



01/02/2022

Our Ref Council 10 February 2022
Contact. Committee Services
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To: The Chair and Members of North Hertfordshire District Council

NOTICE IS HEREBY GIVEN OF A

MEETING OF THE COUNCIL

to be held in the

**COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES,
LETCWORTH GARDEN CITY**

on

THURSDAY, 10 FEBRUARY 2022

at

7.30 PM

Yours sincerely,

Jeanette Thompson
Service Director – Legal and Community

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

Agenda **Part I**

Item		Page
1.	APOLOGIES FOR ABSENCE	
2.	MINUTES - 20 JANUARY 2022 To take as read and approve as a true record the minutes of the meeting of the Committee held on the 20 January 2022	5 - 16
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 to 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. <u>Declarations of Interest</u> Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chair of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wishing to exercise a 'Councillor Speaking	

Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.

5. PUBLIC PARTICIPATION

To receive petitions, comments and questions from the public.

6. QUESTIONS FROM MEMBERS

To consider any questions submitted by Members of the Council, in accordance with Standing Order 4.8.11 (b).

7. NOTICE OF MOTIONS

To consider any motions, due notice of which have been given in accordance with Standing Order 4.8.12.

8. ITEMS REFERRED FROM OTHER COMMITTEES

17 - 22

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

9. CHANGE TO POLLING PLACE AND POLLING STATIONS

23 - 44

To agree the designation of polling places, to come in to effect at the upcoming local government elections.

10. REVENUE BUDGET 2022/23

45 - 78

REPORT OF THE SERVICE DIRECTOR – RESOURCES

To note and adopt the Revenue Budget 2022/23

11. INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)

79 - 140

REPORT OF THE SERVICE DIRECTOR - RESOURCES

To consider the adoption of the Investment Strategy and clauses in relation to the Code of Practice on Treasury Management

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Public Document Pack Agenda Item 2

NORTH HERTFORDSHIRE DISTRICT COUNCIL

MINUTES

Meeting of the Council held in the Council Chamber, District Council Offices, Letchworth Garden City
on Thursday, 20th January, 2022 at 7.30 pm

PRESENT: Councillors: Councillor Val Bryant (Chair), Ian Albert, Amy Allen, Daniel Allen, David Barnard, Clare Billing, Judi Billing, Simon Bloxham, Ruth Brown, Sam Collins, Adam Compton, Juan Cowell, George Davies, Elizabeth Dennis-Harburg, Morgan Derbyshire, Sarah Dingley, Faye Frost, Simon Harwood, Terry Hone, Keith Hoskins, Mike Hughson, Steve Jarvis, David Levett, Ian Mantle, Nigel Mason, Jim McNally, Gerald Morris, Michael Muir, Mike Rice, Adem Ruggiero-Cakir, Carol Stanier, Claire Strong, Mandi Tandi, Richard Thake, Tom Tyson and Michael Weeks

IN ATTENDANCE: Anthony Roche (Managing Director), Ian Fullstone (Service Director – Regulatory) Jeanette Thompson (Service Director – Legal and Community), Ian Couper (Service Director – Resources), Steve Crowley (Service Director – Commercial), Jo Dufficy (Service Director – Customers), Isabelle Alajooz (Legal Commercial Team Leader & Deputy Monitoring Officer) Anne Banner (Benefits Manager), Melanie Stimpson (Democratic Services Manager), William Edwards (Committee, Member and Scrutiny Manager), James Lovegrove (Committee, Member and Scrutiny Officer), Louis Mutter (Committee, Member and Scrutiny Officer)

ALSO PRESENT: At the commencement of the meeting approximately 3 members of the public, including registered speakers.

71 APOLOGIES FOR ABSENCE

Audio recording – 3:50

Apologies for absence were received from Councillors Gary Grindal, John Bishop, Jean Green, Sean Prendergast, Lisa Nash, Sam North, Terry Tyler, Ian Moody, Kate Aspinwall, Kay Tart, and Tony Hunter.

72 MINUTES - 11 NOVEMBER 2021, 7 DECEMBER 2021, 7 DECEMBER 2021

Audio Recording – 4:28

RESOLVED: That the Minutes of the Meetings of the Committee held on 11 November 2021, 7 December 2021 and 7 December 2021 be approved as a true record of the proceedings and be signed by the Chair.

