/22, which has resulted in a reduction in the Council Tax Base of 0.34% from that calculated for 2020/21. This has reduced estimated Council Tax income for 2021/22 by approximately £40k. The MTFS did identify this as a potential consequence of the Covid-19 pandemic and so removed the previous assumption of 1% annual growth. The MTFS estimates had however assumed the Council Tax Base would remain stable. The assumption in table 1 is that the Council Tax Base will return to the 20/21 level in 2022/23 and then no further growth in the subsequent years.
- 8.4. The above results in the following forecasts of funding for 2021/22 onwards. The forecasts in table 1 are shown for five years on the basis that the Council should be balancing net expenditure and funding within the medium-term:

Table 1 – Estimated General Funding

£000 Funding	2021/22	2022/23	2023/24	2024/25	2025/26
Council Tax	11,961	12,252	12,501	12,751	13,001
Council Tax Collection Fund Deficit	(185)	0	0	0	0
Negative RSG (or equivalent)	0	(1,159)	(1,182)	(1,206)	(1,230)
Business Rates baseline	2,780	2,836	2,893	2,950	3,009
New Homes Bonus	350	131	0	0	0
Council Tax support to Parishes	(39)	(24)	(24)	(24)	(24)
	14,867	14,036	14,188	14,471	14,756

- 8.5. **In recommendation 2.1, Cabinet is asked to note the funding forecasts for 2021/22 and the significant uncertainty around Central Government funding levels in 2021/22 and beyond, and that these estimates provided could be subject to significant change.**
- 8.6. The Council also receives grants for specific purposes. These grants are built in to service budgets and have therefore already been taken in to account when determining spend forecasts, so can not be used towards funding the base budget. These grant amounts are often uncertain, and reductions in the amount can result in spending pressures that would need to be met from the General Fund. As these grant announcements tend to take place in January, further details will be provided in the next iteration of this budget report in January.

Revenue Savings and Investment proposals

- 8.7. The MTFS highlighted a need to make £2.65million of net savings (efficiencies, income generation and service changes) over a five-year period i.e. by the end of 2025/26, which included the assumption that £200k of savings would be identified and delivered in 2021/22.
- 8.8. The revenue savings and investment proposals were presented to Political Group workshops in early November. The full list of revenue savings and investments is attached as Appendix A. This full list includes the impact of previous decisions, such as previous budget decisions made by Full Council and the ongoing impact of budget variances that have been reported to Cabinet since the 2020/21 budget was set.

- 8.9. Savings in relation to reducing street litter bins, the transfer of public toilets to be run by another organisation and ceasing funding of Christmas trees were considered at the Joint Administration (Labour and Co-operative and Liberal Democrat) budget workshop. In the case of litter bins, it was considered that the saving should be removed until an audit of litter bin locations had been completed, and any future consideration of the saving proposal in future years would be based on that information. In the case of the public toilets, it was felt that these were valuable facilities. There was support to the general principle of transferring them if their current availability could be maintained, but it was unclear at this stage who would be willing to take on the running of them and deliver the savings proposed. Therefore it was determined that the saving should be removed until more work had been done on who may be willing to take on the toilets and the costs/ savings involved. In the case of the Christmas trees, the saving was not supported. This decision by the Joint Administration group to remove these savings was relayed to the Conservative Group at their budget workshop, as it took place 2 days later. The Conservative Group confirmed that they would also not have supported the savings put forward. In the interests of transparency, the details of these three savings proposals are set out in Appendix A, but they have been greyed out and the value of the savings are not included in the forecast numbers.
- 8.10. In respect of the proposed saving to reduce the frequency of publication of Outlook Magazine, the Joint Administration Group supported the inclusion of this saving, but also wanted to consider other ways the saving could be achieved and options for delivering a greater saving. As an example, this could include increased advertising.
- 8.11. The Conservative Group raised a query at their Workshop over the timing of the efficiency delivery from the proposed Crematorium at Wilbury Hills, which is currently assumed to materialise during 2022/23, and whether the planned efficiency amounts should be put back a year. The delivery of the Crematorium is subject to the Council obtaining planning permission from Central Bedfordshire Council, with a public enquiry into the initial decision to refuse permission scheduled for February 2021. As such, these amounts and expected timing will be kept under review.
- 8.12. The net position of the new savings and investments is shown in table 2 below. The net ongoing impact is a decrease in annual spend of £140k. This is against the target in the MTFS of a net reduction of £2.65million.

Table 2 – New savings and investments (amounts are cumulative impacts on annual budget)- from Appendix A

£000	2021/22	2022/23	2023/24	2024/25	2025/26
New Savings	(168)	(189)	(213)	(211)	(213)
New Investments	265	73	73	73	73
Net (Saving) / Investment	98	(116)	(140)	(138)	(140)
Net change year on year	98	(214)	(24)	2	(2)

Capital Programme and Funding

- 8.13. This version of the budget does not include the full capital budget, which will be part of the Investment Strategy (Treasury and Capital) that will be presented to Cabinet in January for recommendation on to Full Council in February.

- 8.14. The budget proposals that were presented for discussion at the Political Group workshops are attached as Appendix B. This includes all capital projects that have budgeted spend in 2021/22 or beyond. It also includes an estimate of spend over the years 2026-31. It does not include any projects that have been reprogrammed from 2020/21 in the Quarter 2 Investment Strategy monitor (also being considered at this meeting).
- 8.15. There were no comments of note at the Budget Workshops against the items in the capital programme. All minor changes identified and requested, such as to specific project titles or project descriptions, have been incorporated in appendix C attached.
- 8.16. It is still expected that the core capital programme (excluding spend in line with the property acquisition and development strategy) will be funded from current and forecast capital receipts in the medium term. Therefore new borrowing costs have not been built in to the revenue budget. This will be further reviewed and updated as part of the January update to Cabinet. For spend that is line with the property acquisition and development strategy, no income generation or borrowing costs are assumed. This is considered to be a prudent approach in the absence of any specific opportunities at this stage, as the initial income generation would be required to exceed any borrowing costs.
- 8.17. **Cabinet are asked in recommendation 2.3 Cabinet to note the feedback from the budget workshops, and comment on the inclusion of the capital investments in the draft budget.**

Summary Position

- 8.18. Table 3 below forecasts the net revenue spend for the next five years and includes the impact of the ongoing variances identified in the Quarter Two revenue monitoring report (also presented this evening). The table builds in assumptions around inflation on pay, general expenditure and income. These assumptions will be further refined and updated prior to the presentation of the budget to Cabinet in January. For example, the CPI figure as at November, which will inform increases to discretionary fees and charges (CPI+2%) applied in 2021/22, will not be published by the Office of National Statistics until the middle of December.
- 8.19. The most significant uncertainty in respect of inflation relates to pay inflation. The Medium Term Financial Strategy assumed pay inflation of 2.75%. This was based on forecast changes in the National Living Wage, where there was a Government intention that the hourly rate would increase to £10.50 by 2024, and the need to maintain appropriate differentials in the Council's pay scales. The £10.50 level was based on this amount being two-thirds of median earnings. Economic conditions are likely to have an impact on inflation and average earnings, so it is likely that wage growth will not be as high as previously forecast. At the time of writing this report, there were also indications that the Chancellor will freeze public sector pay as part of the Spending Review. This does not directly apply to Local Government pay but may be considered as part of pay negotiations. This budget therefore now assumes a revised wage growth of 2.25% per year across the five-year period. This is in line with what other Councils are now forecasting. The pay awards that the Council actually pays will be unchanged by this, as they would still be based on the results of national pay bargaining. The impact of over-estimating pay inflation is that it will require savings to be made to balance the budget, that may not actually be required. There is obviously a risk that this change is under-

estimating pay inflation, and if that was the case then there would then be a need to identify more savings when it becomes evident that this is likely to be the case.

Table 3 - Forecast net revenue spend and funding

£000	2021/22	2022/23	2023/24	2024/25	2025/26
Net expenditure brought forward	14,902	15,657	15,883	16,200	16,596
Net new investments (Table 2)	98	(214)	(24)	2	(2)
Other savings and investments (previous decisions)	304	57	(29)	9	(169)
Estimated changes in costs of existing staffing	395	350	350	350	350
Net general expenditure and income inflation	(42)	33	19	35	29
Net expenditure carried forward	15,657	15,883	16,200	16,596	16,804
Estimated Funding (Table 1)	14,867	14,036	14,188	14,471	14,756
Funding Equalisation Reserve	398	0	0	0	0
Funding shortfall to be met	392	1,847	2,012	2,125	2,048

- 8.20. Table 3 demonstrates that, even with the application of the Funding Equalisation Reserve balance, a deficit is anticipated for 2021/22. The Council is therefore justified in increasing Council Tax by the maximum amount allowed without the need for a local referendum. In line with the Referendum Principles for the current and recent years, this is expected to be a £5 increase (Band D equivalent). As set out in the Medium Term Financial Strategy this deficit will be funded from reserves.
- 8.21. Table 3 shows that the forecast level of savings to be achieved has reduced from the £2.65million calculated in the MTFs to £2.05million. This reduction is due to the net savings that have been identified and changes in assumptions around inflation, especially pay inflation. As members of Cabinet will be aware, a budget review/ challenge process has been started. This has started to highlight opportunities for savings (including efficiencies, service changes and income generation) in future years. Some of those opportunities will need to be taken forward in advance of next year's budget e.g. where they primarily relate to efficiencies. For the majority of those savings, which relate to service changes, these will need to be prioritised so that they can start to be developed and included in next year's budget. This will demonstrate that, whilst the exact value of the savings that the Council needs to deliver is unknown, the Council is committed to the work and decisions that will need to be taken in the medium-term. As set out in the Medium Term Financial Strategy it is expected that the Council will adopt a phased approach to balancing savings, and achieve an in-year balanced budget by 2025/26. Reserves will be used to balance the budget in intervening years.
- 8.22. **Cabinet is asked in recommendation 2.5 to confirm that Council Tax increases for 2020/21 will be in line with the Medium Term Financial Strategy (i.e. the maximum amount allowed without the need for a local referendum).**

9. LEGAL IMPLICATIONS

- 9.1. The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.

9.2. Cabinet's terms of reference include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base. Council's terms of reference include approving or adopting the budget.

9.3. Members are reminded of the duty to set a balanced budget and to maintain a prudent general fund and reserve balances

10. FINANCIAL IMPLICATIONS

10.1. These are covered in the body of the report.

11. RISK IMPLICATIONS

11.1. The risks are highlighted in section 8. The next iteration of this report will be presented to Cabinet in January, and this version will include a full review of the adequacy of estimates that have been made and of reserve balances. This includes a view from the Service Director- Resources (as the Council's Chief Finance Officer) of the minimum level of General Fund reserves. The margin between actual and the minimum General Fund reserve levels provides a proxy for the level of financial risk that the Council faces, and its ability to deal with changes.

12. EQUALITIES IMPLICATIONS

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

12.2. For any individual proposal comprising either £50k growth or efficiency, or affecting more than two wards, an equality analysis is required to be carried out; this has either taken place or will take place following agreement of efficiencies or growth.

13. SOCIAL VALUE IMPLICATIONS

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

14. 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. Appendix A - Full list of Revenue Savings and Investments.

16.2. Appendix B - Full proposed Capital Programme

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18. BACKGROUND PAPERS

- 18.1. None.

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REVENUE BUDGET SAVINGS AND INVESTMENTS

New Efficiency Proposals

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
E1	Commercial	Commercial rents income. Efficiency associated with the capital scheme proposal for the replacement of Newark Close, Royston. Replacing and improving the condition of Newark Close should support NHDC in securing greater rent uplifts during rent reviews of those NHDC investment properties served by the road because access is a material factor in the properties' rent reviews.	Additional Income	(3)	(3)	(3)	(3)	(3)
E2	Commercial	Property management costs and commercial rents income. Efficiencies associated with the capital scheme proposal in respect of Thomas Bellamy House, Hitchin. The capital project will significantly raise the prospects of NHDC securing tenants for Thomas Bellamy House and generating a commercial rental income stream for the Council. Further, by securing tenants, NHDC will be in a position to pass on the costs of holding this property, such as energy and maintenance costs, to those tenants by way of leases or other occupational agreements. NHDC currently bears most/all of the holding costs as the building is largely vacant.	Additional Income	(18)	(27)	(46)	(46)	(46)
E3	Customers	IT Software License Costs. NHDC will not be renewing the SOPHOS Mobile Device Management Software (MDM) or Blackberry Works (Enterprise Software). From 31 March 2021 this software will be replaced with Microsoft In-Tune solution, which is provided as part of the Corporate Microsoft Enterprise Agreement.	Expenditure Reduction	(23)	(23)	(23)	(23)	(23)
E4	Legal & Community	Environmental Crime and Licensing overtime budgets. Reduction of £1k in each budget for weekend and out-of-hours working after reviewing levels of spend in recent years.	Expenditure Reduction	(2)	(2)	(2)	(2)	(2)
E5	Legal & Community	Independent Remuneration Panel (IRP) expenses. Proposed that the Members' Allowances Scheme is reviewed every four years, subject to the scheme making a provision for an annual adjustment of allowances by reference to an indexation. Each person on the Independent Remuneration Panel is paid an honorarium of £500 plus expenses incurred, e.g. mileage. If the scheme provides for an indexation there would be no need for the IRP to meet annually unless there was a change in circumstance, in which case the Council could request the IRP to convene.	Expenditure Reduction	(2)	(2)	(2)	-	(2)
E6	Legal & Community	Council meeting refreshments. £790 was spent in 2019/2020 on food and beverages for Council meetings. Holding virtual meetings provides an opportune time for refreshments to cease going forward. It would also save the Committee Team the time spent on sourcing and physically purchasing refreshments. Meetings that are all day where there is no opportunity for a lunch break would continue to have provision made.	Expenditure Reduction	(1)	(1)	(1)	(1)	(1)
E7	Legal & Community	Legal Consultancy. Legal consultancy has been used to support specific projects and service activities. It is proposed that the ongoing budget is removed and instead any potential liability for external legal advice is identified as a financial risk by service managers and factored into business cases.	Expenditure Reduction	(10)	(10)	(10)	(10)	(10)
E8	Legal & Community	Policy and Community Engagement overtime budget. Reduction in budget based on reducing staffing support to meetings, such as Councillor Surgeries / Town Talks / Cabinet Panels, to one officer where possible.	Expenditure Reduction	(2)	(2)	(2)	(2)	(2)
E9	Place	Reduction in street cleansing contract expenditure through a phased reduction in the number of street litter bins, by up to a quarter in number. Litter bins are currently emptied through the contract on an as required basis. An audit of litter bins would be undertaken by the Waste Client Team to determine any which are under utilised or in close proximity to other bins with low usage and therefore could be removed without significant adverse consequence. A phased approach is suggested to allow impacts to be measured. Efficiency value is net of the cost of removal. Also potential for some of these savings to be delivered through bin sponsorship.	Expenditure Reduction	-	-	-	-	-
E10	Place	Transfer of NHDC Public Conveniences. This would include the full time Public Conveniences at; - Howard Park, Letchworth - The Arcade, Hitchin - Fish Hill Royston The summer opening public conveniences at; - Bancroft Gardens, Hitchin - Avenue Park, Baldock Current cost is £63k per year, so that would be the maximum potential saving. Any saving would be part year only in first year. Would need to determine that there was a third party willing to take on before savings could be assumed.	Expenditure Reduction	-	-	-	-	-
E11	Regulatory	Planning Technical Support staffing costs. Deletion of a part-time Assistant Technical Support Officer post. This post is currently vacant. The change in working practises prompted by the flu pandemic, which are expected to continue ongoing, have removed the need for some of the duties undertaken as part of the role. For example, no further printing of plans will be required as officers will be provided with laptops.	Expenditure Reduction	(13)	(13)	(13)	(13)	(13)
E12	Resources (Regulatory)	Cease funding (either through grants or direct provision) of Christmas Trees to the four towns and the Letchworth Hospice	Expenditure Reduction	-	-	-	-	-

E13	Resources	Continued reduction in audit days (Shared Internal Audit Service- SIAS). Previous savings to reduce from 350 days down to 300 days. This proposal is for a further reduction down to 270 days (15 day reduction in 2022/23 and a further 15 days in 2023/24). It is still believed that this will provide sufficient coverage for the Council and to provide the required assurance from the Head of SIAS.	Expenditure Reduction	-	(5)	(9)	(9)	(9)
E14	Customers	Revenue savings associated with the proposed capital investment to facilitate the provision of laptops for all officers for use at home and in the office. Savings anticipated would include a reduction in telephone call charges, as the laptops would facilitate soft-telephony. The reduced office footprint required may also allow income generation from the renting of floor space at DCO. 'Green' benefits may also materialise in the form of reduced travel and energy consumption. Work is ongoing to quantify the financial impact.	Expenditure Reduction	tbc	tbc	tbc	tbc	tbc
E15	Legal and Community	Increase charges for Chair's reception to make it self-financing, stop having a Chair's reception or look at other options to make it zero net cost.	Expenditure Reduction	(4)	(4)	(4)	(4)	(4)
E16	Managing Director	Reduce frequency of Outlook from 3 editions per year to 2 editions per year.	Expenditure Reduction	-	(8)	(8)	(8)	(8)
E17	Regulatory	Remove Neighbourhood Planning Budget and use accrued specific reserve funding and funding from MHCLG (assuming that continues to be provided).	Expenditure Reduction	(10)	(10)	(10)	(10)	(10)
E18	Regulatory	Remove funding for Local Plan work post-2031, known as new settlement work. Rely on accrued specific reserves and future grant funding.	Expenditure Reduction	(30)	(30)	(30)	(30)	(30)
E19	Regulatory	Reduce Area Wide Parking Review budget from £65k to £15k. Royston review and remaining other work would be funded from accrued specific reserve.	Expenditure Reduction	(50)	(50)	(50)	(50)	(50)
Total Net Budget Reduction from new efficiency proposals			Total Expenditure Reduction	(147)	(159)	(164)	(162)	(164)
			Total Additional Income	(21)	(30)	(49)	(49)	(49)
			Total Expenditure Reduction	(168)	(189)	(213)	(211)	(213)

New Revenue Pressures and Investment Proposals

Ref No	Service Directorate	Description of Proposal	Budget Impact	Investment				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
R1	Commercial	Employment of a temporary Estates Surveyor from an employment agency based on average required working pattern of 23 hours per week over a 48-week period, in lieu of a permanent appointment. NHDC has attempted to recruit a permanent Estates Surveyor on several occasions during 2020 without success. Despite the intention to carry out further recruitment attempts, it is considered prudent to request budget provision for a temporary position in order to have proper resource to carry out NHDC's estates management role, part of which has statutory function and basis. The investment value is net of the saving from the permanent post vacancy.	Additional Expenditure	12	-	-	-	-
R2	Customers	As part of the IT Strategy to move Council data to the cloud, there is a requirement to have a backup service of the data within the cloud to enable restores of data from Exchange and OneDrive. A recent SIAS audit of IT Disaster Recovery has recommended that NHDC invest in a SAAS (software as a service) to enable restores as part of their findings.	Additional Expenditure	20	20	20	20	20
R3	Place	Planting of 10,000 trees. At the request of the Executive Member, the development of a communications plan, including public events, to distribute small trees for residents to plant in their own gardens	Additional Expenditure	25	-	-	-	-
R4	Regulatory	Creation of a five-year Project Officer post to support delivery of the Local Plan targets, e.g. Town Centre Reviews. The estimated annual cost of £50k will be fully funded through existing permanent budget for planning development initiatives and the use of the Planning and Housing Delivery earmarked reserve. While this means there is a net zero impact on General Fund estimates, the proposal is highlighted here as there is an opportunity cost attached to the use of resource.	Additional Expenditure	-	-	-	-	-
R5	Regulatory	Use of the Town Wide Area Parking Review earmarked reserve over the next three years to fund additional responsibility payments to an existing planning officer to deliver area wide parking reviews, on-street charging (additional income) and replacement of lines and signs for enforcement initiatives. The additional cost currently anticipated over the three years is £16k, though the continuation of the ARP will be reviewed annually. While the use of the reserve mitigates the impact on the General Fund, the proposal is highlighted here as there is an opportunity cost attached to the use of the resource.	Additional Expenditure	-	-	-	-	-
R6	Resources (Managing Director)	Increase in costs of the subscription to the East of England Local Government Association, due to a requirement to fund their inherited past pension costs	Additional Expenditure	2	2	2	2	2
R7	Resources (Managing Director)	Subscription to the Co-operative Councils Innovation Network	Additional Expenditure	1	1	1	1	1
R8	Resources	Repairs and maintenance works to Council property assets. A review of works required has identified that the central budget of £185k is not sufficient to cover all necessary maintenance in 21/22. The additional investment value is after deferring where possible maintenance works into future years and is calculated on the assumption that, based on the experience of the prior year, approximately 50% of the annual budget will be required to fund reactive maintenance works during the year.	Additional Expenditure	122	-	-	-	-
R9	Managing Director	Council website development and maintenance costs. Rebuild of website due to end of life of the web platform, Drupal 7, in November 2021 plus ongoing development, support and hosting costs. Investment value is estimated cost based on some soft market testing undertaken - this work will be subject to a tender process and so final cost and profile of expenditure will depend on the outcome of the procurement exercise.	Additional Expenditure	83	18	18	18	18
R10	Managing Director	With reference to earmarked investment PI12 below, appointment of a Digital Media and Engagement Officer on a permanent basis. The current temporary post has had a significant impact on the level of engagement with the Council, with the ability to create more interactive content, e.g. videos, picture stories etc. NHDC now has 5,000 fans on Facebook, 11,200 followers on Twitter and 1,500 followers on Instagram. Engagement on Facebook more than doubled to 30,000 engagements (likes, shares or comments) from April 2019 – March 2020, compared to 14,000 between April 2018 – March 2019. It is therefore proposed that the post is incorporated into the Council's permanent staffing structure.	Additional Expenditure	-	32	32	32	32
Total Net Budget Increase from new pressures and investment proposals			Total Additional Expenditure	265	73	73	73	73
			Total Income Reduction	-	-	-	-	-
			Total Investments	265	73	73	73	73

Efficiencies earmarked in 2021/22 (and/or beyond) resulting from previous decisions

	Service Directorate	Description of Proposal	Budget Impact	Efficiency				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
PE1	Place	Provision of a Crematorium at Wilbury Hills. Delivery of the crematorium and any revenue efficiency is dependent on a successful planning application. The planning application was refused by Central Bedfordshire Council, but NHDC has submitted an appeal against this decision. Whilst the Council feels that there is a good chance of success in the appeal, the process has delayed the achievement of any savings. The timing and value of savings is based on the Council making a prompt decision to appoint a new partner to deliver the Crematorium. The estimated efficiency value is based on the proposed terms of the original lease, with NHDC receiving an annual base rent of £10k (indexed annually by RPI) plus a percentage (up to a maximum of 10%) of the turnover generated from the Crematorium. The eligible percentage of turnover would be linked to the number of cremations that take place over a 12 month period. If however the Council decided to build the Crematorium itself then the savings could be greater, but would probably take longer to achieve and would require funding to be allocated through the capital budget.	Additional Income	-	(50)	(100)	(100)	(100)
PE2	Legal & Community	Cease MOU and contractual payments to identified Community Groups. Baldock Town Centre Partnership. Grant ceasing at the end of 2020/21.	Expenditure reduction	(2)	(2)	(2)	(2)	(2)
PE3	Legal & Community	Removal of budget provision for District Council elections in 2021/22 as no elections are scheduled to be held. Efficiency value includes both the £25k increase in estimated cost of elections reported at Q2 2019/20, which is attributed to rising venue hire prices and higher numbers of postal votes requested, and the £1k saving from integrating elections payroll onto the new Council payroll system. UPDATE CBP 2021/22: Removal of budget provision in 2025/26.	Expenditure reduction	(117)	-	-	-	(117)
PE4	Place	AFM income from Herts County Council. The efficiency proposal in setting the budget for 2020/21 was to adjust the budget estimates to better reflect the Council's current performance (annual income budget increased by £156k). The reduction in anticipated income beyond 20/21 is due to the HCC proposal to reduce the total amount allocated to collection authorities by 12.5% per annum (approximately £500k per year) for the next three years (impacting receipts from 2021/22). The actual impact will however depend on the Council's recycling performance relative to other Hertfordshire authorities, as well as the overall performance of Hertfordshire collection authorities in diverting waste from landfill and reducing associated costs incurred by HCC.	Additional Income	69	130	156	156	156
Total Net Budget Reduction from earmarked efficiencies			Total Expenditure reduction	(119)	(2)	(2)	(2)	(119)
			Total Additional Income	69	80	56	56	56
			Total Efficiencies	(50)	78	54	54	(63)

Investments earmarked in 2021/22 (and/or beyond) resulting from previous decisions

	Service Directorate	Description of Proposal	Budget Impact	Investment				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
PI1	Regulatory	Review of Social Housing stock- On a four yearly basis, procure consultants to analyse the condition of housing stock in North Herts and/or support activity on measures aimed at resultant findings/current priorities (e.g. helping residents introduce energy efficiency measures). UPDATE CBP 2021/22: Earmark £20k investment in 2024/25	Additional Expenditure	(20)	(20)	(20)	-	(20)
PI2	Regulatory	Local housing market analysis- Appoint consultant biannually to provide information and analysis on the local housing market in order to inform the development of housing policies and strategies. UPDATE CBP 21/22: Reinstate expenditure budget in 2024/25 and then remove allocation in 2025/26 as expenditure is biannual	Additional Expenditure	(8)	-	(8)	-	(8)
PI3	Commercial	To pay for the salaries of the Commercial Manager and Commercial Officer, as when this structure was approved it was agreed that the Special Reserve could be used to fund the first two years. This will allow the Council to continue to deliver the Commercial Strategy. UPDATE CBP 2021/22: Investment value updated to reflect estimated staffing cost based on current pay scale points. Original investment figure of £125k based on maximum value approved to be drawn down from Special Reserve.	Additional Expenditure	98	98	98	98	98
PI4	Regulatory	The undertaking of town centre strategy reviews, which form part of the documents supporting the Local Plan. It is proposed that the investment will be required in each of the next four years to cover all four towns.	Additional Expenditure	40	40	40	40	-
PI5	Place	Introduction of a discounted annual rate of £20 for garden waste collection for eligible customers from 20/21. Investment value in 2021/22 and beyond is the additional amount to reflect the full year impact of the discount (estimated to be £70k). The discount is offered to residents who are in receipt of housing benefit or universal credit (approx. 7000 properties), with the estimated value assuming a 50% take-up.	Income Reduction	23	23	23	23	23
PI6	Resources	Hitchin Fountain. Lady Dixon has agreed to pay for a new floating fountain to go in front of the church in Hitchin. It is believed that this will provide a more reliable water flow than the old pump. The supplier is prepared to provide free maintenance for the first 2 years if the Council agrees to put up an in keeping plaque near to the fountain. The quote for this maintenance after the first 2 years is just under £3k per year.	Additional Expenditure	2	3	3	3	3
PI7	Chief Executive	Triennial Pension Scheme Valuation. Increases in annual lump sum [fixed] contribution recommended by the actuary over the three year period from April 2020.	Additional Expenditure	28	57	57	57	57
PI8	Legal & Community	Provide inflationary increase (2%) for MOUs with CVC and Citizens Advice North Herts. Inflation increases beyond 2023/24 included within estimated inflation total.	Additional Expenditure	4	8	12	12	12
PI9	Regulatory	Delivery of a single issue Local Plan review to incorporate any emerging Council Priorities re. Climate Change Emergency into formal planning policy for the District. Dependent on the outcome of current Council Priorities work, the estimated two-year programme (2020/21 & 2021/22) would include commissioning of evidence and examination.	Additional Expenditure	-	(40)	(40)	(40)	(40)
PI10	Regulatory	Continuation of the Electric Vehicle strategy to incorporate any emerging Council Priorities re: the Climate Change Emergency / air quality. While details are not yet known, future implementation may require accompanying capital expenditure.	Additional Expenditure	-	-	(20)	(20)	(20)
PI11	Regulatory	To extend the joint Economic Development Officer post (shared with East Herts) for a further 2 years to the end of 2021/22.	Additional Expenditure	-	(26)	(26)	(26)	(26)
PI12	Managing Director	Extension of the employment of a Digital Media and Engagement Officer to end of 2021/22. The initial two year fixed term post was funded from the Corporate Strategic Priorities Fund, with appointment to the role in March 2019. Council agreed to a proposal last year to extend funding for the post for a further two years (2020/21 and 2021/22).	Additional Expenditure	-	(32)	(32)	(32)	(32)

Total Net Budget Increase from earmarked investments	Total Additional Expenditure	144	88	64	92	24
	Total Income Reduction	23	23	23	23	23
	Total Investments	167	111	87	115	47

Savings incorporated since 2020/21 Budget approved by Council in February 2020

Report	Service Directorate	Description of Saving	Budget Impact	Saving				
				2021/22	2022/23	2023/24	2024/25	2025/26
				£'000	£'000	£'000	£'000	£'000
Q3 2019/20	Commercial	Rental Income for Phone Masts on DCO. Vodafone lease part of the DCO roof top for their phone mast. Following a landlord and tenant dispute, the annual rent agreed is now just over £8k; however, legislation may result in a reduction in the future rental value.	Additional Income	(8)	(8)	(8)	(8)	(8)
Q1 2020/21	Managing Director	Senior Management Tier 1 Restructure. The estimated net saving from the restructure of senior management approved by Full Council in April and implemented from 18th July 2020. The ongoing saving is from deleting the Chief Executive and Deputy Chief Executive posts, and creating a single Managing Director post. This saving is reduced by the additional payment made to the Service Director designated as Deputy to the Managing Director, equivalent to 10% of current salary.	Expenditure Reduction	(130)	(130)	(130)	(130)	(130)
Q1 2020/21	Resources	Human Resources staffing costs. The permanent saving from deleting the Corporate HR Manager post following the voluntary redundancy package approved by Full Council in July. This saving is net of the financial impact from the subsequent reconfiguration of HR Services staffing arrangements.	Expenditure Reduction	(50)	(50)	(50)	(50)	(50)
Q1 2020/21	Customers	Outbound Mail contract expenditure. 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.	Expenditure Reduction	(52)	(52)	(52)	(52)	(52)
Q1 2020/21	Place	Contribution to operational costs at Fearnhill Sports Hall. The school has undertaken significant work on the sports hall in recent years, which has reduced the annual contribution required from the Council to the cost of maintenance and repairs at the facility.	Expenditure Reduction	(18)	(18)	(18)	(18)	(18)
Q2 2020/21	Place	Waste and Street Cleansing Contract Expenditure. Removal of the provision for indexation in the 20/21 budget. The budget for 20/21 assumed a contract indexation of 1.28%, based on the respective indices at that time. Due primarily to a subsequent fall in the fuel price index the calculation of the actual indexation rate for 20/21, as defined in the terms of the contract, resulted in a deflationary value of -0.89%.	Expenditure Reduction	(65)	(65)	(65)	(65)	(65)
Q2 2020/21	Resources	District Council Offices (DCO) Energy Costs. There is now sufficient consumption data to establish ongoing energy needs following the refurbishment of DCO and the switch to electric heating.	Expenditure Reduction	(13)	(13)	(13)	(13)	(13)
Q2 2020/21	-	Net total of minor permanent budget adjustments requested at Quarter Two 2020/21 (included in 'other minor variances' total in table 3)	Expenditure Reduction	(4)	(4)	(4)	(4)	(4)
Total Savings incorporated since 2020/21 budget agreed in February 2020			Total Expenditure Reduction	(332)	(332)	(332)	(332)	(332)
			Total Additional Income	(8)	(8)	(8)	(8)	(8)
			Total Efficiencies	(340)	(340)	(340)	(340)	(340)

Budget Pressures and Investments incorporated since 2020/21 Budget approved by Council in February 2020

Report	Service Directorate	Description of Pressure	Budget Impact	Pressure				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Q3 2019/20	Customers	Net cost of the Careline Service. An increase in maintenance costs is not being fully funded by the service users due to restrictions placed on increasing the weekly service user charge by HCC.	Additional Expenditure	19	19	19	19	19
Q3 2019/20	Regulatory	Net cost of providing temporary accommodation based on estimated annual spend of £80k. NHDC receives subsidy from the DWP for any households in temporary accommodation that receive housing benefit. The £10k pressure is due to not all households in sheltered accommodation qualifying for housing benefit, while there is also a cap on how much can be claimed.	Additional Expenditure	10	10	10	10	10
Q3 2019/20	Commercial	Rental income from Thomas Bellamy House. The lease with the Hitchin Christian Centre has come to an end and was not renewed by the tenant. The space is now being held vacant pending refurbishment of the entire building and future re-letting (included within other minor variances total in table 3).	Income Reduction	6	6	6	6	6
Q3 2019/20	-	Net total of minor permanent budget adjustments requested at quarter 3 2019/20 (included in 'other minor variances' total in table 3)	Additional Expenditure	6	6	6	6	6
Outturn 2019/20	Customers	Council Tax Summons Income. Reduction in forecast income followed the closure of the Court in response to the COVID-19 pandemic.	Income Reduction	57	57	57	57	57
Outturn 2019/20	Place	Income from the sale of textiles collected for recycling. Both the volume of materials collected, and the price received for textiles, have fallen significantly. As such, officers are now investigating the viability of the service.	Income Reduction	11	11	11	11	11
Outturn 2019/20	Customers	Careline alarms equipment costs. Careline are purchasing and installing digital alarms when an alarm requires replacement. The digital alarm costs twice as much as the analogue product previously installed but can be used up to three times, whereas the old analogue equipment could only be used once. Once there is sufficient turnover of the new alarm, annual equipment costs should reduce as alarms returned from former clients can be used for new installations.	Additional Expenditure	78	78	78	78	78
Outturn 2019/20	-	Net total of minor permanent budget adjustments requested at Outturn 2019/20 (included in 'other minor variances' total in table 3)	Additional Expenditure	3	3	3	3	3
Q1 2020/21	All	Staff Payroll Costs. The assumption in the original budget estimates was a staff pay award for 20/21 of 2%. The National Employer pay offer to Trade Unions in April was an increase to all salary points of 2.75%. The budget pressure is therefore the additional resource required for the increase in pay over and above the original 2% estimate.	Additional Expenditure	95	95	95	95	95
Q1 2020/21	Customers	Careline Service Overtime costs. 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.	Additional Expenditure	12	12	12	12	12
Q1 2020/21	Customers	Benefit Overpayments Income. 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.	Income Reduction	163	163	163	163	163
Q1 2020/21	Resources	Insurance premiums. 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.	Additional Expenditure	18	18	18	18	18
Q1 2020/21	Place	Bin stickers. The previous Waste Contractor would commission the Council to produce hangers and stickers for bins to show the collection dates during Easter and Christmas. Urbaser has since made alternative arrangements and this income will no longer be achieved (included in 'other minor variances' total at Q1).	Income Reduction	6	6	6	6	6
Q1 2020/21	Customers	Income from other Local Authorities for IT services. The shared support service contract for the Local Land and Property Gazetteer database has not been renewed by Hertsmere Borough Council (included in 'other minor variances' total in table 3).	Income Reduction	9	9	9	9	9
Q1 2020/21	-	Net total of minor permanent budget adjustments requested at Quarter One 2020/21 (included in 'other minor variances' total in table 3)	Additional Expenditure	5	5	5	5	5
Q2 2020/21	Regulatory	Stray Dog Contract costs. Increase in annual cost of the stray dog collection and kennelling service, provision of which is a statutory requirement, follows the outcome of the recent procurement exercise and the award of a new three-year contract to the successful supplier (included in 'other minor variances' total in table 3).	Additional Expenditure	9	9	9	9	9

Total pressures and investments incorporated since 2020/21 budget agreed in February 2020	Total Additional Expenditure	255	255	255	255	255
	Total Income Reduction	252	252	252	252	252
	Total Pressures Arising	507	507	507	507	507

Previously agreed changes, including updates to amounts

Proposed revised amounts in yellow

Reference	Service Directorate	Description	Budget Impact	Pressure / Saving				
				2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
-	Managing Director	Reduction in annual interest payments relating to outstanding loans with Public Works Loans Board. The annual interest payments reduce as the loan principal is repaid. UPDATE CBP 2021/22: Estimates updated and extended to 2025/26	Saving	(1)	(2)	(4)	(5)	(7)
Council 31st August 2017	Managing Director	Annual interest (fixed at 3.5%) receivable from NHDC loan to SLL for purchase of gym and fitness equipment at Hitchin and Royston Leisure Centres, approved by Council in August 2017, decreases as the loan principal is repaid. Loan principal is scheduled to be fully repaid by the end of March 2023.	Pressure	3	7	10	10	10
-	Managing Director	District Wide Survey (estimated cost £18k) takes place in alternate years. UPDATE CBP 2021/22: Remove budget in 2024/25 and reinstate in 2025/26	Pressure	18	-	18	-	18

Total Net Budget Impact	Total Pressures	21	7	28	10	28
	Total Savings	(1)	(2)	(4)	(5)	(7)
	Net Budget Impact	20	5	24	5	21