73 NOTIFICATION OF OTHER BUSINESS

Audio recording – 6:35

There was no other business notified.

74 CHAIR'S ANNOUNCEMENTS

Audio recording – 6:42

- (1) The Chair paid tribute to Councillor Paul Clark who passed away in December 2021. She remarked that Paul served the District Council between 1995 and 1999 and then from 2001 to 2015, and then from 2016 to the present day. He had been a Member for Hitchin Highbury throughout, becoming Deputy Leader of the Council, Executive Member for Planning and Leader of the Liberal Democratic group. Paul would be missed by many people and our thoughts were with his family and friends at this sad time.

Councillor Ruth Brown paid tribute to Councillor Clark and said she had always found Paul to be kind, thoughtful and generous hearted and will miss his support. He was very understanding of each individual members' circumstances and would often remind us that family comes first. Even in the short time since Paul's passing on she was already discovering how much was involved in his role, and realising how hard he worked on our behalf. Paul sought to lead by consensus, which was not easy with a group of liberal and independent minded colleagues and his example we will be hard to follow. She gave condolences go to him his family.

The following Members also paid tribute to Councillor Clark:

- Councillor Elizabeth Dennis-Harburg
- Councillor Claire Strong
- Councillor Ian Mantle
- Councillor David Barnard

A minutes' silence was held in memory of Councillor Paul Clark.

- (2) The Chair paid tribute to Honorary Alderman F John Smith who passed away in December 2021 and remarked he was Leader of North Hertfordshire District Council for 12 years, from 1999 to 2010, stepping down in 2010, after completing exactly 50 years' service, and in the same year he was awarded Honorary Alderman status. He was a well-respected and valued member of the community and our thoughts were with his family and friends at this sad time.

Councillor Claire Strong paid tribute to Honorary Alderman F John Smith and said when she joined the Council in 1995 John became the leader of the Conservative group, and then he took over as Leader of the Council in 1999. John had given her a great understanding of how the Council worked and was very supportive. It was a great loss and he knew what public service was about. It was a great tribute for the years that he was not only a District Councillor, but also Town Councillor, and she knew that he was very honoured when he was made an Alderman of this council when he left.

The following Members also paid tribute to Honorary Alderman F John Smith:

- Councillor Ruth Brown
- Councillor Elizabeth Dennis-Harburg
- Councillor Judi Billing

A minutes' silence was held in honour of Honorary Alderman F John Smith.

- (3) The Chair advised that, in accordance with Council Policy, the meeting would be audio recorded;
- (4) Members were reminded that this Council had declared a Climate Emergency. This was a serious decision and meant that, as this was an emergency, all of us, officers and

Members had that in mind as we carried out our various roles and tasks for the benefit of our District.

- (5) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.
- (6) The Chair reminded Members that the usual rules in respect of debate and times to speak would apply.
- (7) The Chair advised Members that there was no longer a requirement to stand while addressing the Council.
- (8) The Chair advised that she intended to call a comfort break around 9pm at a suitable break in proceedings.
- (9) The Chair advised there would be a change to the order of business with Items 17 and 18 being taken immediately after Item 8.

75 PUBLIC PARTICIPATION

Audio recording – 23:31

The Committee, Member and Scrutiny Manager advised that a petition had been received relating to the opening hours of Hitchin and Letchworth Outdoor Pools. The Council was satisfied that the petition complied with the requirements of the petition scheme.

The Chair invited Mrs Susan Foster to present the petition.

Mrs Susan Foster gave a presentation regarding the petition to extend the opening hours of Hitchin and Letchworth Outdoor Pools.

The following Members asked questions and made comment on the petition:

- Councillor David Levett
- Councillor Steve Jarvis
- Councillor Adam Compton
- Councillor Faye Frost
- Councillor David Barnard
- Councillor Jim McNally
- Councillor Judi Billing

The Chair thanked Mrs Susan Foster for her presentation and advised that the council's Cabinet would be finalising the draft budget proposals recommended 2022 to 2023 on 25th of January. Cabinet was the most appropriate avenue for this petition. There were a number of Cabinet members present at the meeting who have listened to the presentation and the topic would be taken up at Cabinet.