Expenditure Budget requested to be Carried Forward from 2020/21

Report	Service Directorate	Purpose of Carry Forward	Carry Forward				
			2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Q1 2020/21	Managing Director	Apprenticeship Scheme. 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	-	-	-	-
Q1 2020/21	Legal & Community	District Elections Expenditure. 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. UPDATE CBP 2021/22: Original carry forward budget request of £117k at Q1 reduced by £50k. District Council elections in 2021 will be held simultaneously with the elections for Hertfordshire County Council and Hertfordshire Police & Crime Commissioner, with costs shared accordingly.	67	-	-	-	-
Q2 2020/21	Regulatory	Housing Stock Condition Survey. Resources to carry out the housing stock condition survey have been focussed on Covid-19 related actions. It is therefore requested to carry forward the £20k budget for the survey, which will be planned and, subject to available resources, carried out during 2021/2022.	20	-	-	-	-
Total Budget Carried Forward			98	-	-	-	-

CAPITAL INVESTMENT PROPOSALS

Ref No	Responsible Service Director	Description of Proposal	Total Project Investment 2021/22 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment 2026 - 2031	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Asset Management and Investment												
NCP1	Service Director - Commercialisation	Alteration & improvement to underground drainage at Coombes Community Centre, Royston.	25	-	25	0	0	0	0	0	0	To make improvements and alterations to the underground drainage at the Coombes Community Centre as it is inadequate which is causing ongoing issues to the building's occupation, including sewage water flooding, toilets not operating effectively and associated health and safety risks.
NCP2	Service Director - Commercialisation	Replacement of Newark Close, Royston.	65	-	65	0	0	0	0	0	-3	Newark Close is owned by NHDC. It is not adopted public highway. It provides vehicle and pedestrian access to several of NHDC's investment property tenants, their under-tenants, customers and the public. The road is in poor and hazardous condition with pot holes, cracks and unevenness. Wholesale replacement of the road, including surface and sub-surface, is now required to maintain safe access.
NCP3	Service Director - Commercialisation	Thomas Bellamy House, Hitchin	65	-	65	0	0	0	0	0	-18	NHDC owns the freehold in Thomas Bellamy House. Several essential items of work to the structure and roof are required to improve the building's fabric and condition. Such work will arrest further deterioration and place the building in a condition whereby it has a realistic prospect of securing tenants and a commercial rental income stream for the Council. Further, by securing tenants, NHDC can pass on some or all of its property holding costs of the building to those tenants in the form of a lease or other occupational agreement.
ECP1	Service Director - Commercialisation	Acquisition of Property Investments	16,000	-	4,000	4,000	4,000	4,000	0	0	tbc	Acquisition of property and investments in line with the Commercial Strategy and the Property Investment Strategy to seek revenue and/or capital returns and growth for NHDC. £4m allocation in 2020/21 means a total earmarked investment over five years of £20m.
ECP2	Service Director - Resources	Council property improvements following condition surveys	255	-	255	0	0	0	0	0	0	Condition surveys have been carried out on a substantial number of the Authority's premises (substantially consists of Community Centres and Pavilions). This bid relates to 29 of those premises which are not currently subject to separate plans or review. The surveys have identified necessary works within priority bands required to ensure the continued use of the premises and to maintain premises in a reasonable condition. Enhancement works of this nature will reduce reliance on reactive maintenance repairs. The level of 'backlog' maintenance is also proposed as a national performance indicator by Central Government. An amount of £150k was approved to undertake the urgent works in 2014/15, based upon surveys carried out to date. In following years a full 5 year programme will be applied, based upon completed condition surveys or the whole estate. this is complementary to the Community Halls strategy (CHS), although covers a larger number of properties than those subject to CHS, i.e., it puts in place funds to allow works to be done that may assist in progressing that strategy (e.g. full repairing/partial repair leases). To help ensure that this project is delivered in the timeframe estimated within the Capital Programme, the investment was allotted over three years with an annual capital allocation of £255k from 2019/20.
Sub-Total: Asset Management and Investment			16,410	-	4,410	4,000	4,000	4,000	-	-	-	21
Grants to Third Parties												
ECP3	Service Director - Regulatory	Private Sector Grants	600	-	60	60	60	60	60	300	0	HRAGs are a discretionary form of assistance specifically designed to provide practical help through a grant for small-scale works. This grant provides cash limited assistance up to £5K within any three-year period, for minor works for owner / occupiers and private tenants who meet certain criteria. HRAG funding is also used to support the Warm Homes Fund project where homes without central heating are provided with gas central heating. HRAGs are means tested and help to eradicate CAT1 Hazards, such as excess cold. In February 2015 Council approved an increase in the level of funding from £35k to £60k per annum for 2015/16 and future years. UPDATE CBP 21/22: Proposed to extend annual investment across the period of the ten year investment strategy (earmarked until 2029/30 in current programme)
ECP4	Service Director - Regulatory	John Barker Place, Hitchin	1,096	270	0	1,096	0	0	0	0	0	Cabinet agreed to the commitment to the John Barker Place regeneration scheme in January 2013, subject to the availability of funds. The capital resource required is now earmarked in 2022/23, in line with the scheme timetable.
Sub-Total: Grants to Third Parties			1,696	270	60	1,156	60	60	60	300	-	

CAPITAL INVESTMENT PROPOSALS

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Externally financed projects												
ECP5	Service Director - Regulatory	Cycle Strategy implementation (GAF)	278	278	278	0	0	0	0	0	0	It is recommended that decisions on capital projects eligible for GAF funding are postponed until adoption of the Local Plan and any further strategies that may be recommended by the Inspector.
ECP6	Service Director - Regulatory	Installation of trial on-street charging (GAF)	50	50	50	0	0	0	0	0	0	It is anticipated that this funding will be spent in line with the parking strategy.
ECP7	Service Director - Regulatory	Transport Plans implementation (GAF)	250	250	250	0	0	0	0	0	0	It is recommended that decisions on capital projects eligible for GAF funding are postponed until adoption of the Local Plan and any further strategies that may be recommended by the Inspector.
ECP8	Service Director - Regulatory	Green Infrastructure implementation (GAF)	185	185	185	0	0	0	0	0	0	It is recommended that decisions on capital projects eligible for GAF funding are postponed until adoption of the Local Plan and any further strategies that may be recommended by the Inspector.
Sub-Total: Externally financed projects			763	763	763	-	-	-	-	-	-	
Parking Related Proposals												
NCP4	Service Director - Regulatory	Parking Machines Upgrade - Contactless Payment Facility Installation	94	81	54	20	20	0	0	0	0	The upgrade of the current chip and pin card readers in the parking machines to include contactless payments, mostly financed from uncommitted GAF funding, is required for PCI compliance. This will also allow maximum flexibility for the customer, as it is anticipated that the use of coins will further reduce, and help to mitigate the risk of theft and vandalism to the machines as less cash will be retained in the machines. The proposed plan is for delivery in two tranches. Tranche 1: Upgrade 24 Coin and Chip & Pin (Card Reader Machines) to contactless in order to be PCI compliant, plus 2 chip & Pin Machines to contactless only (note the coin option remains unchanged in the 24 machines). Tranche 2: Upgrade of remaining 26 coin parking machines to include contactless to be rolled out over a 2 year programme from 2022/23.
NCP5	Service Director - Regulatory	Parking Machines Replacement	300	-	0	0	0	0	150	150	0	Replacement of all parking machines over a 2 year period, with the roll out commencing in late 2025/26 . Please note that this is as estimated cost based on the current full replacement cost of a machine taken from the ESPO framework adjusted for inflation. The type of machine replacement would be dependent on the latest technology and this estimate may need to be reviewed nearer the time.
NCP6	Service Director - Resources	Hitchin Lairage car park - cosmetic coating to four stairwells and replacement windows and doors.	75	-	75	0	0	0	0	0	0	The current stair wells are aesthetically unsightly uncoated concrete, which are difficult to keep clean and stain. At least two of the four stairwells suffer anti-social behaviour, and this compounds the staining and cleaning requirements. The proposed coating will improve the appearance and make cleaning the stairwells less onerous. Replacement of windows and doors where required.
NCP7	Service Director - Regulatory	Match funding for Electric Vehicle charging	100	-	100	0	0	0	0	0	0	On the basis that the Council can obtain Government funding for the provision of on-street EV charging.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP9	Service Director - Regulatory	Lairage Multi-Storey Car Park - Structural wall repairs	111	-	111	0	0	0	0	0	0	Works to preserve this income generating asset in usable condition. Works necessary to protect surface following experience at Letchworth multi-storey.
ECP10	Service Director - Resources	Off Street Car Parks resurfacing and enhancement	227	-	163	56	8	0	0	0	0	Condition surveys have identified the need for a proactive programme of resurfacing for the council's off street car parking. Resurfacing, re-lining and enhancing the lighting enables the car parks to be used safely, reducing insurance claims for trips and falls, and allows the continued enforcement of the relevant traffic regulation orders. A. Planned maintenance programme should enable reduction in reactive repairs. B. No programme of repairs will require additional revenue maintenance funds for responsive repairs, and loss of income as Traffic regulation orders will become unenforceable. UPDATE CBP 2021/22: Proposed additional capital allocations of £163k in 2021/22, £9k (increase to original allocation of £47k) in 2022/23 and £8k in 2023/24 based on findings of most recent car park condition surveys undertaken.
ECP11	Service Director - Regulatory	Parking Charging, Payments & Management	235	-	235	0	0	0	0	0	0	Revision in scope of existing capital allocation for the implementation of town centre pay & display machines for on-street parking. With the advance of technology it is considered that the use of physical machines and tickets is outdated. As such, this proposal seeks to utilise the capital allocation to still focus on charging, payment and management of parking but through more customer orientated systems. This proposal will encompass (where appropriate) a move to virtual payment and permits/tickets, pay-on-exit for car parks as identified within the Council's Parking Strategy.
Sub-Total: Parking			1,142	81	738	76	28	-	150	150	-	
Waste Collection												
ECP12	Service Director - Place	Recyclable material transfer facility, vehicle depot and offer facility co-located with a residual waste transfer facility	1,600	-	0	0	0	1,600	0	0	0	Herts County Council are planning to build a waste and recycling transfer station which could accommodate both North and East Herts Councils residual, food and garden waste. This would enable surety on a long term disposal route for the materials. The anticipated build cost for this element of the site is circa 1.6m. The agreement for the site and confirmation on whether this is going ahead however is tbc.
ECP13	Service Director - Place	Vehicle fleet replacement program (Waste and Recycling)	4,000	3,200	0	0	0	0	4,000	0	0	It is anticipated that the cost of replacing the current fleet of vehicles will have increased due to inflation by the time of required purchase in 2025/26. The vehicles currently in operation are held on the Council's balance sheet under a finance lease arrangement embedded within the waste contract, with the associated charge for their use met from the Council's cash reserves rather than the General Fund. As such the annual saving to the General Fund is transferred to an earmarked reserve with the intention that this will be used to help finance the cost of the new vehicles.
Sub-Total: Waste Collection			5,600	3,200	-	-	-	1,600	4,000	-	-	
Leisure Related Proposals												
ECP14	Service Director - Place	Leisure Condition Survey Enhancements	107	-	0	0	107	0	0	0	0	A physical condition survey was carried out at all four leisure facilities in 2018. The survey identified all works that were needed and/ or would become necessary over the following five year period. This totalled £266k, with £87k in the capital programme for 2020/21, and the balance of £179k across the years 2022/23 and 2023/24. UPDATES CBP 2021/22: Original £39k allocation removed in 2022/23, which condition survey highlighted as required for HSC boiler replacements, as boiler replacements are provided for under schemes ECP14 and ECP15. £140k earmarked in 2023/24 reduced to £107k as certain works identified have either been completed by SLL (funded from profit share) or are separately itemised within the capital programme.
Sub-Total: Leisure			107	-	-	-	107	-	-	-	-	
Leisure - Hitchin Swim Centre												
NCP8	Service Director - Place	Replacement of Domestic Hot Water Calorifer at HSC	25	-	25	0	0	0	0	0	0	Existing calorifier is in poor condition resulting in leaks and calcification. Proposed to replace with modern plate heat exchange to ensure efficiency and reduce energy consumption and costs.

CAPITAL INVESTMENT PROPOSALS

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP15	Service Director - Place	Hitchin Swim Centre Reception Toilet Refurbishment	30	-	0	30	0	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled toilets in the reception area is proposed.
ECP16	Service Director - Place	Hitchin Swim Centre Outdoor Pool Boiler Replacement	40	-	0	0	40	0	0	0	0	Hitchin outdoor pool is currently operating with one boiler due to an irreparable fault with the second boiler. A replacement of the redundant boilers is proposed to ensure the facility remains operational.
ECP17	Service Director - Place	HSC: Boiler Replacement	200	-	0	0	0	200	0	0	0	Boilers are 15+ years old and are at the end of their economic lifespan. While repair works are carried out on a regular basis there is a risk that, if they are not replaced, they may fail which could result in pool closure.
ECP18	Service Director - Place	Hitchin Swim Centre Indoor Pool Cover	-	-	0	0	0	0	0	0	0	The indoor Pool cover and electric roller is over 20 years old and require replacement to ensure they remain efficient at reducing energy consumption and costs. UPDATE CBP 21/22: This project was agreed under a profit share proposal and SLL have confirmed they are placing the order. £20k allocation earmarked in 2021/22 can therefore be removed.
ECP19	Service Director - Place	HSC: Archers Member Change and Relaxation Area Refurbishment	300	-	0	0	0	0	300	0	0	Refurbishment of the changing rooms and relaxation areas at Archers Health and Fitness Club to ensure customer satisfaction is maintained.
ECP20	Service Director - Place	HSC: Change Village Refurbishment	225	-	0	0	0	0	0	225	0	Investment earmarked in 2026/27. Full refurbishment of the change village, which has not been refurbished since 2005.
ECP21	Service Director - Place	HSC: Outdoor Pool Cover Replacement	30	-	0	0	0	0	0	30	0	The outdoor pool covers are over 20 years old and require replacement to ensure they remain efficient at reducing energy consumption and costs.
ECP22	Service Director - Place	HSC: Fitness Equipment Replacement	300	-	0	0	0	0	0	300	0	Investment earmarked in 2026/27. Replacement of the cardio and resistance fitness equipment to maintain membership levels and ensure customer satisfaction.
ECP23	Service Director - Place	HSC: Fitness Facility Refurbishment	50	-	0	0	0	0	0	50	0	Investment earmarked in 2026/27. Refurbishment of the gym area in preparation for the new cardio and resistance fitness equipment
Sub-Total: Leisure - Hitchin Swim Centre			1,200	-	25	30	40	200	300	605	-	
Leisure - Letchworth												
NCP9	Service Director - Place	NHLC Replacement of Sport Hall heating system	30	-	30	0	0	0	0	0	0	The heating system in the sports hall is over 15 years old and at the end of its economic life. It is currently out of order and cannot be repaired, therefore replacement is required.

CAPITAL INVESTMENT PROPOSALS

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP24	Service Director - Place	NHLC Refurbish Gym Floor	50	-	50	0	0	0	0	0	0	The gym floor was laid in 2006, after 13 years the floor has now come to the stage where it can no longer be repaired and requires replacing. To ensure customer satisfaction is maintained a full replacement of the flooring in the main gym and weights area is proposed.
ECP25	Service Director - Place	NHLC Boiler Replacement	200	-	0	200	0	0	0	0	0	The two boilers are 15+ years old and are at the end of their economic lifespan. Repair works are carried out on a regular basis, however there is a high risk if they are not replaced they may fail which could result in a closure. UPDATE CBP 21/22: The installation of a Combined Heat Power (CHP) unit in 2020 has reduced pressure on the boilers. Officers will review the Capital replacement project on an annual basis. Proposed to defer £200k capital allocation in 2021/22 to 2022/23.
ECP26	Service Director - Place	NHLC Reception Toilet Refurbishment	30	-	0	30	0	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled toilets in the reception area is proposed.
ECP27	Service Director - Place	NHLC Dryside Changing Area	100	-	0	100	0	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled dry side changing areas is proposed.
ECP28	Service Director - Place	NHLC: Sauna Steam Refurbishment	250	-	0	0	250	0	0	0	0	The steam and sauna area was last refurbished in 2006. To ensure customer satisfaction is maintained a proposal to fully refurbish the area is proposed.
ECP29	Service Director - Place	NHLC: Interactive Water Feature	120	-	0	0	0	0	0	120	0	Investment proposal earmarked for 2027/28. To ensure continued improvements and customer satisfaction within our leisure facilities a project to transform the small pool into a highly interactive water play area for children of all age and ability groups is proposed. The proposed features for this area allow children to explore and discover their watery environment, and teaches them how to manipulate the flow of water through channels and interactive jets.
ECP30	Service Director - Place	NHLC: Pool Flume Replacement	150	-	0	0	0	0	0	150	0	Investment proposal earmarked for 2028/29. The pool flume was installed in 1992 and due to its age a proposal to replace the flume with a newer model is proposed. This will ensure continued customer satisfaction for users of the leisure pool.
ECP31	Service Director - Place	Letchworth Outdoor Pool Boiler Replacement	40	-	0	0	40	0	0	0	0	Letchworth outdoor pool is currently operating with one boiler due to an irreparable fault with the second boiler. A replacement of the redundant boilers is proposed to ensure the facility remains operational.
Sub-Total: Leisure - Letchworth			970	-	80	330	290	-	-	270	-	
Leisure - Royston Leisure Centre												
NCP10	Service Director - Place	Solar Thermal Installation at Royston Leisure Centre	50	-	50	-	0	0	0	0	0	Solar thermal technology can be utilised to heat the pool water, reducing the site's carbon footprint and facilitate utility savings.
ECP32	Service Director - Place	Royston Leisure Centre extension	1,000	170	0	1,000	0	0	0	0	tbc	To extend the front of the Royston Leisure Centre. This will provide a new multi functional room and increase the size of the fitness room. The gym membership at Royston Leisure Centre is close to capacity and a recent latent demand survey demonstrated there is a demand to increase the size of this facility. By undertaking the capital work the Council will renegotiate the Leisure Management contract and SLL will increase their management fee to the Council.

CAPITAL INVESTMENT PROPOSALS

Ref No	Responsible Service Director	Description of Proposal	Total Project Investment 2021/22 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment 2026 - 2031	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP33	Service Director - Place	Royston Leisure Centre Dry Side Toilet Refurbishment	30	-	0	30	0	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled dry side toilet areas is proposed.
ECP34	Service Director - Place	Royston Leisure Centre Changing Village Refurbishment	225	-	0	225	0	0	0	0	0	The change village is over 17 years old and has not been refurbished since opening in 2005. A full refurbishment of the change village is proposed to ensure customer satisfaction is maintained.
ECP35	Service Director - Place	RLC: Members Change Refurbishment	150	-	0	0	0	150	0	0	0	The members changing room is over 17 years old and has not refurbished since opening in 2005. To ensure customer satisfaction is maintained a proposal to fully refurbish the male, female and disabled areas is proposed.
ECP36	Service Director - Place	RLC: Pool Hall Window Replacement	-	-	0	0	0	0	0	0	0	The pool hall windows are corroding due to age and corrosive atmosphere. A full replacement of windows is proposed. UPDATE CBP 21/22: Remove original £80k allocation in 2025/26 as windows have been repaired. Carried out during closure period.
ECP37	Service Director - Place	RLC: Fitness Facility Refurbishment	50	-	0	0	0	0	0	50	0	Investment earmarked in 2026/27. Refurbishment of the gym area in preparation for the new cardio and resistance fitness equipment.
ECP38	Service Director - Place	RLC: Boiler Replacement	100	-	0	0	0	0	0	100	0	Investment earmarked in 2026/27. Boilers are 15+ years old and are at the end of their economic lifespan. Repair works are carried out on a regular basis, however there is a high risk that, if they are not replaced, they may fail which could result in a closure.
ECP39	Service Director - Place	RLC: Fitness Equipment Replacement	150	-	0	0	0	0	0	150	0	Investment earmarked in 2026/27. Replacement of the cardio and resistance fitness equipment to maintain membership levels and customer satisfaction.
Sub-Total: Leisure - Royston Leisure Centre			1,755	170	50	1,255	-	150	-	300	-	
Green Space Developments												
NCP11	Service Director - Place	Park Recycling Litter Bins	25	-	25	0	0	0	0	0	0	Introduction of recycling litter bins into the town centre parks to increase the opportunities for recycling
NCP12	Service Director - Place	Allotments Water Supply Improvements	10	-	0	10	0	0	0	0	0	Improve water supply to NHDC allotments through the installation of additional taps and increasing the water pressure at every tap. Any increase in ongoing maintenance and water supply costs is anticipated to be marginal.
ECP40	Service Director - Place	Football Goal Replacement Programme	15	-	0	15	0	0	0	0	0	The existing football goals do not meet current FA standards and are in some cases dangerous due to corrosion or misuse. While the posts are repainted annually this only delays their deterioration. Normally posts are replaced at the beginning of the season on a need only basis based upon their condition - not if they meet FA standards.

CAPITAL INVESTMENT PROPOSALS

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP41	Service Director - Place	Playground Renovation District Wide	1,800	-	180	180	180	180	180	900	0	Moving forward from the existing policy to renovate a single play area annually to undertake a program of undertaking two locations each year. This technically would ensure that each play area is renovated on an 18 year cycle which still far exceeds manufacturer lifespan guidelines. UPDATE CBP 2021/22: £180k investment allocation earmarked in 2030/31.
Sub-Total: Green Space Developments			1,850	-	205	205	180	180	180	900	-	
Green Space Developments - Baldock												
ECP42	Service Director - Place	Avenue Park Splash Pad	70	-	0	0	70	0	0	0	0	To replace the existing mains fed system with a recirculating system as found at our other splashpads. This will reduce water usage and help maintain good levels of water quality. Additionally this will help reduce the problems of algae on the surfacing which has caused significant injuries due to slipping in the past.
ECP43	Service Director - Place	Ivel Springs Footpaths	10	-	0	10	0	0	0	0	0	To renovate the footpath around the common on a rotating program of works as per the Greenspace action plan for the site.
ECP44	Service Director - Place	Weston Hills LNR Footpath Renovation	20	-	0	20	0	0	0	0	0	Many of the footpaths around the site are of an informal nature and are not currently compliant with disability access requirements. In order to minimise erosion of the existing footpath network the surfacing needs updating and renovating.
Sub-Total: Green Space Developments - Baldock			100	-	-	30	70	-	-	-	-	
Green Space Developments - Great Ashby												
NCP13	Service Director - Place	Great Ashby District Park safety and security	20	-	20	0	0	0	0	0	0	To address ongoing anti-social behaviour issues within the park, installation of electric power supply to power automatic gate (adapt existing solar powered gate) and provide lighting in the car park.
Sub-Total: Green Space Developments - Great Ashby			20	-	20	-	-	-	-	-	-	
Green Space Developments - Hitchin												
ECP45	Service Director - Place	Walsworth Common Pavilion - contribution to scheme	300	287	0	300	0	0	0	0	0	This project was originally listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The project was slipped into 2017/18 pending the outcome of the Green Space Strategy review. Following the review, this project is now earmarked for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. The project is dependent on securing section 106 contributions and/or external grants. In the review, the pavilion was identified as being beyond economic repair. UPDATE CBP 2021/22: Proposed to defer £300k allocation in 2021/22 to 2022/23.
ECP46	Service Director - Place	Bancroft and Priory Splash Pads	35	-	0	0	0	35	0	0	0	These two systems were introduced 4 years ago and use the same systems to maintain water quality. Over time the systems wear and require replacement of the filter media and uv systems to ensure that they remain effective.
ECP47	Service Director - Place	Bancroft Lighting	45	-	0	0	45	0	0	0	0	To remove the existing out of date and potentially dangerous lighting around the gardens and replace with new items. This would significantly improve personal safety of the public.
ECP48	Service Director - Place	Oughtonhead Common Footpaths	20	-	0	0	20	0	0	0	0	To renovate the footpath around the common on a rotating program of works as per the Greenspace action plan for the site.

CAPITAL INVESTMENT PROPOSALS

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP49	Service Director - Place	Ransoms Rec Footpaths, Gates and Railing	30	-	0	10	20	0	0	0	0	Many of the footpaths are degrading and becoming uneven and would be greatly enhanced if the footpaths were brought up to a uniform standard throughout the site. The formal gates and railings off Nightingale Road are in need of investment to ensure they remain safe, fit for purpose and of an appropriate standard for the location.
ECP50	Service Director - Place	St Johns Cemetery Footpath	40	-	0	0	0	40	0	0	0	Previous investment options were removed from the Greenspace Strategy and the identified works have not been delivered. Planning for the renewal of the Greenspace Management Strategy in 2021.Many of the footpaths are degrading and becoming uneven. As many of the visitors to the cemetery are elderly this poses a significant risk. Additionally the aesthetic appearance of the cemetery would be greatly enhanced if the footpaths were brought up to a uniform standard throughout the site. Due to other priorities and limited staffing resources this is planned for 2024/25. In the meantime urgent repairs will be completed on an adhoc urgency basis. UPDATE CBP 2021/22: Increase in estimated investment from £30k to £40k due to further deterioration in condition,
Sub-Total: Green Space Developments - Hitchin			470	287	-	310	85	75	-	-	-	
Green Space Developments - Letchworth												
ECP51	Service Director - Place	Howard Gardens Splashpad	35	-	0	35	0	0	0	0	0	The facilities at Howard Gardens are now over 10 years old since the site was renovated with support of a HLF Grant. The equipment in the plant room is now well worn and is in need of renewal. UPDATE CBP 2021/22: Increase in estimated investment from £33k to £35k as further deterioration has increased cost of refurbishment.
ECP52	Service Director - Place	Ickneild Way Cemetery Footpaths	50	-	50	0	0	0	0	0	0	Previous investment options were removed from the Greenspace Strategy and the identified works have not been delivered. Many of the footpaths are degrading and becoming uneven. As many of the visitors to the cemetery are elderly this poses a significant risk. Additionally the aesthetic appearance of the cemetery would be greatly enhanced if the footpaths were brought up to a uniform standard throughout the site.
ECP53	Service Director - Place	Wilbury Hills Cemetery Footpaths	60	-	10	0	10	10	0	30	0	Due to high volumes of visitors the existing footpath network through the site are wearing out this program will support an investment program over a period of time to maintain current standards.
ECP54	Service Director - Place	Norton Common Footpaths	10	-	0	0	10	0	0	0	0	To renovate areas of footpath around the common on a rotating program of works as per the Greenspace action plan for the site.
Sub-Total: Green Space Developments - Letchworth			155	-	60	35	20	10	-	30	-	
Green Space Developments - Royston												
ECP55	Service Director - Place	Newmarket Road Royston Skatepark and Access	90	-	0	0	90	0	0	0	0	Following the success of the new facility at Norton Common the existing item at Newmarket Road is in need of renovation and updating at the same time now the site is becoming more popular access into the site requires improvement and formalising. UPDATE CBP 2021/22: Increase in investment from £60k to £90k. Officers are seeking to identify whether S106 funding can be applied to support the scale of the revised project.
Sub-Total: Green Space Developments - Royston			90	-	-	-	90	-	-	-	-	

CAPITAL INVESTMENT PROPOSALS

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Museum and Arts Development												
ECP56	Service Director - Commercialisation	Museum Storage Solution	1,100	-	1,100	0	0	0	0	0	0	The Museum Store in Burymead is no longer fit for purpose. Objects from the collection are being held in make shift storage units, garages and dilapidated structures which are increasingly posing a health and safety risk to our staff. This project will involve relocating parts of the museum collection whilst the previously mentioned storage units are levelled and a new purpose built storage unit is built on the site. The storage unit will comprise of space saving roller racking, climate controlled spaces for fragile items of the collection and a small amount of office space for museum staff to utilise when on site. This office space could also be used under supervision to assist with third party research such as students or historians. The amount requested is an initial estimate, extrapolated from previous external costing exercises on a smaller storage unit on the site. It is the opinion of officers however, that a larger site would future proof the museum storage facilities and more costing work will need to be undertaken to provide a more precise quotation for the development. The completion of this work would see the former Hitchin Museum and Letchworth Museum sites be completely cleared of museum storage.
Sub-Total: Museum and Arts Development			1,100	-	1,100	-	-	-	-	-	-	
IT Schemes:												
NCP14	Service Director - Customers	Laptop Purchases for Officers	220	-	55	0	0	55	0	110	tbc	As part of the Transformation changes and to support the new ways of working, the strategy being proposed going forward will be for all officers to have a laptop, instead of a PC, that will be used for both Home Working and Office use. The laptops will support soft telephony, meaning that the Council won't have to replace 250 telephone handsets that are reaching end of life at an approximate cost of £63K. The investment is also anticipated to facilitate associated revenue savings in the form of telephone call charges, DCO energy costs and potentially additional rental income from the reduction in office space required for Council purposes. The requested resource is additional to that requested for the Laptop - Refresh Programme (ECP72) and will allow the roll-out of laptops to all officers.
NCP15	Service Director - Customers	Member Laptops - Refresh Programme	180	-	0	0	60	0	0	120	0	Laptops were purchased for Council Members in 2020 to support the new ways of working during the pandemic. Periodic replacement will ensure that the equipment is fit for purpose and that the software is compliant with PSN regulations.
NCP16	Service Director - Customers	WiFi Upgrade	40	-	0	0	0	0	40	0	0	WiFi upgrade within District Council Offices, Hitchin Town Hall/ North Hertfordshire Museum and Buntingford Depot. As part of the ongoing Transformation programme, the upgrade will ensure staff and Members will have full Internet access via their laptops when operating from these Council buildings.
NCP17	Service Director - Customers	Conference Calling Solutions in Large Meeting Rooms at District Council Offices	35	-	35	0	0	0	0	0	0	Installation of Audio and Conference solutions into 8 of the meeting rooms across the DCO for future video and conference calls.
ECP57	Service Director - Customers	Back-up Diesel 40 KVA Generator (DCO)	25	-	0	0	25	0	0	0	0	As part of Business Continuity and improving services, the authority purchased a Diesel Generator in 2015/16. The proposed investment in 2023/24 is for the renewal of this hardware.
ECP58	Service Director - Customers	Additional Data Backup Storage	74	-	0	15	0	18	0	41	0	As the amount of data being stored is increasing annually, there is a need to ensure we keep adding additional storage to cope with the demands of the back-up storage.
ECP59	Service Director - Customers	CCTV at DCO & Hitchin Town Hall	15	-	0	0	15	0	0	0	0	Replace the existing CCTV Controllers with newer, faster technology including more disc space to capture enhanced images. The cameras will remain.

CAPITAL INVESTMENT PROPOSALS

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP60	Service Director - Customers	Data Switch Upgrade	74	-	0	15	0	18	0	41	0	The main data switch within the IT Server estate is a critical piece of hardware that connects the data packets moving between the Network Servers, Data Storage and the fibre infrastructure. It is critical to ensure that these are updated regularly.
ECP61	Service Director - Customers	DR Hardware Refresh Inc UPS Battery Pk (Unit 3)	115	-	0	0	55	0	0	60	0	Hardware upgrade within the Disaster Recovery centre at Unit 3, as part of the hardware refresh programme. This includes the Servers, Switches and UPS at the DR Centre at Unit 3.
ECP62	Service Director - Customers	Mobile Device Management software	-	-	0	0	0	0	0	0	0	Replace the current Mobile Device Management software, which enables the Council to lock down mobile devices and provides the ability to remotely wipe these, should they be lost or stolen. The replacement system will be a modern cloud solution meaning that any future upgrades can be done remotely without the need for the device to be brought into the Council Offices UPDATE CBP 2021/22: Proposed to remove £18k allocation in 2024/25 as the Mobile Device Management software has been superseded by a product called In-Tune, which is provided within the Microsoft Enterprise Agreement. There is therefore no longer a need to have a separate piece of software to control mobile devices. The associated software technical support and maintenance saving is included within the revenue efficiency proposals for 2021/22.
ECP63	Service Director - Customers	PC Refresh Programme	82	-	13	8	7	13	7	34	0	PC's identified as having reached their end of useful life as part of the annual refresh programme. The assets have been used well past their original end of life because of the introduction of the Citrix thin client technology. UPDATE CBP 2021/22: Total project allocation proposed to be reduced by £100k from original £182k to £82k to support the purchase of laptops going forward. Original programme included annual £17k allocations in 21/22,22/23,23/24, £23k in 24/25, £25k in 25/26 and £83k over 2026 - 2031.
ECP64	Service Director - Customers	Additional PC's - Support Home Working/OAP	-	-	0	0	0	0	0	0	0	The authority has a large PC/Monitor estate which as part of the ICT Service Plan requires refreshing annually. UPDATE CBP 2021/22: Total original approved allocation of £128k proposed to be removed as laptops will instead be purchased going forward. Monitors will be purchased with PCs via the PC Refresh Programme (ECP61) going forward
ECP65	Service Director - Customers	Tablets - Android Devices	135	-	15	18	12	17	17	56	0	As part of the IT Strategy and supporting the channel migration programme, the tablets are required to continue the roll-out to identified officers who would benefit from having mobile devices to be more efficient and productive. It is becoming increasingly important for those staff who are mobile working that they have the correct tools to view emails and documents whilst on the move. The tablets also facilitate paperless Committee Meetings.
ECP66	Service Director - Customers	Security - Firewalls	66	-	0	14	0	16	0	36	0	Firewalls are one of the most important pieces of hardware between the NHDC Network and the outside world and it is this equipment that stops cyber attacks from penetrating NHDC systems and data. There is a need to ensure this hardware is kept as current and up to date as possible to ensure the Council's networks and data are kept secure.
ECP67	Service Director - Customers	Cabinet Switches - 4 Floors	54	-	18	0	0	18	0	18	0	This hardware connects each floor across the DCO to each other and back to the IT Data Centre on the ground floor. This hardware is the essential piece of kit that routes the traffic from desktops to the data servers and hence keeping this technology up to date and modern is essential to ensure data speeds are maintained.
ECP68	Service Director - Customers	40 KVA UPS Device or Battery Replacement	53	-	11	0	12	0	14	16	0	The operation life of the batteries within the UPS Systems is 3 years and they need to be replaced periodically. The authority has got 3 40 KVA UPS Systems which have varying battery sizes installed.
ECP69	Service Director - Customers	Dell Servers	145	-	0	0	0	70	0	75	0	In 2015/16 the authority upgraded the Server Estate with 10 Physical high level Dell Servers which have 179 virtual servers running within them. The hardware has a 5 year shelf life before being unsupported.

CAPITAL INVESTMENT PROPOSALS

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP70	Service Director - Customers	New Blade Enclosure	92	-	0	0	0	40	0	52	0	The Blades are an integral part of the Servers and go hand in hand. These formed part of the hardware refresh programme in 2015/16 and have a shelf life of 5 years.
ECP71	Service Director - Customers	Replacement SAN	235	-	0	0	0	115	0	120	0	The Storage Area Network (SAN) is used to compliment the data storage and backups across the infrastructure estate. These are a critical element of the data infrastructure network as they also move the data traffic around the servers. The authority replaced the current SAN in 2015/16 and the life of this hardware is 5 years.
ECP72	Service Director - Customers	Core Backbone Switch	75	-	0	0	0	35	0	40	0	Dual processor switch, which links the virtual servers to the SAN.
ECP73	Service Director - Customers	Additional Storage	58	-	0	13	0	0	25	20	0	As part of the day to day collection and storage of data within the Information@Works (I@W) which is the Corporate Document Management solution, the amount of data that is being scanned and captured via the Doc's on-line contract provided by Northgate is increasing by the day. There has been a huge push over the past year to work towards enabling every department to have access to I@W as this compliments Home Working.
ECP74	Service Director - Customers	Laptops - Refresh Programme	249	-	80	7	7	80	5	70	0	Over the past 3 years IT have reduced the laptop estate from 149 devices down to only having 48 still in use. The small budget provision is to ensure we have funds to replace these devices when Windows 7 becomes de-supported or they have reached their end of life as part of the refresh programme. UPDATE CBP 2021/22: Approved total scheme allocation of £21k proposed to be increased by the £228k of resource released from the proposed reductions in allocations for PC Refresh (ECP61 - £100k) and additional PCs for Homeworking (ECP62 - £128k). As part of the Transformation changes, the strategy being proposed going forward will be for all officers to have a laptop instead of a PC that will be used for both Home Working and Office use.
ECP75	Service Director - Customers	Alternative to safeword tokens for staff/members working remotely	63	-	0	12	0	18	0	33	0	The technology has changed considerably since we first starting using the Safeword Tokens 7-8 years ago. With the changes in personal technology such as Smart/IOS Phones there are now products on the market that are PSN approved for getting Access Keys delivered for 2 Layer Authentication such as Texts or App's on Smart Phones etc. This enables Members, Staff and Support Agencies to gain access to the remote login site from anywhere with no need to have a physical hardware device to hand.
ECP76	Service Director - Customers	Microsoft Enterprise Software Assurance	1,278	-	0	390	0	0	426	462	0	It is essential NHDC has the correct Microsoft Licences to ensure the Council does not fall foul of F.A.S.T (Fraud Against Software Threat) regulations. The current three year contract started from 1st April 2019.
Sub-Total: IT			3,363	-	227	492	193	513	534	1,404	-	
TOTAL			36,791	4,771	7,738	7,919	5,163	6,788	5,224	3,959	-21	

TOTAL CONSISTS OF:												
PROPOSALS ALREADY IN THE CAPITAL PROGRAMME:			35,432	4,690	7,114	7,889	5,083	6,733	5,034	3,579	0	
NET CHANGE IN THE 2021/22 PROCESS			1,359	81	624	30	80	55	190	380	-21	

These totals exclude those capital projects planned to complete in 2020/21.