76 NOTICE OF MOTIONS

Audio recording – 43:12

There were no motions on notice.

77 QUESTIONS FROM MEMBERS

Audio recording – 43:12

There were no questions submitted by Members.

78 COUNCIL SIZE SUBMISSION TO LOCAL GOVERNMENT BOUNDARY COMMISSION FOR ENGLAND ('LGBCE')

Audio Recording – 43:15

The Democratic Services Manager presented the report entitled Council Size Submission to Local Government Boundary Commission for England along with the appendices:

- Appendix A – Council Size Submission
- Appendix B – Electorate Projections Methodology
- Appendix C – Electorate Projections Form

The following Members took part in debate:

- Councillor Claire Strong
- Councillor Keith Hoskins

Points raised included:

- An increase in membership by 1 would go some way to mitigate the impact on workload for members in light of the increase in residents anticipated by the electorate projections
- Large rural wards would be particularly impacted by any decrease in membership size
- With electronic communication and new ways of working an increase in number of electors per Councillor would not be onerous
- If central government has plans to significantly change the structure or approach of local government tinkering with Council size in the short term will have minimal impact, and it was better to remain the same until government plans were clear.

Councillor Elizabeth Dennis-Harburg proposed, Councillor Ruth Brown seconded and on the vote it was:

RESOLVED: That Council approves the document on Council Size attached as Appendix A for submission to the LGBCE, noting the deadline for submission was 21 January 2022 with a Council Size of 50.

REASONS FOR DECISION: A Council Size of 50 Members has been proposed following discussion amongst Group Leaders at the Project Board, given the projected growth in the Local Plan; and the nature of the district with its mix of more densely populated towns and sparsely populated large rural areas that need to be a manageable size geographically for the rural ward councillors. It is also believed that reducing the number of Members (thereby increasing workload for others) could deter or discourage individuals from standing as a Councillor, thereby further impacting on diversity of representation.

79 ITEMS REFERRED FROM OTHER COMMITTEES

Audio recording – 2:06:14

N.B Councillors Judi Billing and Sam Collins left the meeting ahead of this item.

9a. Referral from Cabinet - Integrated Performance Management

The Chair advised this referral would be taken with Item 10.

9b. Referral from Cabinet - Second Quarter Investment Strategy (Capital and Treasury) Review 2021-22

The Chair advised this referral would be taken with Item 11.

9c. Referral from FAR - Appointment of External Auditors

The Chair advised this referral would be taken with Item 12.

9d. Referral from Cabinet - Council Tax Reduction Scheme

The Chair advised this referral would be taken with item 13.

9e. Referral from FAR – Updated Contract Procurement Rules for 2022/23

Councillor Keith Hoskins presented the referral from FAR – Updated Contract Procurement Rules for 2022/23 and moved the recommendations.

Councillor Ian Albert seconded.

The following Members asked questions and took part in debate:

- Councillor Adam Compton

On the vote it was:

RESOLVED: That Council adopts the Updated Contract Procurement Rules for 2022/23.

REASON FOR DECISION: That the Contract Procurement Rules are part of the Constitution (under Section 20) and are revised and updated periodically as part of the Council's governance and procurement review processes, contributing to effective organisational internal control.

80 INTEGRATED PERFORMANCE MANAGEMENT

Audio Recording – 2:09:17

Councillor Ian Albert presented the report and entitled Integrated Performance, Project Monitoring And Risk and its associated referrals.

Councillor Ian Albert proposed, Councillor Elizabeth Dennis-Harburg seconded and on the vote it was:

RESOLVED: That Council approves the changes to the Constitution as detailed in section 9 of the report.

REASON FOR DECISION: To improve the current processes that are in place which do not seem to be well integrated with each other or the Council Plan.

81 SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2021/22

Audio Recording – 2:10:52

Councillor Ian Albert presented the report entitled Second Quarter Investment Strategy (Capital And Treasury) Review 2021/22 and associated referral.

Councillor Ian Albert proposed, Councillor Elizabeth Dennis-Harburg seconded and on the vote it was:

RESOLVED: That Council notes the position of Treasury Management activity as at the end of September 2021.

RESOLVED: 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.