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CABINET 15 DECEMBER 2020

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: SECOND QUARTER REVENUE MONITORING 2020/21

REPORT OF 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 second quarter. The forecast variance is a £2.036million increase on the net working budget of £17.294million, with an ongoing impact in future years of a £73k decrease and a request to carry forward budget of £20k to fund a specific project 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 8.3)
 - the use of budget approved to be carried forward from 2019/20 (paragraph 8.4)
 - performance against the four key corporate 'financial health' indicators (paras 8.5-8.7)
 - the overall forecast funding position for the Council and factors that may affect this (paras 8.8 – 8.18)

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 £2.036million 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 £53k decrease in net expenditure. These will be incorporated in the draft revenue budget for 2021/22.

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 14th August 2020.

7. BACKGROUND

- 7.1. Council approved the revenue budget for 2020/21 of £15.136million in February 2020. As at quarter 2 the working budget has increased to £17.294million. 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
Quarter 1 2020/21 Revenue Monitoring report - 2020/21 variances approved by Cabinet (September 2020)	1,468
Current Working Budget	17,294

- 7.2. The Council is managed under Service Directorates. Table 2 below confirms the current net direct resource allocation of each Service Directorate and how this has changed from the budget allocations published in the Quarter One monitoring report.

Table 2 – Service Directorate Budget Allocations

	Working Budget at Q1	Changes approved at Q1	Other Budget Transfers	Current Net Direct Working Budget
Service Directorate	£k	£k	£k	£k
Managing Director	1,904	8	(19)	1,893
Commercialisation	(429)	140	16	(273)
Customers	3,666	345	8	4,019
Legal & Community	2,370	(113)	0	2,257
Place	4,465	376	7	4,848
Regulatory Services	1,344	716	6	2,066
Resources	2,506	(4)	(18)	2,484
TOTAL	15,826	1,468	0	17,294

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
Hitchin Town Hall Community Facility						
Supplies and Services Expenditure	102	41	(61)	The £111k reduction in forecast income reported at Q1 assumed that income levels would return towards pre-pandemic levels in the second half of the year. However, this has now been further affected by the "rule of 6" restrictions, which are likely to be in place until at least March, and the new lock-down period. This limits the income generating potential of the facility and the income projection has therefore reduced accordingly, mitigated as far as possible by reductions in associated costs. The reduction in expenditure is for the whole period, as the Q1 report just adjusted for the expected income reduction at that time.	0	0
Income	(91)	(23)	+68		0	0
Careline Emergency Response Fallback Service	19	49	+30	Increase in forecast cost is due to a markedly higher number of falls requiring the despatch of the Emergency Response Fallback Service to assess the situation. The response service is delivered by a private contractor and is subject to a call out charge. In the first half of this financial year 116 call outs were required, compared to only 21 for the equivalent period in 19/20. This is considered a further consequence of the COVID-19 pandemic, with informal carers (family, friends, neighbours) declining to respond when initially contacted in the event of a client suffering a fall. The client contribution to the service is a fixed monthly fee, meaning that the increase in activity and spend is not offset by an increase in Careline income.	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
Legal & Community Directorate Staffing Costs	1,654	1,600	(54)	Reduction in forecast spend is due to vacant posts in the first half of the year being filled later than anticipated.	0	0
Wilbury Hills Crematorium Project Costs	24	51	+27	The Planning Inspector has now set a date in February 2021 for a Public Enquiry into Central Bedfordshire Council's decision to refuse planning permission, rather than hold an Appeal Hearing. This change in approach by the Planning Inspector has increased the estimated cost of pursuing the appeal, with the appointment of a barrister to represent NHDC now required.	0	0
Waste and Street Cleansing Contract Expenditure	5,300	5,235	(65)	Underspend variance follows the calculation of the contract indexation for 2020/21. The budget for 20/21 assumed a contract indexation of 1.28%, based on the respective indices at that time. Due primarily to a subsequent fall in the fuel price index the calculation of the actual indexation rate for 20/21, as defined in the terms of the contract, has resulted in a deflationary value of -0.89%. The forecast variance therefore removes the provision for indexation in the budget. The negative indexation has not yet been applied to the contract prices, with negotiations ongoing with the contractor.	0	(65)

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	501	654	+153	<p>The trend of higher than anticipated tonnages and falling sales prices for materials, as evident and highlighted at quarter one, has continued during the second quarter. With an increase in costs of £121k reported at Q1, the total impact at this point in the year is an increase on the budgeted cost of £274k. The higher tonnages are considered an impact of the pandemic, as relatively more people work from home and receive deliveries ordered online. Such is the uncertainty as to the level of expenditure in the remainder of the year, the forecast variance reflects only the impact on costs from recorded activity to date.</p> <p>Forecasts of the Covid-19 impact for the whole year have assumed an impact of £300k, although it has also been flagged that it could be in excess of £500k.</p>	0	0
Commingled Recycling – Recycling Credits Income	(503)	(540)	(37)	The higher tonnages of comingled material collected for recycling, and hence diverted from landfill, has increased the forecast total of recycling credit income eligible from Hertfordshire County Council.	0	0
Leisure Centres Management				Forecast outturn follows Full Council approval in September 2020 of the financial support package for SLL of up to £1.8m, developed in response to the impact of the Covid-19 pandemic. Open book accounting with the contractor will be used to determine the final level of any finance support provided, but it is likely that the total cost will be around £1.8m		
Management Contract Fee Income	(808)	0	+808		0	0
Leisure Centres Expenditure Support	0	992	+992		0	0
Total:	(808)	992	+1,800		0	0
Regulatory Directorate Staffing Costs	3,517	3,441	(76)	Forecast staffing underspend is due to various vacant posts in Planning and Environmental Health. A combination of the delayed progress in the local plan, recruitment difficulties due to Covid-19 and several resignations in critical areas has led to the underspend.	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
Housing Services – Temporary Accommodation						
Expenditure on accommodation	477	651	+174	As the MHCLG continues to expect local authorities to accommodate rough sleepers, the Council's use of hotels continues to be high and, with the prospect of further restrictions under COVID lockdown rules and the arrival of winter, this is likely to continue through to the end of March 2021 and possibly beyond.	0	0
Net Housing Benefit Payments	434	577	143	Increase in forecast net payments reflects the proportion of Housing Benefit payments relating to Temporary Accommodation that are capped and not reimbursed by subsidy.	0	0
Housing Benefit Contribution to Temporary Accommodation Costs	(150)	(305)	(155)	Contribution received from Housing Benefit claimants in temporary accommodation. This income has increased due to the increased numbers of people in temporary accommodation.	0	0
Government Grant Income	(0)	(71)	(71)	Following a recent funding bid, MHCLG awarded the Council £183k towards the cost of accommodating people sleeping rough, or those threatened with rough sleeping. While £112k of this funding has been allocated to Haven First to increase the capacity of their specialist supported housing service, with the ultimate aim of sustainable resettlement for all individuals, the remaining £71k partially mitigates the forecast overspend on temporary accommodation.	0	0
Net total	762	853	+91		0	0
Housing Stock Condition Survey	20	0	(20)	Resources to carry out the housing stock condition survey have been focussed on Covid-19 related actions. It is therefore requested to carry forward the £20k budget for the survey, which will be planned and, subject to available resources, carried out during 2021/2022.	20	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
Car Parking Income				As highlighted in the Covid Impacts report and at Q1, parking activity has been severely impacted by the Covid-19 pandemic, with people and businesses changing their normal routines and activities in response.		
Pay-As-You-Use Income	(1,526)	(1,380)	+146	The £146k reduction in forecast income follows the £409k reduction reported at Q1, giving a total shortfall of £555k recorded for the first half of the year. The comparatively smaller variance reported at Q2 indicates the extent of the recovery in parking activity during Q2. Receipts increased month by month during the quarter, with the recorded total for September around 75% of the original budget expectation.	0	0
Car Park Season Ticket Income	(236)	(187)	+49	Demand for parking season tickets continued to be below the budget expectation during Q2, meaning a total shortfall of £123k for the first half of the year (£74k reported at Q1). The trend of businesses embracing home working has resulted in significant refunds being issued to several companies that had originally purchased a large number of car park season tickets.	0	0
Total:	(1,762)	(1,567)	+195	The total shortfall reported to date (including PCNs) is £779k. Forecasts of the Covid-19 impact for the whole year have assumed an impact of around £1.1m. This is now expected to increase with the four week lock-down period. It is likely that the additional impact will be at least £100k.	0	0
Town Lodge Business Rates Expenditure	0	56	+56	The efficiency proposal for 20/21 in respect of Town Lodge premises costs had anticipated that the handover of the Town Lodge site to the developer would take place early in the calendar year 2020. This timescale however has been delayed due to the developer submitting a revised planning application. If planning permission is granted in December, it is expected that the sale will be completed by the end of this financial year. Upon completion the liability for business rates will pass to the developer.	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
District Council Offices (DCO) Energy Costs	46	25	(21)	Decrease in forecast spend in 20/21 includes the impact of certain areas of the building being out of use since the lockdown commenced in March. It also relates to professional advice that air conditioning systems should be switched off as they could enable the wider spread of Covid-19. This advice has now changed and any risk is considered negligible. At the same time there is now sufficient consumption data to establish ongoing energy needs following the refurbishment of DCO and the switch to electric heating.	0	(13)
Total of explained variances	8,781	10,867	+2,086		20	(78)
Other minor balances	8,513	8,463	(50)		0	5
Overall Total	17,294	19,330	+2,036		20	(73)

- 8.2. Cabinet are asked to approve the differences highlighted in the table above (a £2.036million 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 (net £53k decrease in budget, which includes the request to carry forward £20k 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 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. At Quarter One it was estimated that £115k of the efficiencies would not be achieved. The current forecast at the end of Quarter Two is a total underachievement of £171k. The £56k increase in the forecast underachievement relates to the Town Lodge premises costs efficiency and the delay in transferring the liability for business rates to the developer, as highlighted and explained in table 3 above.
- 8.4. 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 was forecast that £11k of the total carried forward will not be spent in 2020/21 and this forecast remains unchanged at Quarter Two.

- 8.5. 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.
- 8.6. The three red indicators were highlighted and explained at Quarter One. The projected income outturn from land charges and parking penalty charge notices is unchanged at Quarter Two. The further reduction in projected parking fees income at the end of Quarter Two is itemised in table 3 above.
- 8.7. The amber indicator in relation to income from planning applications is to highlight that cash receipts at the end of Quarter Two were slightly below the budget expectation and the wider economic downturn may precipitate a reduction in planning activity in the remainder of the year. As such there is a risk that the income budget will not be achieved.

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)	(723)	(950)	0
Land Charges	Red	(164)	(59)	(122)	42
Car Parking Fees	Red	(1,936)	(397)	(1,381)	555
Parking Penalty Charge Notices	Red	(573)	(164)	(471)	102

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.8. 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.
- 8.9. 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 the second quarter, there is forecast to be a deficit on the NHDC share of the Council Tax Collection Fund of £185k and an estimated deficit on the Business Rates

Collection Fund of around £7.5million. As statute requires that Collection Fund income amounts chargeable to the General Fund in 2020/21 must be those estimates prepared around the time of setting the budget for the year, the forecast deficits do not impact the funding total or the projected general fund balance shown in table 6. The repayment of the deficits will instead affect the funding position for 2021/22.

- 8.10. The forecast deficit on the Business Rates Collection Fund is primarily due to the additional business rate reliefs introduced by government in response to the COVID-19 pandemic. 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. The Council expects to receive total compensation of £8.418m for reliefs in 2020/21, which includes £6.734m for the additional reliefs introduced by government in response to the COVID-19 pandemic. The Council holds the grant received in a reserve to fund the repayment in future years of 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 deficit originally estimated for 2019/20, as shown in table 6.
- 8.11. 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 6. 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.
- 8.12. The amount of levy payable for 20/21 and any pooling gain will be dependent on the actual value of business rates collected in the year after adjusting for business rate reliefs, which are directly compensated for via the grant from central government. As the Pool Lead, Hertfordshire County Council is currently collating forecast estimates from each of the pooling authorities in order to gain an indication of the overall position for the pool and the levy implication for member authorities. The impact of the Covid-19 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.

- 8.13. The Council has received non-ringfenced emergency grant funding in 2020/21 from Government of £1.502m in relation to the Covid-19 pandemic and in October it was announced that NHDC would receive a further £100k, bringing the total grant received in this financial year to £1.602m. The Council has also received and is due to receive various streams of specific funding. It is currently assumed that these will be spent on the specific purpose for which they have been allocated and therefore will have a net zero General Fund impact. This assumption will be kept under review.
- 8.14. In September, MHCLG invited Local Authorities to apply for compensation for loss of income due to the impact of Covid, referred to previously as the 'Income Guarantee'. The Council's claim submitted for the period April to the end of July amounted to £680k. The corresponding full year forecast indicates a total income compensation claim for the year of around £1.5m, although this will depend on income levels for the remainder of the year.
- 8.15. At Quarter One the total net General Fund impact related to Covid-19 impacts was £1.565m. The total net General Fund impact detailed in table 3 above relating to Covid-19 impacts is £2.276m. Table 5 below shows how this breaks down by budget area, and how it compares to the estimated full-year impact as reported to MHCLG in the latest impacts return (6th November 2020).

Table 5 – COVID Financial Impact

Budget Area	Reported at Q1 £k	Reported at Q2 £k	Total reported to date £k	Expected to be covered by Income guarantee	Full-year estimate £k	Reason for difference
Leisure Centres	0	1,800	1,800	Part	1,800	N/a
Parking	584	195	779	Yes	1,200	Only included impact in first half of year as could have recovered quite quickly. Full year estimate now includes assumed impact of second lock-down
Recycling Processing and materials	121	153	274	No	500	Material volumes and material values very uncertain.
Garden Waste	186	0	186	No	186	N/a
Homeless Accommodation	69	91	160	No	160	N/a
Investment Income	115	0	115	No	115	N/a
HTH/ Museum Income	111	7	118	Yes	118	N/a
Trade Waste	90	0	90	Yes	93	
Court Summons Income	79	0	79	No	180	The majority of the difference is because the current year budget was adjusted as part of the 2019/20 revenue outturn report.
Land Charges	42	0	42	Yes	25	Increase in demand and currently back towards normal levels.
Careline fall response	0	30	30	No	30	N/a
Careline over-time	27	0	27	No	4	Only part due to Covid-19, the remainder is due to other factors

Planning	0	0	0	Yes	91	Not reported as there might be some large applications later in the year that bring this back in line with budget.
Support Grants	0	0	0	No	150	Net nil General Fund impact as covered from Special Reserve
Other	141	0	141	Part	174	
Total	1,565	2,276	3,841		4,826	
Less: non-ringfenced grant funding					(1,602)	
Less: estimated Sales, Fees and Charges compensation income					(1,500)	
Less: funding from Special Reserve					(150)	
Net General Fund impact					1,574	

8.16. As shown in table 5 above, the estimated overall impact is just over £1.5m. It is therefore necessary to apply a proportion of the grants and compensation received to come back to this overall impact. If the whole estimated grant and compensation was applied then this would understate the estimated year end position. Therefore £2.267m (£3.841m less £1.574m) has been shown in table 6 below.

8.17. Table 6 below summarises the impact on the General Fund balance of the position at Quarter Two detailed in this report.

Table 6 – General Fund impact

	Working Budget	Projected Outturn	Difference
	£k	£k	£k
Brought Forward balance (1st April 2020)	(9,378)	(9,378)	-
Net Expenditure	17,294	19,330	2,036
Funding (Council Tax, Business Rates, NHB)	(15,576)	(15,576)	0
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
Covid-19 un-ringfenced government grant funding	(407)	(1,602)	(1,195)
Applied Government Compensation for Covid-19 related income losses (to balance to £2.267m)	0	(665)	(665)
Carried Forward balance (31st March 2021)	(7,738)	(7,562)	176

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 two a total of £433k 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) - £153k.
- Usage of bed and breakfast accommodation for homeless households (as highlighted in table 3 above) - £91k.

Table 7 – Known financial risks

	£'000
Original allowance for known financial risks	1,351
Known financial risks realised in Quarter 1	(189)
Known financial risks realised in Quarter 2	(244)
Remaining allowance for known financial risks	918

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.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1. None.

**CABINET
15 DECEMBER 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: INVESTMENT STRATEGY (CAPITAL AND TREASURY) MID-YEAR 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 September 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 £6.582million and an increase in spend in future years of £7.022million. The most significant individual changes relate to £4.0M Acquisition of Property Investments and £2.947M Provide Housing at Market Rents both being reprofiled into 2021/22.
- 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 remains unchanged from the estimate reported in the first quarter monitoring report.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the forecast expenditure of **£3.937million** 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 **£7.022million**.
- 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 | That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 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 14th August 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 **£3.937million**. This is a reduction of **£6.582million** on the forecast in the 1st quarter report (reported to Cabinet on 15th September 2020). The decrease in spend in 2019/20 is largely due to the reprofiling of projects into 20/21. Table 1 below details changes to 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

	2020/21 £M	2021/22 £M	2022/23 to 2029/30 £M
Executive Member – Finance and I.T. approved additional Expenditure on 4 schemes	0.180	0	0
Changes at Q1	-0.287	0.296	0
Executive Member – Finance and I.T. approved additional Expenditure on 3 schemes	0.108	0	0
Changes approved by Council in Covid-19 Financial Impacts report 24/09/20	0.350	0	0
Changes at Q2	-7.040	7.022	0
Current Capital Estimates	3.937	14.436	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
Acquisition of Property Investments	4,000	0	-4,000	The Commercial Directorate has investigated and considered several investment property acquisitions over the year. However, no investment has thus far been committed to. NHDC has not invested due to a number of reasons, which include investments not meeting NHDC's various investment criteria, as set out in its Property Acquisition & Development Strategy, limited numbers of opportunities presenting themselves to the market, and partly due to the uncertainties of Covid-19 on the property market and property investment performance making it prudent to adopt a "wait and	4,000

Scheme	2020/21 Working Budget £'000	2020/21 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2021/22 onwards £'000
				see" approach before investing.	
Provide Housing at Market Rents	2,977	30	-2,947	The Council is in the process of investigating if it is financially viable to invest in property through Council's property company for rental. Until this work has been completed this capital money will not be spent, therefore, it is requested that it is rolled over to the next financial year.	2,947
Replace Floodlights at St Mary's Car Park	60	0	-60	Due to the volume of reactive maintenance works, this work has been reprioritised to next year.	60
Total Minor (under £25k) slippage on other projects	30	15	-15		15
Total Revision to Budget Profile			-7,022		7,022

8.5 There is also one minor change to the overall forecast cost of schemes in 2020/21 with the revised estimate being an underspend of £0.018million.

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	1.105	(3.691)	4.869
S106 receipts			(0.148)	

	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
Other third party grants and contributions			(0.098)	
Planned Borrowing			0	
Total			(3.937)	

- 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.
- 8.8 The Council's Capital Financing Requirement (CFR) at 31st March 2020 was negative £5.60 million. Based on current forecasts it is expected to remain negative during 2020/21, which means that the Council does not have a need to borrow to fund capital spend.

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 six months, the Council had an average investment balance of £42.1 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 September 2020.
- 8.10 The Council generated £0.125M of interest during the first six months of 2020/21. The average interest rate on all outstanding investments at the 30th September was 0.81%. Interest rates have continued to decline since the first quarter report with some banks offering 0%. The Government's Debt Management Office has recently been offering negative rates for very short term deposits. Consequently any new investments are yielding significantly less than 0.81%, usually 0.1% or less. 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.
- 8.11 As at 30 September 2020 the split of investments was as shown in the table below. There were no investments with non-UK banks during the quarter. There has been a general downgrading of banks which has meant a couple of non-UK banks have been temporarily removed from the Council's approved counter party list:

Banks	18%
Building Societies	36%
Local Authorities	38%
Money Market Fund	8%

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 September 2020. The most risky investment still has a historic risk of default of only just above 0.1%. 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 Sept	Historic Risk of Default %
PSDF	3.0	0.23	AAA	Call	0
Barclays Bank	1.5	0.04	A	19	0.003
Coventry Bldg Soc	1.0	0.05	A-	19	0.003
Principality Bldg Soc	1.0	0.09	BBB+	19	0.008
Lloyds Bank 32 Day Notice	1.0	0.1	A+	32	0.005
Lloyds Bank	1.0	1.1	A+	36	0.005
Medway Council	2.0	1.25	AA-	37	0.002
Barclays Bank	1.5	0.05	A	47	0.007
Newcastle Bldg Soc	1.0	1.17	*	58	0.025
Slough Borough Council	1.0	0.4	AA-	62	0.004
West Brom Bldg Soc	1.5	0.15	*	76	0.142
Birmingham City Council	3.0	0.1	AA-	82	0.005
Skipton Bldg Soc	2.0	0.1	A-	82	0.034
Bank of Scotland 95 Day Notice	1.0	0.2	A+	95	0.014
Lloyds Bank 95 Day Notice	1.0	0.2	A+	95	0.014
Darlington Bldg Soc	1.0	1.2	*	110	0.044
Marsden Bldg Society	1.5	1.6	*	114	0.050
Liverpool City Council	2.0	0.35	AA-	119	0.008
Fife Council	1.0	0.4	AA-	121	0.008
Principality Bldg Soc	1.0	0.16	BBB+	131	0.055
Surrey Heath Borough Council	3.0	0.18	AA-	145	0.010
Skipton Bldg Soc	1.0	0.2	A-	168	0.007
Leeds Bldg Soc	2.0	0.14	A-	174	0.025
Monmouthshire Bldg Soc	1.0	1.5	*	240	0.289
Slough Borough Council	2.0	1	AA-	240	0.016

Monmouthshire County Council	1.0	0.25	AA-	261	0.017
	39.0	0.81			

* 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 £4.144million higher than the budgeted £46.119million.
- 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 next 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>

								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
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	0	0	0	0	0	0	0	70,000
Acquisition of Property Investments	Commercial	0	8,000,000	4,000,000	4,000,000	4,000,000	0	0	0	0	0	9,749,700	10,250,300
Back-up Diesel 40 KVA Generator (DCO)	Customers	0	0	0	25,000	0	30,000	0	0	0	0	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
CCTV at DCO & Hitchin Town Hall	Customers	15,000	0	0	15,000	0	0	0	0	0	0	0	30,000
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	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
Disabled Facilities Grant	Regulatory	50,000	0	0	0	0	0	0	50,000	0	0	0	0
DR Hardware Refresh Inc UPS Battery Pk (unit 3)	Customers	0	0	0	55,000	0	60,000	0	0	0	0	60,000	55,000
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
Infrastructure Hardware	Customers	284,600	0	28,000	0	278,000	373,000	0	0	0	0	651,000	312,600
Installation of trial on-street charging (GAF)	Regulatory	0	50,000	0	0	0	0	0	50,000	0	0	0	0

								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	0	60,000	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
Resurface Lairage Car Park	Resources	350,000	0	0	0	0	0	0	0	0	0	0	350,000
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	0	40,000
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
Upgrade Parking Machines	Regulatory	38,000	0	0	0	0	0	0	0	0	0	0	38,000
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	0	70,000
WiFi Upgrades for DCO & Hitchin Town Hall	Customers	35,000	0	0	0	0	0	0	0	0	0	0	35,000

3,937,400	14,435,400	7,430,100	5,099,000	6,686,000	8,531,000	298,300	813,000	455,000	200	21,184,700	23,367,700
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Treasury Management Strategy Statement and Annual Investment Strategy

**Mid-Year Review Report
2020/21
English and Welsh authorities**

Date of issuance: 7.10.20

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1. Background

1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2020/21, all local authorities have been required to prepare an Investment Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.2 Treasury management

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Finance, Audit and Risk Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2020/21 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2020/21;
- A review of the Council's borrowing strategy for 2020/21;
- A review of any debt rescheduling undertaken during 2020/21;
- A review of compliance with Treasury and Prudential Limits for 2020/21.

3. Economics and interest rates

3.1 Economics update

- As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:
 - The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to 21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
 - The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
 - It forecast that there would be excess demand in the economy by Q3 2022 causing **CPI inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.
- It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including Quantitative Easing (QE) and the use of forward guidance.
- The MPC expected the £300bn of QE purchases announced between its March and June meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.
- In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to **downside risks**, which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1st November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid September.
- Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.
- There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.
- One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to “somewhat less than £80bn”. It stated that in its assessment “banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's

central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

- **US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked **its inflation target** from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.
- **EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.
- **World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

3.2 Interest rate forecasts

The Council's treasury advisor, Link Group, provided the following forecasts on 11th August 2020 (PWLB rates are certainty rates, gilt yields plus 180bps):

Link Group Interest Rate View 11.8.20										
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6th August (and the subsequent September meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

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. In addition, there were growing expectations 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. Combined, 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. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. 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 generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the initial phases of the health crisis in March, we have seen these yields fall sharply to unprecedented lows as major western central banks took rapid action to deal with excessive stress in financial markets, and started massive quantitative easing purchases of government bonds: this also acted to put 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. Such unprecedented levels of issuance in "normal" times would have caused bond yields to rise sharply. At the close of the day on 30th September, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were at only 0.76% and 50 year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed **two changes of margins over gilt yields for PWLB rates** in 2019-20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11th 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 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 4th June, but that date was subsequently put back to 31st July. It

is clear HM 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).

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.

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, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession 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.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably relatively even but is subject to major uncertainty due to the virus.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **UK** - second nationwide wave of virus infections requiring a national lockdown
- **UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.
- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021**. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.
- **US – the Presidential election in 2020**: this could have repercussions for the US economy and SINO-US trade relations.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK** - stronger than currently expected recovery in UK economy.
- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2020/21 was approved by this Council on 6th February 2020.

- There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved. OR

5. The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2020/21 Working Estimate £m	Current Position £m	2020/21 Revised Estimate £m
Asset Management	7.541	0.070	0.614
Community Services	0.701	0.243	0.701
Computer Software and Equipment	0.651	0.016	0.633
Corporate Items	0.011	0	0.011
Leisure Facilities	0.656	0.156	0.656
Museum & Arts	0.288	0.020	0.288
Parking	0.611	0.015	0.924
Renovation & Reinstatement Grant Expenditure	0.060	0.001	0.110
Total capital expenditure	10.519	0.521	3.937

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will

be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2020/21 Working Estimate £m	Current Position £m	2020/21 Revised Estimate £m
Total capital expenditure	10.519	0.521	3.937
Financed by:			
Capital receipts and Set Aside Receipts	7.153	0.474	3.691
Other third party grants and contributions	0.048	0	0.098
S106 Receipts	0.148	0.047	0.148
Total financing	7.349	0.521	3.937
Borrowing requirement	3.170	0	0

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

Reprofiling the Capital Programme has delayed the need to borrow in 2020/21, leaving the CFR negative.

Prudential Indicator – the Operational Boundary for external debt

	2020/21 Original Estimate £m	Current Position £m	2020/21 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			
Total CFR	3.800	-5.377	-4.704
Prudential Indicator – the Operational Boundary for external debt			
Borrowing	6.900	0.414	6.900

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for capital. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

A further prudential indicator controls the overall level of borrowing. This is **the Authorised Limit** which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2020/21 Original Indicator £m	Current Position £m	2020/21 Revised Indicator £m
Total	12.0	0.414	12.0

6. Borrowing

The Council's capital financing requirement (CFR) for 2020/21 is -£5.377m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The CFR is negative as the Council has more cash investments than borrowing.

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

Loans Outstanding at 30 September 2020:

	Amount	Average Interest Rate
	£k	%
Public Works Loans Board	414	9.89

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 does not have a need to borrow, so therefore does not currently 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. As the Council currently generates more income from investments than the cost of borrowing, shown below is also the cost of borrowing only 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	0.041	19.303	0.21
2021/22	0.040	14.911	0.27
2022/23	0.039	15.021	0.26
2023/24	0.037	15.021	0.25

Year	Estimated cost of borrowing £m	Less: Forecast of interest earned £m	Net Financing Costs £m	Forecast net revenue budget	Estimated cost of borrowing as a % of net revenue budget
2020/21	0.041	0.185	-0.144	19.303	-0.75
2021/22	0.040	0.167	-0.127	14.911	-0.85
2022/23	0.039	0.167	-0.128	15.021	-0.85
2023/24	0.037	0.167	-0.130	15.021	-0.87

7. Debt Rescheduling

No debt rescheduling was undertaken during the quarter.

8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30th September 2020, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2020/21. The Service Director: Resources (s151 Officer) reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

9. 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. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. 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.

As shown by the interest rate forecasts in section 2, it is now impossible to earn the level of interest rates commonly seen in previous years as all investment rates are barely above zero now that Bank Rate is at 0.10%, while some entities, including more recently the Debt Management Account Deposit Facility (DMADF), are offering negative rates of return in some shorter time periods. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31st March 2023, investment returns are expected to remain low.

Negative investment rates

While the Bank of England has said that it is unlikely to introduce a negative Bank Rate, at least in the next 6-12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the Covid crisis; this has caused some local authorities to have sudden large increases in investment balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have suggested that they might resort to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a glut of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions.

Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

Creditworthiness.

Although the credit rating agencies changed their outlook on many UK banks from stable to negative outlook during the quarter ended 30th June 2020 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. However, during Q1 and Q2 2020, banks made provisions for *expected* credit losses and the rating changes reflected these provisions. As we move into the next quarters ahead, more information will emerge on *actual* levels of credit losses. (Quarterly performance is normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that UK banks went into this pandemic with strong balance sheets. Indeed, the Financial Policy Committee (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". They stated that in their assessment, "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on negative watch, but with a small number of actual downgrades.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

CDS prices

Although CDS prices, (these are market indicators of credit risk), for UK banks spiked upwards at the end of March / early April due to the liquidity crisis throughout financial markets, CDS prices have returned to more average levels since then, although they are still elevated compared to end-February. Pricing is likely to remain volatile as uncertainty continues. **However, sentiment can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.**

Investment balances

The average level of funds available for investment purposes during the quarter was **£43m**. 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 six months of the year was 0.59%. This is the weighted average rate of interest earned on investments held by the Council between 1 April and 30 September. The 0.81% average interest rate shown in the table below is the weighted average rate of interest on outstanding investments on 30 September.

Investments at 30 September 2020

	Amount £	Average Interest Rate %
Managed By NHDC		
Banks	7,000,000	0.64
Building Societies	9,500,000	0.14
Local Authorities	15,000,000	0.64
Money Market Fund	3,000,000	0.23
NHDC Total	34,500,000	0.51
Managed by Tradition		
Building Societies	4,500,000	1.45
Tradition Total	4,500,000	1.45

TOTAL	39,000,000	0.81
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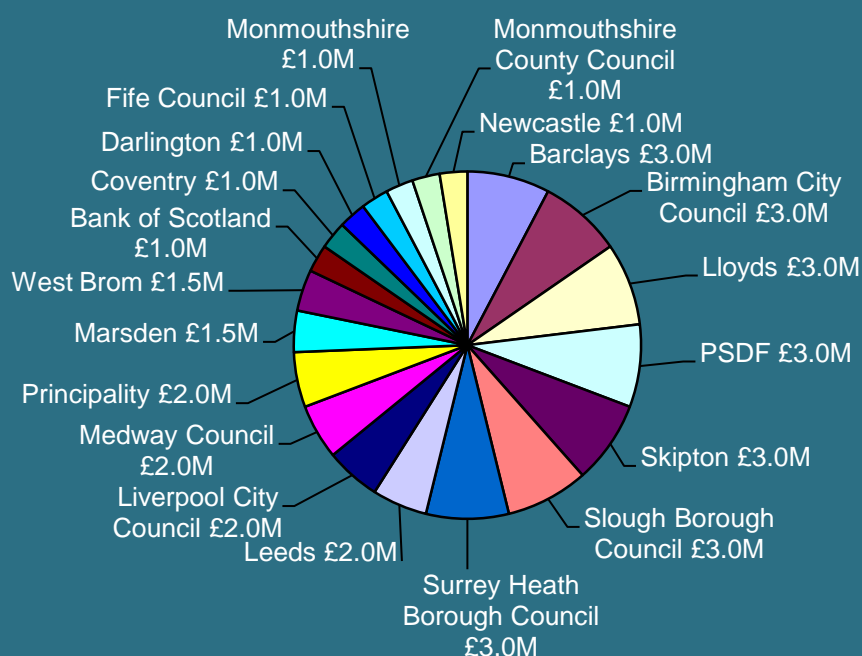
In percentage terms, this equates to:

	Percentage
Money Market Fund	8
Local Authorities	38
Banks	18
Building Societies	36

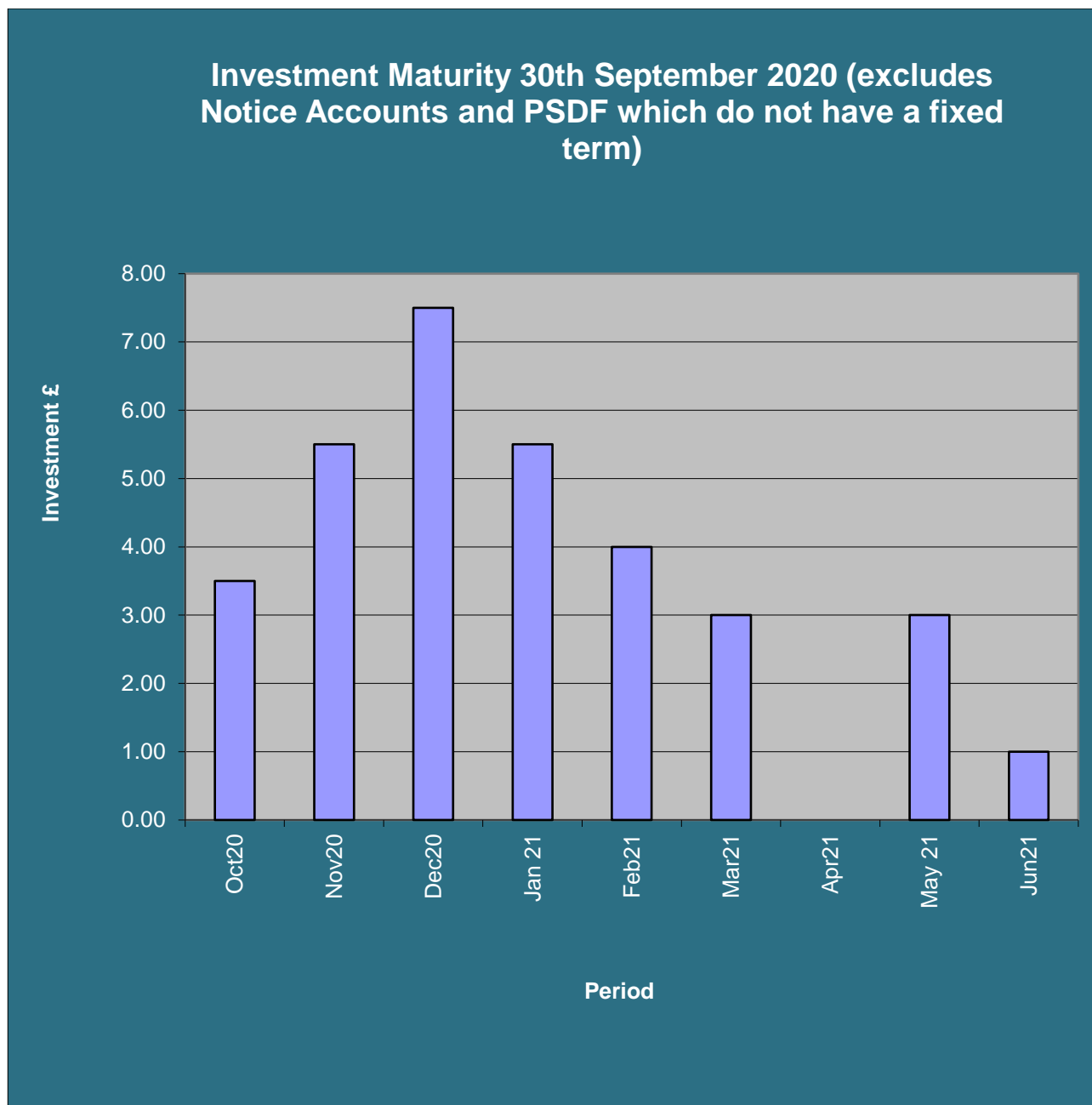
The approved 20/21 strategy is that no more than 60% of investments should be placed with Building Societies with a maximum value of £16M. The value at 30 September was £14.0M.