82 APPOINTMENT OF EXTERNAL AUDITORS FOR 2023/24 TO 2027/28

Audio Recording – 2:13:00

Councillor Keith Hoskins presented the report entitled Appointment of External Auditors for 2023/24 to 2027/28 along with the referral from FAR.

Councillor Keith Hoskins proposed, Councillor Ian Albert seconded and on the vote it was:

RESOLVED: That the Council opts-in to the appointing person arrangements made by Public Sector Audit Appointments Ltd (PSAA) for the appointment of external auditors, for a period of 5 years from the 2023/24 audit.

REASON FOR DECISION: The Council is required to appoint an External Auditor, and an appointment through PSAA offers the only realistically viable option.

83 COUNCIL TAX REDUCTION SCHEME - 2022/2023

Audio Recording – 21:13:45

Councillor Ian Albert presented the report entitled Council Tax Reduction Scheme – 2022/23 along with the associated referral from Cabinet.

Councillor Ian Albert proposed, Councillor Elizabeth Dennis-Harburg seconded and on the vote it was:

RESOLVED: That Council:

- (1) Note the CTRS position relating to this and previous financial years
- (2) Note that a full review of the CTRS had commenced and has been postponed due to the consequences on the scheme of the Covid-19 pandemic.
- (3) Agrees that the funding allocated for distribution to Parish, Town & Community Councils in relation to CTRS in 2022/2023 is unchanged from 2021/22
- (4) Agrees that no changes to the CTRS be made for 2022/2023.

REASONS FOR DECISIONS: To update Council on how the Scheme is working and to note that the full review planned to take place was postponed due to the impact of the COVID-9 pandemic and this remains the case. However, work is planned to start in January 2022.

84 REVIEW OF MEMBERS' ALLOWANCES SCHEME

Audio Recording – 2:17:40

The Democratic Services Manager presented the report entitled Review of Members' Allowances Scheme along with the appendices:

- Appendix A – Report and Recommendations by the IRP 2022-23
- Appendix B – Members’ Allowances Scheme 2022-23

The Service Director – Legal and Community gave advice regarding the procedural rules of debate and the legal requirement to approve a scheme of Members’ Allowances.

Councillor Claire Strong proposed the recommendations and Councillor David Levett seconded, and the motions were put to debate.

Councillor Claire Strong proposed an amendment to recommendation 2.2 to defer implementation for a year.

The Service Director – Legal and Community advised that the scheme would be up for reconsideration and approval again next year and it would not be lawful to approve a scheme with a deferred implementation timetable.

Councillor Claire Strong withdrew her amendment.

Councillor Elizabeth Dennis-Harburg proposed an amendment to recommendation 2.2 to thank the IRP for their work and note their recommendation but to continue with the amounts as per the 2021/22 Members’ Allowances Scheme unchanged for in to 2022/23.

Councillor Claire Strong seconded and on the vote this amendment was **CARRIED**.

The substantive motion as amended was discussed. On the vote it was:

RESOLVED: That Council:

- (1) Considers the report and recommendations of the IRP, as attached as Appendix A of the submitted report.
- (2) Agrees that the 2021/22 Members’ Allowances Scheme continue unchanged for 2022/23;
- (3) Agrees the increase to the Independent Person and Reserve Independent Persons allowances as detailed in 4.8 of Appendix A and 8.9 of this report at 1.75%
- (4) Agrees the allowance to the Independent Member on the Finance, Audit and Risk Committee as detailed in Appendix A and 8.12 of this report and should this figure not attract any suitable candidates that the Service Director in consultation with the Executive Member of Finance and IT be authorised to increase this to a maximum of £1500 per annum.

REASONS FOR DECISION: To ensure that the Council meets its statutory requirements of an annual review and adoption of the scheme.

85 ELECTORAL SERVICES - SCALE OF FEES 2022/23

Audio Recording – 2:44:38

The Democratic Services Manager (as Returning Officer) and Service Director – Legal and Community (As Deputy Monitoring Officer) left the meeting for the consideration of this item.

The Service Director – Resources presented the report entitled Electoral Services – Scale of Fees 2022/23 along with Appendix A – Election Fees 2022/23.

Councillor Elizabeth Dennis-Harburg proposed, Councillor Ruth Brown seconded and on the vote it was:

RESOLVED: That Council agree the Scale of Fees for 2022/23 as set out in Appendix A.

REASON FOR DECISION: To enable the Council to remunerate the Returning Officer and the staff employed to carry out tasks during electoral events and to be open and transparent regarding other payments.

86 **APPOINTMENT OF MEMBER, SUBSTITUTE AND CHAIR TO THE PLANNING CONTROL COMMITTEE**

Audio Recording – 2:47:15

The Committee, Member and Scrutiny Manager presented the report entitled Appointment of Member, Substitute and Chair to the Planning Control Committee.

Councillor Elizabeth Dennis-Harburg proposed the recommendations in the report, and Councillor Ruth Brown seconded.

Councillor Claire Strong proposed an amendment as follows:

That recommendation 2.2 read “That Councillor Mike Rice be appointed as Chair of the Planning Control Committee for the remainder of the civic year 2021/22.”

Councillor Morgan Derbyshire seconded this amendment and it was put to debate.

The following Members took part in debate:

- Councillor Elizabeth Dennis-Harburg
- Councillor Adam Compton
- Councillor Simon Bloxham
- Councillor David Levett

On the vote the amendment was **CARRIED**.

The substantive motion as amended was put to a vote and it was:

RESOLVED:

- (1) That for the remainder of the civic year 2021/22 a Member and Substitute be appointed to the Planning Control Committee, namely:
 - Councillor Carol Stanier to become a Member of the Committee
 - Councillor Sam North to become a substitute Member of the Committee
- (2) That Councillor Mike Rice be appointed as Chair of the Planning Control Committee for the remainder of the civic year 2021/22.
- (3) That the appointment of Councillor Ruth Brown be noted as the Executive Member for Planning, and Deputy Leader for the remainder of the civic year 2021/22.

REASON FOR DECISION: To comply with the provisions of 4.8.1 (a) (vii), (viii) and (ix) of the Council’s Constitution following Councillor Brown resigning from the Committee/ position of Chair of Planning Control Committee as of this Council meeting, following the Executive appointments.

87 EXCLUSION OF PRESS AND PUBLIC

Audio recording – 50:24

Councillor Val Bryant proposed, Councillor Elizabeth Dennis-Harburg seconded and on the vote it was:

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

88 POTENTIAL PROPERTY ACQUISITION

Details of the debate and decisions taken on this item are restricted due to the disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of Section 100A(4) of the Local Government Act 1972.

The meeting closed at 10.30 pm

Chair

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

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REFERRALS FROM OTHER COMMITTEES – AS AT 28/01/21

The following referrals from other Committees are enclosed below.

8A. REFERRAL FROM CABINET: 25 JANUARY 2022 – REVENUE BUDGET 2022/23

**8B. REFERRAL FROM CABINET: 25 JANUARY 2022 – INVESTMENT STRATEGY
(INTEGRATED CAPITAL AND TREASURY)**

Any further referrals will be published as a supplementary agenda when they are available.

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8A. REFERRAL FROM CABINET – 25 JANUARY 2022 – REVENUE BUDGET 2022/23

RECOMMENDED TO COUNCIL:

- (1) That Council note the position on the Collection Fund and how it will be funded.
- (2) That Council note the position relating to the General Fund balance and that due to the risks identified a minimum balance of £3.05 million is recommended.
- (3) That Council approves the savings and investments as detailed in Appendix B.
- (4) That Council approves a net expenditure budget of £18.123m, as detailed in Appendix C.
- (5) That Council approves a Council Tax increase of £5 on a Band D property (other bands with pro-rata increases). This is in line with the Medium Term Financial Strategy and is equivalent to 2.08%.

REASON FOR RECOMMENDATIONS: To ensure that all relevant factors are considered in arriving at a proposed budget and Council Tax level for 2022/23, to be considered by Full Council on 10 February 2022. To ensure that the budget is aligned to Council priorities for 2022/23 as set out in the Council Plan.