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

Placement of Investments 30th September 2020

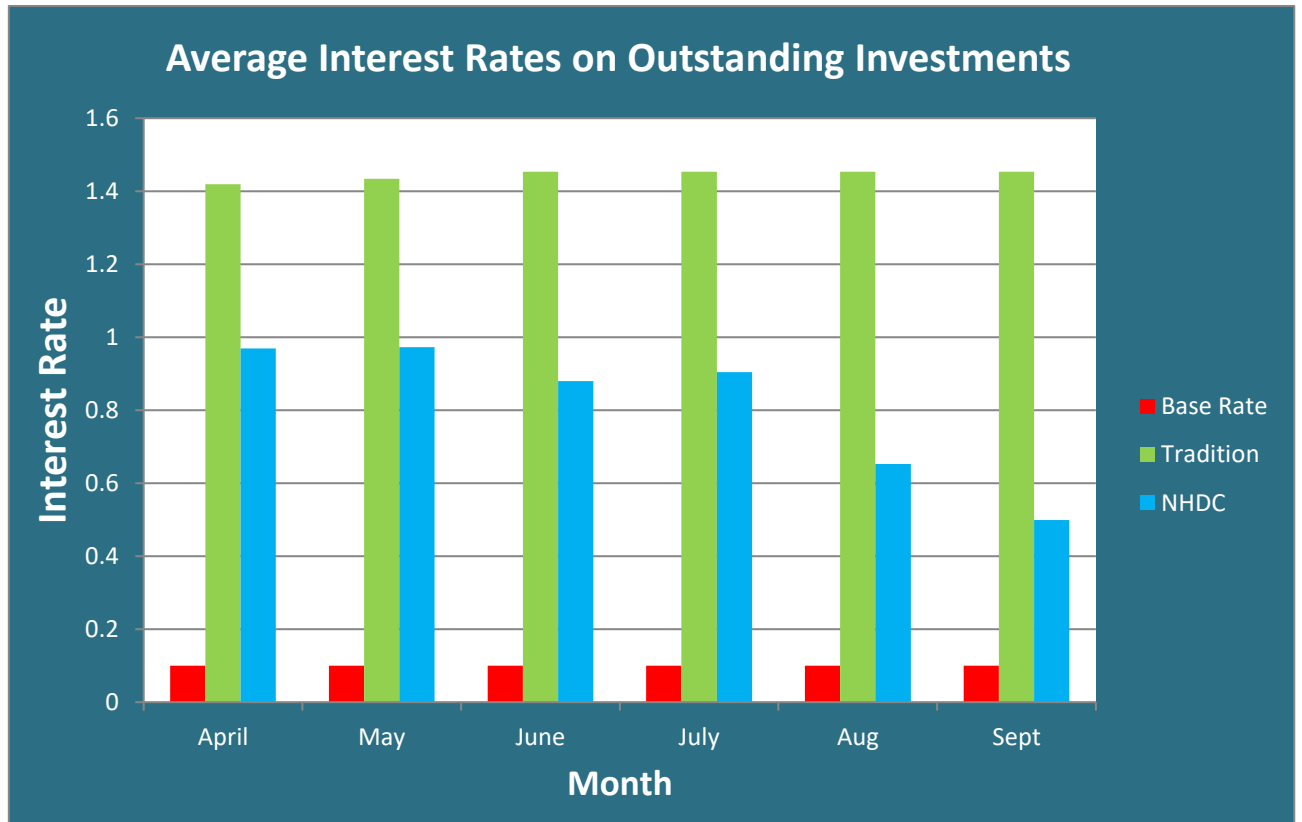


The chart below shows the Council's investment maturity profile. This does not include the £3.0M held in the Public Sector Deposit Fund Money Market account nor the £3.0M held in 3 separate Notice Accounts.



The Council's Original budgeted investment return for 2020/21 was £0.300M. The projection at the 1st quarter was a reduction of £0.115M and based on current investments and cashflow forecasts this remains unchanged and it is expected that the Council will generate £0.185M of interest.

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



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.

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CABINET 15 DECEMBER 2020

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: LAND AT THE SNIPE, WESTON, HERTS

REPORT OF THE INTERIM PROPERTY CONSULTANT

EXECUTIVE MEMBER: COUNCILLOR KEITH HOSKINS

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING

1. EXECUTIVE SUMMARY

- 1.1 To seek Cabinet's approval for the declaration as surplus to the District Council's requirements approximately 3.05 acres of land at The Snipe, Weston as shown edged red on the plan at Appendix A.

2. Recommendations

- 2.1 That the land be declared surplus to the District Council's requirements and the decision to place upon the open market or pursue alternative development options be delegated to the Service Director for Resources, in consultation with the Executive Member for Finance and IT.
- 2.2 If the property is placed on the open market for sale, then following receipt of offers for the land identified in Appendix A, the decision to accept an offer is delegated to the Service Director for Resources, in consultation with the Executive Member for Finance and IT.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To provide a financial receipt to help fund the District Council's capital programme.
- 3.2 To facilitate the provision of new private and affordable housing through the use of Council owned land that might otherwise remain of limited benefit to the community.
- 3.3 Marketing the land on the open market will maximise interest from developers and satisfy the requirements to obtain the best price reasonably obtainable.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Keeping the land as it is. The land is currently open and uncultivated producing no income.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the principle to dispose of the land has been made with the ward Councillor, Cllr Jarvis. No objection has been raised.
- 5.2 The Clerk to Weston Parish Council was advised 28th October 2020 of this proposal and no objection has been raised.
- 5.3 The District Council's intention to disposal of this land was advertised in The Comet local newspaper, in accordance with section 123 of the Local Government Act 1972, on 29th October and 5th November 2020. (see Appendix B - The Comet Newspaper)
There have been no responses from any members of the public.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 12th November 2020

7. BACKGROUND

- 7.1 The District Council owns approximately 1.54 hectares (3.65 acres) of land north of The Snipe and west of Hitchin Road, Weston under registered freehold Tile No. HD498242 as outlined in red & blue on the attached plan (See Appendix A).
- 7.2 Approximately 0.24 hectares (0.6 acres) is a play area let to Weston Parish Council. (Appendix A edged blue). The remainder is a field on the edge of Weston village of approximately 1.3 hectares (3.05 acres). This report relates to the larger field (Appendix A – edged red). The play area has not been identified for new housing and will remain as a play area.
- 7.3 The District Council's site is identified as forming part of WE1 for 25 dwellings in the Emerging Local Plan. The land is currently designated as Green Belt within the Local Plan 1996. With the progression of the Emerging Local Plan, albeit currently delayed due to Covid 19 restrictions on Public Hearings, it is considered appropriate to seek the necessary Cabinet recommendations in readiness for the potential sale of this land. With its current designation as green belt land it is most likely that the progression of any sale will need to await the adoption of the emerging Local Plan.
- 7.4 The site was previously submitted to Cabinet for approval to declare as surplus on 30th March 2016.

Minute 119:

RESOLVED: *That the disposal of approximately 1.3 hectares of land at The Snipe and Hitchin Road, Weston for the provision of affordable and market houses be agreed in principle, subject to a further report on: the outcome of consultation with the Baldock and District Committee; the details of the terms agreed, including the land value; and any responses to the Section 123 public notices.*

REASON FOR DECISION: *To facilitate the provision of new affordable housing through the use of Council owned land that might otherwise remain of limited benefit to the community.*

Negotiations had been ongoing at that time with a Housing Association considering the site for provision of social housing as an 'exception site' to meet local need. This would have been compliant with planning policy for a green belt site.

The proposed transaction did not progress and no further submissions to Cabinet have been made.

- 7.5 Consideration is being given to the benefits of the sale of the District Council's land in partnership with the adjoining owner – See Part II Report.

8. RELEVANT CONSIDERATIONS

- 8.1 The sale of this site for residential development will contribute to housing supply by bringing forward a site allocated within the Emerging Local Plan and offer valuable new family housing in the village.
- 8.2 In line with current planning policy the development will provide both private and affordable homes.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet in exercising its functions have powers to dispose of land or buildings where the consideration is between £250,000 and £2,500,000.
- 9.2 The land was previously let on a Grazing Licence dated 9th March 2015 which was terminated in August 2019.
- 9.3 There may be specific legal implications relevant to the sale of the property e.g. covenants on title, easements, third party rights. However preliminary title investigations do not reveal any issues that would frustrate the proposed development.
- 9.4 The Contract Procurement Rules and specifically Appendix I apply to the sales of land or property. If Cabinet were to sell this land the Officers seeking to market and dispose of the land would be required to do so within the remit of the Contract Procurement Rules.
- 9.5 Section 123 Local Government Act 1972 allows a Council to dispose of land in any manner it wishes provided that the consideration is the best that can be reasonably obtained unless the Secretary of State consent to the disposal for less than best value.

- 9.6 The Council has advertised the proposed sale in accordance with sections 123(2A) and 127(3) of the Local Government Act 1972 and section 233(4) of the Town and Country Planning Act 1990 and must evaluate any public response as part of the decision making process.

10. FINANCIAL IMPLICATIONS

- 10.1 The sale will generate a capital receipt to assist in funding the Council's capital investment programme.

11. RISK IMPLICATIONS

- 11.1 The sale of assets reduces the risk to the District Council arising from the duties under the Occupiers Liability Act 1957 and 1984.
- 11.2 There are no risks relevant to the consideration of this decision. The declaration of the land as surplus to the District Council's requirements will allow the property to be openly marketed and sold at best value. Risks may exist as to the sale price achieved due to planning policy and design requirements.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 Any land that is offering potential for new housing may benefit the wider community as noted at 8.1. There may be those who exhibit a protected characteristic within this wider community. The addition of suitable housing may support the more vulnerable in the community.

13. SOCIAL VALUE IMPLICATIONS,

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1 Environmental Impact Assessment (Sustainability Appraisal) has been undertaken. This has been considered and is detailed in the following Local Plan submissions and the allocation of this site:

<https://www.north-herts.gov.uk/files/lp4-draft-sustainability-appraisal-proposed-submission-local-planpdf-0>

<https://www.north-herts.gov.uk/files/nhdc-matter-11-westonpdf>

15. HUMAN RESOURCE IMPLICATIONS

15.1 There are no Human resource implications from this report.

16. APPENDICES

16.1 Appendix A -- Location Plan of Land to be Declared Surplus

16.2 Appendix B – S.123 Local Press Advertisement

17. CONTACT OFFICERS

17.1 Chris Robson, Senior Estates Surveyor, christopher.robson@north-herts.gov.uk
Ext: 4752

17.2 Peter Lapham, Interim Property Consultant, peter.lapham@north-herts.gov.uk
Ext 4612

17.3 Isabelle Alajooz, Legal Commercial Team Manager and Deputy Monitoring Officer,
isabelle.alajooz@north-herts.gov.uk Ext: 4346

17.4 Reuben Ayavoo, Policy and Community Engagement Manager,
reuben.ayavoo@north-herts.gov.uk; ext: 4212.

18. BACKGROUND PAPERS

None

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Land at The Snipe, Weston, Herts.



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PUBLIC NOTICES

Legal and Public Notices

Department for Transport

TOWN AND COUNTRY PLANNING ACT 1990

The Secretary of State gives notice of an Order made under Section 247 of the above Act entitled "The Stopping up of Highway (East) (No.36) Order 2020" authorising the stopping up of a part-width of The Paddocks, adjoining number 2 Paddocks Close, at Shephall in the Borough of Stevenage. This is to enable development as permitted by Stevenage Borough Council under reference 20/00258/FP.

Copies of the Order may be obtained, free of charge, from the Secretary of State, National Transport Casework Team, Tyneside House, Skinnerburn Road, Newcastle Business Park, Newcastle upon Tyne NE4 7AR or nationalcasework@dft.gov.uk by quoting NATTRAN/E/S247/4344.

Any person aggrieved by or desiring to question the validity of or any provision within the Order, on the grounds that it is not within the powers of the above Act or that any requirement or regulation made has not been complied with, may, within 6 weeks of 29 October 2020 apply to the High Court for the suspension or quashing of the Order or of any provision included.

G Patrick, Casework Manager

Department for Transport

TOWN AND COUNTRY PLANNING ACT 1990

The Secretary of State gives notice of an Order made under Section 247 of the above Act entitled "The Stopping up of Highway (East) (No.37) Order 2020" authorising the stopping up of a generally rectangular shaped area of highway which lies adjacent to the rear of the garden at No. 66 Dryden Crescent at Stevenage in the Borough of Stevenage to enable development as permitted by Stevenage Borough Council, under reference 20/00246/FP.

Copies of the Order may be obtained, free of charge, from the Secretary of State, National Transport Casework Team, at nationalcasework@dft.gov.uk (quoting NATTRAN/E/S247/4341).

Any person aggrieved by or desiring to question the validity of or any provision within the Order, on the grounds that it is not within the powers of the above Act or that any requirement or regulation made has not been complied with, may, within 6 weeks of 29 October 2020 apply to the High Court for the suspension or quashing of the Order or of any provision included.

S Zamenzadeh, Casework Manager

NORTH HERTFORDSHIRE DISTRICT COUNCIL

Council Offices, Gernon Road,
Letchworth Garden City, Herts, SG6 3JF
Section 123 Local Government Act 1972

Notice is hereby given that North Hertfordshire District Council intends to dispose of open land to the west of Hitchin Road and to the north of The Snipe, Weston, Hertfordshire. The land forms part of registered title HD498242 but excludes the play area in the south east of the site.

Any comments or objections to this proposed disposal should be made in writing to Estates & Asset Management, North Hertfordshire District Council, Council Offices, Gernon Road, Letchworth, Hertfordshire SG6 3JF by 12.00 noon on Friday 27th November 2020.



Town and Country Planning (Development Management Procedure) (England) Order 2015 NOTICE UNDER ARTICLE 13 OF APPLICATION FOR PLANNING PERMISSION

Proposed development at 54 Church Street, Baldock SG7 5AF.

Take notice that application is being made for planning permission to: **Change of use from clinic to C3 residential and external alterations to facilitate conversion to two two bedroom flats.**

Local planning authority address: **North Herts District Council North Herts District Council**

Any owner or tenant who wishes to make representations about this application should write to the Council within 21 days of the date of this notice.

Statement of owners' rights: The grant of planning permission does not affect owners' rights to retain or dispose of their property, unless there is some provision to the contrary in an agreement or lease.

Statement of agricultural tenants' rights: The grant of planning permission for non-agricultural development may affect agricultural tenants' security of tenure.

'Owner' means a person having a freehold interest or a leasehold interest the unexpired term of which is not less than seven years.

'Tenant' means a tenant of an agricultural holding any part of which is comprised in the land.



ROAD TRAFFIC REGULATION ACT 1984 -

SECTION 14(1)(a)

THE A1(M) MOTORWAY (JUNCTION 6 TO JUNCTION 9) (TEMPORARY PROHIBITION OF TRAFFIC) ORDER 2020

NOTICE IS HEREBY GIVEN that Highways England Company Limited (a) has made an Order on the A1(M) Motorway in Hertfordshire to allow for carriageway resurfacing, safety fence and sign replacement, lighting maintenance and replacement and any other associated works and routine maintenance works to be carried out in safety.

The works will take place overnight (9pm to 6am) in two phases; Phase 1 (for works from J8 to J9, and the southbound exit slip road at J7) is expected to start on or after Monday 9th November 2020 and to last for approximately 4 weeks; Phase 2 (for works to the slip roads between J6 and J8) is expected to start on or after Monday 4th January 2021 and to last for approximately 3 months.

The effect of the Order on the A1(M) will be to close the -

- northbound carriageway from the exit slip road at J8 to the entry slip road at J9 - diverting traffic via the B197 and A505 to re-join the A1(M) at J9, and, alternately, one slip road at a time, the
- northbound and southbound entry slip roads at Junctions 6, 7 and 8,
- northbound exit slip roads at Junctions 7 and 8,
- southbound exit slip roads at Junctions 6, 7 and 8;

During the individual slip road closures traffic wishing to enter or leave the A1(M) will be diverted on or off the motorway at the nearest open slip road and return to the original junction via the opposite carriageway to continue their journey.

The closures (which will not apply to emergency service, traffic officer, works or winter maintenance vehicles) and diversion routes will be clearly indicated by traffic signs.

The Order will come into force on 2 November 2020 and may continue in force until the works detailed above have been completed, or for a maximum duration of eighteen months or whichever is the earlier.

Mrs D Mainstone, Highways England Company Limited

(a) Registered in England and Wales under company no. 9346363. Registered office; Bridge House, Walnut Tree House, Guildford, Surrey, GU1 4LZ.

General Enquiries relating to this notice may be made in writing to Sarah Mason at Highways England Company Limited, Woodlands, Manton Lane, Bedford, MK41 7LW, by email to sarah-jayne.mason@highwaysengland.co.uk or by telephoning 07849 079935

HERTFORDSHIRE COUNTY COUNCIL:

PLANNING NOTICE

Application for the variation of Condition 6 (No outside storage of waste) of planning permission 1/1248-09 to allow space for additional skip and bale storage as well as the permanent re-location of the site management office and staff break room at Hullock Pit Hill, Unit 5, Newnham Road, Newnham, SG7 5DP. Please note, this application proposes development in the Green Belt.

All submitted application documents are available to view online at www.hertfordshire.gov.uk/planning. Comments can be submitted through our website or emailed to spatialplanning@hertfordshire.gov.uk. Alternatively, you can post them to Spatial Planning Unit, CHN216, Environment and Infrastructure Department, County Hall, Pegs Lane, Hertford SG13 8DN within 21 days from the date of this Notice, i.e. by 19 November 2020.

Goods Vehicle
Operator's Licence

Blythewood Plant Hire Ltd. of Wedgwoodgate, Wedgwood Way, Stevenage Herts, SG1 4SU is applying for licence to use Crouchfield Farm Chapmore End, Ware, Herts, SG12 0EX as an operating centre for 4 goods vehicles and 1 trailer.

Owners or occupiers of land (including buildings) near the operating centre(s) who believe that their use or enjoyment of that land would be affected, should make written representations to the Traffic Commissioner at Hillcrest House, 386 Harehills Lane, Leeds, LS9 6NF, stating their reasons, within 21 days of this notice. Representors must, at the same time send a copy of their representations to the applicant at the address given at the top of this notice. A Guide to Making Representations is available from the Traffic Commissioner's office.

HERTFORDSHIRE COUNTY COUNCIL:

(TEMPORARY CLOSING AND TEMPORARY WAITING RESTRICTIONS IN DANESGATE AND SWINGATE, STEVENAGE) ORDER 2020

NOTICE is given that Hertfordshire County Council intends to make an Order under Section 14(1) of the Road Traffic Regulation Act 1984, to prohibit all vehicular traffic from using the following lengths of roads ("the Roads") and to prohibit all vehicles from waiting at any time on both sides of these lengths of Roads whilst works are in progress:-

1. that length of Danesgate, Stevenage from its junction with A602 Lytton Way north eastwards for a distance of approximately 120m.
2. that length of Swingate, Stevenage from its junction with A602 Lytton Way north eastwards for a distance of approximately 57m.

An alternative route will be via A602 Lytton Way and Danestrete.

There is no alternative route available for vehicles when the works are being carried out. However vehicular access to properties in this road will be maintained whenever possible throughout the duration of the works.

The Order is needed because works are proposed to be executed on or near the Roads.

If the Order is made, it shall come into force on 16 November 2020 for a period of up to 18 months.

However, the restrictions specified shall only take effect at the times indicated by signs on or near the Roads.

If you have any queries about the proposed Order please contact Ben Howard tel. 0300 123 4047 at Ringway.

(TEMPORARY CLOSING OF NORTON WAY NORTH, LETCHWORTH GARDEN CITY) ORDER 2020

NOTICE is given that Hertfordshire County Council intends to make an Order under Section 14(1) of the Road Traffic Regulation Act 1984, to prohibit all vehicular traffic from using that length of Norton Way North, Letchworth Garden City from its junction with the Station Road/Birds Hill roundabout northwards for a distance of approximately 122m ("the Road").