Councillor Ian Albert, Executive Member for Finance and IT, presented the report entitled Revenue Budget 2022/23 and gave an update including:

- There had been no specific questions or points from Finance, Audit and Risk Committee referral which had not been addressed at the Committee.
- Medium term funding remains uncertain, but hopeful this will become more certain in the early part of this year.
- Based on current forecasts around £1.5 million of additional net savings will need to be found, but this budget makes significant progress in setting the base of these savings.
- Budget allowance for 2022/23 and 2023/34 had included funds for dealing with the impact of Covid without government support and this could total £2.5 million across the two years.
- CIPFA resilience index had been circulated to Chief Financial Officers and a public version would be available shortly. The Service Director – Resources had advised that there was nothing included which would affect the current estimates in the report. An addendum to the Council report would be provided to include the details of this.
- This administration had stood up for change and this budget would help deliver a progressive Council plan, vital services and Climate Change agenda.
- This budget will help to protect services, such as swimming pools, which had been impacted by Covid.
- Council Tax increase would not be preferred, but it is needed following the lack of government support and the proposed rise is less than those proposed by Herts County Council and the Herts Police and Crime Commissioner.

Councillor Steve Jarvis noted that it was promised at Council that the petition regarding outdoor pools would be considered at this Cabinet meeting.

Councillor Ian Albert advised that he was looking to consider the arguments made by the petitioner and that it would be sensible for him and Cllr Jarvis to progress further discussions

with officers. There was unfortunately not enough time to produce something for this Cabinet meeting, but would try to produce something for the budget meeting in February.

Councillor Jarvis advised that he was happy to progress in this way and that impact assessments would need to be carried out and budgets explored to see what was possible.

Councillor Ian Albert proposed and Councillor Ruth Brown seconded and, following a vote, it was:

RESOLVED: That Cabinet approved the decrease in the 2021/22 working budget of £111k, as detailed in Table 5.

RECOMMENDED TO COUNCIL:

- (1) That Council note the position on the Collection Fund and how it will be funded.
- (2) That Council note the position relating to the General Fund balance and that due to the risks identified a minimum balance of £3.05 million is recommended.
- (3) That Council approves the savings and investments as detailed in Appendix B.
- (4) That Council approves a net expenditure budget of £18.123m, as detailed in Appendix C.
- (5) That Council approves a Council Tax increase of £5 on a Band D property (other bands with pro-rata increases). This is in line with the Medium Term Financial Strategy and is equivalent to 2.08%.

REASON FOR RECOMMENDATIONS: To ensure that all relevant factors are considered in arriving at a proposed budget and Council Tax level for 2022/23, to be considered by Full Council on 10 February 2022. To ensure that the budget is aligned to Council priorities for 2022/23 as set out in the Council Plan.

[Agenda for Cabinet on Tuesday, 25th January, 2022, 7.30 pm - North Herts Council \(north-herts.gov.uk\)](http://north-herts.gov.uk)

8B. REFERRAL FROM CABINET – 25 JANUARY 2022 – INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)

RECOMMENDED TO COUNCIL:

- (1) That Council adopt the Investment Strategy (as attached at Appendix), including the capital programme and prudential indicators.
- (2) That Council adopt of four clauses in relation to the Code of Practice on Treasury Management (as details in paragraphs 8.12 to 8.17).
- (3) That Council approve bringing forward the £150k capital allocation for North Herts Leisure Centre: Sauna Steam Refurbishment forward in to 2021/22.

REASONS FOR RECOMMENDATIONS:

- (1) To ensure that the capital programme meets the Council's objective and officers can plan the implementation of the approved schemes.
- (2) To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from the Department of Levelling Up, Housing and Communities (DLUHC) and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

Councillor Ian Albert, the Executive Member for Finance and IT, presented the report entitled Investment Strategy (Integrated Capital and Treasury) and highlighted:

- There had been a question at Finance, Audit and Risk regarding capitalisation of bin purchases and advised this was being looked into but that it was best to be cautious over the uncertainty of ownership of assets.
- Since the budget meeting in December the Council had become aware that the sauna facility at North Herts Leisure Centre had been closed due to Health and Safety concerns.
- The replacement of this facility was currently in the capital programme for 2023/24 at £250k.
- Following discussions with Stevenage Leisure Limited, work was carried out to look at reducing the size of the sauna, which would free up space for other activities. This would reduce the capital bid to £150k.
- Recommended to reduce the amount budgeted for these works and also bring it forward to the 2022/23 capital programme so work can be progressed as soon as possible.
- The proposals meant that the Council would require to borrow from 2025/26 and the report details a Borrowing and Minimum Revenue Provision policy.