An alternative route will be via Station Road, Station Place, Bridge Road, Icknield Way and Norton Way North.

The Order is needed because essential bridge works are proposed to be executed on or near the Road.

If the Order is made, it shall come into force on 16 November 2020 for a period of up to 18 months.

However, the restrictions specified shall only take effect at the times indicated by signs on or near the Road.

If you have any queries about the proposed Order, please contact Rebecca Hardman tel. 01132 775360

at Centurion Site Services or Shannen Powers tel. 0300 123 4047 at Hertfordshire County Council.

(TEMPORARY CLOSING OF BALDOCK PUBLIC FOOTPATH NO.040) ORDER 2020

NOTICE is given that Hertfordshire County Council intends to make an Order under Section 14(1) of the Road Traffic Regulation Act 1984, to prohibit all pedestrians from using Baldock Public Footpath No.040 from its junction with Coachmans Lane south westwards to its junction with Letchworth Garden City Public Footpath No.022 ("the Public Footpath"), a distance of approximately 106m.

There is no alternative route available for pedestrians when the works are being carried out. However pedestrian access to properties along this public footpath will be maintained whenever possible throughout the duration of the works.

The Order is needed because works are proposed to be executed on or near the Public Footpath.

If the Order is made, it shall come into force on 16 November 2020 for a period of up to 6 months. However, the restrictions specified shall only take effect at the times indicated by signs on or near the Public Footpath.

If you have any queries about the proposed Order, please contact Natasha Cook tel. 0300 123 4047 at Ringway.

(TEMPORARY CLOSING OF THREE HOUSES LANE, CODICOTE) ORDER 2020

NOTICE is given that Hertfordshire County Council has made the above Order under Section 14(1) of the Road Traffic Regulation Act 1984, to prohibit all vehicular traffic from using that length of Three Houses Lane, Codicote from its junction with Whitwell Road north eastwards to its junction with Rustling End ("the Road"), a distance of approximately 1762m.

An alternative route will be via Whitwell Road, B656 Hitchin Road and Three Houses Lane.

The Order is needed because cabling works are proposed to be executed near the Road.

The Order has been made and shall come into force on 3 November 2020 for a period of up to 18 months.

However, the restrictions specified shall only take effect at the times indicated by signs on or near the Road.

If you have any queries about the Order, please contact Steve Wheller tel. 03700 50 0792 at Sunbelt Rentals Ltd or Shannen Powers tel. 0300 123 4047 at Hertfordshire County Council.

(TEMPORARY CLOSING OF B656 WALSWORTH ROAD, HITCHIN) ORDER 2020

NOTICE is given that Hertfordshire County Council has made the above Order under Section 14(1) of the Road Traffic Regulation Act 1984, to prohibit all vehicular traffic from using that length of B656 Walsworth Road, Hitchin from its junction with the A505 Cambridge Road/A505 Nightingale Road roundabout south westwards for a distance of approximately 38m ("the Road").

An alternative route will be via A505 (Nightingale Road/Bunyan Road/Fishponds Road/ Bedford Road/Paynes Park), A602 Park Way and B656 (Hitchin Hill/Park Street/Queen Street/Walsworth Road)

or via B656 (Walsworth Road/Queen Street/Park Street/Hitchin Hill), A602 Park Way and A505 (Old Park Road/Bedford Road/Fishponds Road/Bunyan Road/Nightingale Road).

The Order is needed because water main repair works are proposed to be executed on or near the Road.

The Order has been made and shall come into force on 5 November 2020 for a period of up to 18 months.

However, the restrictions specified shall only take effect at the times indicated by signs on or near the Road.

If you have any queries about the Order, please contact Sonya Masters tel. 0330 053 7225 at Herts Traffic Management or Shannen Powers tel. 0300 123 4047 at Hertfordshire County Council.

(TEMPORARY CLOSING OF UPPER GREEN, ICKLEFORD) ORDER 2020

NOTICE is given that Hertfordshire County Council has made the above Order under Section 14(1) of the Road Traffic Regulation Act 1984, to prohibit all vehicular traffic from using that length of Upper Green, Ickleford from a point in line with the western boundary of No.7 Upper Green south eastwards for a distance of approximately 30m ("the Road"), except for access.

There is no alternative route available for vehicles when the works are being carried out. However vehicular access to properties in this road will be maintained whenever possible throughout the duration of the works.

The Order is needed because water main connection works are proposed to be executed on or near the Road.

The Order has been made and shall come into force on 3 November 2020 for a period of up to 18 months.

However, the restrictions specified shall only take effect at the times indicated by signs on or near the Road.

If you have any queries about the Order, please contact Jane Rickett tel. 0330 053 7225 at Herts Traffic Management or Shannen Powers tel. 0300 123 4047 at Hertfordshire County Council.

(TEMPORARY CLOSING OF THE FOOTPATH FRONTING NOS.119-139 MILDMAY ROAD, STEVENAGE) ORDER 2020

NOTICE is given that Hertfordshire County Council has made the above Order under Section 14(1) of the Road Traffic Regulation Act 1984, to prohibit all pedestrians from using the footpath fronting Nos.119-139 Mildmay Road, Stevenage from a point in line with the northern boundary of No.80 Sefton Road southwards, south eastwards and southwards for a distance of approximately 114m ("the Footpath").

There is no alternative route available for pedestrians when the works are being carried out. However pedestrian access to properties along this footpath will be maintained whenever possible throughout the duration of the works.

The Order is needed because works are proposed to be executed on or near the Footpath.

The Order has been made and shall come into force on 31 October 2020 for a period of up to 6 months.

However, the restrictions specified shall only take effect at the times indicated by signs on or near the Footpath.

If you have any queries about the Order, please contact Ben Baylis tel. 0300 123 4047 at Hertfordshire County Council.

A copy of the proposed Orders may be inspected free of charge at County Hall, Hertford between the hours of 9am and 5pm (excluding weekends, bank and public holidays).

Consulting on Traffic Regulation Orders is a statutory duty of the County Council. Any personal data you provide in responding to this Notice will be treated as confidential but will be shared with HCC Officers; County Councilors and contracted third parties who are involved in the statutory process. We will not share identifiable data with third parties outside of the statutory process. Guidance on your rights in respect of personal data are published in the Privacy Policy on our website, Hertfordshire.gov.uk

29 October 2020.

Mark Kemp, Director of Environment & Infrastructure,
County Hall, Hertford, Herts, SG13 8DN

RONALD JOHN TOWNSHEND
(Deceased)

Pursuant to the Trustee Act 1925 any persons having a claim against or an interest in the Estate of the above named, late of 34 Edmonds Drive, Stevenage SG2 9TH, who died on 16/09/2020, are required to send written particulars thereof to the undersigned on or before 30/12/2020, after which date the Estate will be distributed having regard only to the claims and interests of which they have had notice.

Robert Matthew Straughan,
The London Gazette (14080),
PO Box 3584, Norwich NR7 7WD.

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**CABINET
15 DECEMBER 2020**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: COVID-19 LEISURE CONTRACTS RECOVERY

REPORT OF THE SERVICE DIRECTOR - PLACE

EXECUTIVE MEMBER ENVIRONMENT & LEISURE: COUNCILLOR STEVE JARVIS

COUNCIL PRIORITY: RESPOND TO CHALLENGES TO THE ENVIRONMENT

1. EXECUTIVE SUMMARY

- 1.1 The Covid-19 Leisure Contracts Recovery report was referred to full Council on 24 September 2020 from Cabinet on 21 July 2020. Council RESOLVED;

To provide financial support to Stevenage Leisure Limited (SLL) on an Open Book basis from 20 March 2020 up to at least 31 March 2021. The support provided would only cover losses relating to the Council's contracts, and will not cover central overheads. SLL would be required to take all reasonable actions to minimise the value of any losses. The actual value of the support required will depend on SLLs income recovery but will be capped at a maximum of £1.8m.

- 1.2 Covid-19 case numbers were rising rapidly across the whole of the UK and in other countries. As a result, the Government has instigated new national restrictions from 5 November 2020 which includes the closure of leisure facilities.

- 1.3 The Part 2 report provides an updated forecast summary.

2. RECOMMENDATIONS

Recommendation to Full Council: -

- 2.1. Recommendation to approve the recommendation in Part 2.

3. REASONS FOR RECOMMENDATIONS

- 3.1. See Part 2 Report.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 As Part 2 Report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Consultation was undertaken with our Executive Member Environment and Leisure, Cllr Steve Jarvis, deputy Cllr Adem Ruggiero-Cakir and Executive Member for Finance & IT, Cllr Ian Albert.

6. FORWARD PLAN

- 6.1. The final decision is for full Council decision and not a Key Executive decision and is not therefore referred to in the Forward Plan.

7. BACKGROUND

- 7.1. At full Council on 24 September 2020 it was discussed and agreed to provide financial support to SLL. The following minute details the resolution;

RESOLVED: To provide financial support to Stevenage Leisure Limited (SLL) on an Open Book basis from 20 March 2020 up to at least 31 March 2021. The support provided would only cover losses relating to the Council's contracts, and will not cover central overheads. SLL would be required to take all reasonable actions to minimise the value of any losses. The actual value of the support required will depend on SLLs income recovery but will be capped at a maximum of £1.8m.

REASON FOR DECISION: To seek approval for the SLL recovery plan and a phased approach toward recovery allowing flexibility through delegation, to ensure business continuity for the leisure contracts and for them to survive beyond the Covid-19 pandemic.

- 7.2. On the 25 July 2020 the leisure facilities reopened to the public in a COVID Secure environment. Usage and income levels have steadily increased with customer confidence returning. Further details are contained within Part 2 report.
- 7.3. In order to reduce overheads as much as possible through the second lockdown SLL have furloughed most of the operational staff across all of their contracts, leaving minimal employees to manage the North Hertfordshire District Council Contracts, ensuring the buildings are being operated in accordance with statutory regulations. In addition, SLL will look to reduce utility costs by cooling the pool and air temperature over the four-week closure period.
- 7.4. Otherwise as per the Part 2 report.

8. RELEVANT CONSIDERATIONS

- 8.1. See Part 2 Report.

9. LEGAL IMPLICATIONS

- 9.1. The Leisure Contracts were procured via OJEU in compliance with EU Procurement Rules. Regulation 72 of The Public Contracts Regulations 2015 and Regulation 43 of the Concession Contract Regulations allows the Council to modify contracts during their terms.

9.2. As Part 2 Report.

10. FINANCIAL IMPLICATIONS

10.1. See Part 2 Report.

11. RISK IMPLICATIONS

11.1. As Part 2 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. To continue to support the SLL facilities via the Open Book approach provides support to those potentially vulnerable staff (on low income and zero contracts). Dependent on the new way in which the facilities open, they may provide support to those vulnerable members of the community who have been shielded or isolated during this pandemic period.

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 recommendation of continued support. The Facilities are currently shut and remain so for the moment. The impact on the environment has been reduced in comparison to when it was fully opened. When the facilities re-open or are closed then the environmental implications may require assessment.

15. HUMAN RESOURCE IMPLICATIONS

15.1. The Council has already set up a trading company for such an eventuality.

15.2. Otherwise, as Part 2 Report.

16. APPENDICES

16.1. None.

17. CONTACT OFFICERS

17.1. Louise Randall, Leisure Contract Manager
Louise.randall@north-herts.gov.uk Ext 4387

17.2. Vaughan Watson, Service Director – Place
Vaughan.watson@north-herts.gov.uk Ext 4641

- 17.3. Greta O'Shea, Locum Senior Solicitor – Contracts and Procurement
Greta.OShea@north-herts.gov.uk Ext 4315
- 17.4. Ian Couper, Service Director - Resources
ian.couper@north-herts.gov.uk Ext 4243
- 17.5. Reuben Ayavoo, Policy and Community Engagement Manager
Reuben.ayavoo@north-herts.gov.uk Ext 4212
- 17.6. Joanna Keshishian, HR Operations Manager
Joanna.Keshishian@north-herts.gov.uk Ext 4314
- 17.7. Jeanette Thompson Service Director – Legal and Community Monitoring Officer
Jeanette.tompson@north-herts.gov.uk Ext 4370

18. BACKGROUND PAPERS

- 18.1. [CABINET: 21 JULY 2020 - COVID-19 LEISURE CONTRACTS RECOVERY REPORT](#)
- 18.2. [COUNCIL: 24 SEPTEMBER 2020 – Decision Page](#)

CABINET 15 DECEMBER 2020

PART 1 Report

TITLE OF REPORT: CHARNWOOD HOUSE, HITCHIN

REPORT OF THE INTERIM PROPERTY CONSULTANT

EXECUTIVE MEMBER: COUNCILLOR KEITH HOSKINS

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING

1. EXECUTIVE SUMMARY

- 1.1 To seek Cabinet's decision on the potential letting or sale of Charnwood House, Hitchin to a community group.

2. Recommendations

- 2.1 That the option presented is to be considered and the principle determined as to whether this proposed transaction should be progressed further..

OR:

- 2.2 The property should be marketed on the open market on a leasehold and/or freehold basis to consider the most beneficial proposals and terms of any potential transaction.

THEN:

- 2.3 Terms of an agreed transaction (subject to contract) will be presented to the Cabinet for approval once finalised. Once the current use of the property ceases and it becomes vacant, a declaration as surplus can be made.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To bring a town centre asset into beneficial use for the wider community.
- 3.2 To reduce ongoing maintenance costs for this property.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Do nothing: The Property will in the future become vacant once its transitional storage use by Hitchin Museum ceases. At this point, without a strategy to move forward, the property will lay vacant and its condition will deteriorate.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the principles discussed in this report has begun with notification to Hitchin Committee at their meeting on 1st December 2020.
- 5.2 The Council has not advertised the proposal in accordance with sections 123(2A) and 127(3) of the Local Government Act 1972 as this proposal does not represent the sale of public open space.
- 5.3 A copy of this report has been provided to the Executive Member Cllr Keith Hoskins.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 12th November 2020.

7. BACKGROUND

- 7.1 Charnwood House at Paynes Park in Hitchin, the building that became Hitchin Museum, was conveyed to the Urban District Council of Hitchin by a Conveyance dated 1st May 1937 made between Hubert John Moss and Wallace Benjamin Moss as grantors and UDCH. Clause 3 of the Conveyance reads:

“The grantors have offered the said property as a gift to the Urban Council to be held by the Council in perpetuity as a Public Library and Museum for the benefit of the Inhabitants of the said Urban District.”

- 7.2 Since the relocation of Hitchin Museum to the new Town Hall site at Brand Street, Charnwood House has been used as temporary storage as the move has progressed. However, with no immediate alternative uses or new occupier, the Museum continues with this transitional arrangement. Plans for a new Museum storage facility elsewhere in Hitchin are being progressed which would allow the final move of items from Charnwood House in the next couple of years.

- 7.3 This report considers a proposal submitted to the District Council from Charnwood Community Management Association (CCMA) a registered charity. CCMA's stated aims for the property are as follows:

“The aims of the association are to acquire and maintain the building for community use, providing a community hub for Hitchin residents with an emphasis on supporting those groups with an educational focus”

For further details please refer to their website at: <http://charnwoodhitchin.org.uk/>.

- 7.4 This report also addresses the legal implications of the 1937 conveyance.

8. RELEVANT CONSIDERATIONS

- 8.1 Charnwood House is a Grade II Listed property, which the District Council is duty bound to maintain. The Listing also confers constraints upon the scope of physical alterations that can be undertaken.

- 8.2 Charnwood House is registered as an Asset of Community Value. This listing will expire in line with regulations that limit listings to 5 years on 22nd January 2023. A further nomination may be made by a voluntary or community group. The Council in its role as Listing Authority would have to consider whether it should be relisted. A relisting would be for a period of a further 5 years. The listing requires the District Council to allow certain interested community groups 6 months to make an offer to purchase should they be advised the property is to be marketed and they express an interest in making an offer. It is worth noting that the District Council would not be bound to accept any offer received, and would in any event be bound also to sell at best consideration, save for the provisions of Section 123(2) of the Local Government Act 1972 General Disposal Consent (England) 2003 whereby for the following reasons a sale can be made at less than best consideration:

- (i) The promotion or improvement of economic well-being.
- (ii) The promotion or improvement of social well-being.
- (iii) The promotion or improvement of environmental well-being.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet in exercising its functions have powers to dispose of land or buildings where the consideration is between £250,000 and £2,500,000.
- 9.2 The Contract Procurement Rules and specifically Appendix I of those Rules apply to the sales of land or property. If Cabinet were to sell this land the Officers seeking to market and dispose of the land would be required to do so within the remit of the Contract Procurement Rules.
- 9.3 Section 123 of the Local Government Act 1972 General Disposal Consent (England) 2003 allows a Council to dispose of land in any manner it wishes provided that the consideration is the best that can be reasonably obtained unless the Secretary of State consents to the disposal for less than best value – see additionally 8.2 above.
- 9.4 All disposals need to comply with the European Commission's State aid rules. The European Commission's Communication on State aid elements in sales of land and buildings by public authorities (97/C 209/03) provides general guidance on this issue. When disposing of land at less than best consideration authorities are providing a subsidy to the owner, developer and/or the occupier of the land and property, depending on the nature of the disposal. Where this occurs authorities must ensure that the nature and amount of subsidy complies with the State aid rules, particularly if there is no element of competition in the sale process.

10. FINANCIAL IMPLICATIONS

- 10.1 A sale or lease to a new occupier will reduce or eliminate the District Council's maintenance costs and reduce the need to spend capital on future repairs and upgrading likely to be required to the building, in particular due to Charnwood House's Grade II Listed status.
- 10.2 Selling the property could produce a capital receipt. Given the fairly unique nature of the building, it is not possible to predict the level of receipt with any reasonable certainty.

- 10.3 Leasing the property could produce some level of rental income. Again, the uniqueness of the property means the level and timing of rental income cannot be accurately predicted.

11. RISK IMPLICATIONS

- 11.1 The sale or full occupation of vacant property assets reduces the risk to the District Council arising from the duties under the Occupiers Liability Act 1957 and 1984.
- 11.2 There are no risks relevant to the consideration of this decision. Risks may exist as to the terms and feasibility of any proposal however the terms of any such transaction will be referred to Cabinet for approval.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 The proposed return of the property to a community resource could result in greater community inclusion in the area. Amongst those may those who exhibit a protected characteristic.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1 There are no direct environment implications to this proposal. Any improvements to a Grade II listed building will require consent to ensure that the key structural features and characteristics are preserved. This limits any potential negative environmental impact.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no Human resource implications from this report.

16. APPENDICES

- 16.1 None.

17. CONTACT OFFICERS

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- 17.3 Isabelle Alajooz, Legal Commercial Team Manager and Deputy Monitoring Officer, isabelle.alajooz@north-herts.gov.uk; ext: 4346.
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18. BACKGROUND PAPERS

- 17.1 None.

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