Councillor Steve Jarvis agreed with the processes and steps outlined by the Executive Member. He noted that attendance figures from leisure facilities had been positive up to December 2021 and that getting this work carried out as soon as possible would ensure users did not go elsewhere.

Councillor Ian Albert proposed and Councillor Ruth Brown seconded and, following a vote, it was:

RESOLVED: That the capital allocation for the North Herts Leisure Centre: Sauna Steam Refurbishment be reduced to £150k and brought forward to 2022/23 in the draft budget report to Council in February.

RECOMMENDED TO COUNCIL:

- (1) That Council adopt the Investment Strategy (as attached at Appendix), including the capital programme and prudential indicators.
- (2) That Council adopt of four clauses in relation to the Code of Practice on Treasury Management (as details in paragraphs 8.12 to 8.17).
- (3) That Council approve bringing forward the £150k capital allocation for North Herts Leisure Centre: Sauna Steam Refurbishment forward in to 2021/22.

REASONS FOR RECOMMENDATIONS:

- (1) To ensure that the capital programme meets the Council's objective and officers can plan the implementation of the approved schemes.
- (2) To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from the Department of Levelling Up, Housing and Communities (DLUHC) and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

[Agenda for Cabinet on Tuesday, 25th January, 2022, 7.30 pm - North Herts Council \(north-herts.gov.uk\)](https://www.north-herts.gov.uk)

**COUNCIL
10 FEBRUARY 2022**

PUBLIC DOCUMENT

TITLE OF REPORT: CHANGE TO POLLING PLACE & POLLING STATIONS

REPORT OF: RETURNING OFFICER AND DEMOCRATIC SERVICES MANAGER

EXECUTIVE MEMBER: LEADER OF COUNCIL/COMMUNITY ENGAGEMENT

COUNCIL PRIORITY: BE A MORE WELCOMING, INCLUSIVE AND EFFICIENT COUNCIL /
BUILD THRIVING AND RESILIENT COMMUNITIES

2022-2027 PEOPLE FIRST; SUSTAINABILITY AND A BRIGHTER FUTURE TOGETHER

1. EXECUTIVE SUMMARY

1.1 To agree the designation of polling places, to come in to effect at the upcoming local government elections.

2. RECOMMENDATIONS

2.1. That the Council designates the polling places and new polling stations as illustrated in the proposals attached as Appendix A to the submitted report.

2.2. Instruct the Monitoring Officer to amend the Constitution (4.4.1 (q) & 14.6.8 (b)(x) to enable amendments to polling places and polling stations between compulsory reviews to be delegated to the Service Director: Legal and Community, in consultation with the Returning Officer, relevant ward Councillors and Group Leaders.

3. REASONS FOR RECOMMENDATIONS

3.1. Through lack of availability or concerns about suitability, several polling stations previously designated are no longer viable options for use at upcoming elections.

3.2. The Returning Officer must therefore identify suitable alternatives for the polling places and subsequent polling stations to be used.

3.3. Recommendation 2.2 is for additional flexibility specifically to agree the polling station post Council meeting and generally where this situation arises between mandatory reviews and allows for relevant Member consultation when this arises.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. In each case, a number of alternative polling places and stations were considered. These are detailed in Appendix C, along with the relevant information as to why they were discounted.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The relevant Ward Members have been consulted where changes are proposed and have been asked for suggestions as to other potential venues.
- 5.2. All options considered are detailed in the Appendix C of the report.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1. The Council conducts a full compulsory review of parliamentary polling districts every five years. The most recent compulsory review commenced from 1 October 2018 and concluded on 31 January 2020 (at North Herts it was concluded in October 2019).
- 7.2. Although polling districts for local government elections are not defined in legislation, in practice they are the same as those set for parliamentary elections.
- 7.3. Between compulsory reviews, the Electoral Commission states that Returning Officers must keep all polling places and polling stations under consideration between compulsory reviews and evaluation of their suitability carried out after each election.¹
- 7.4. If a polling station becomes unavailable the Returning Officer/Acting Returning Officer should consider whether another polling station could be designated within the polling place.
- 7.5. For the purposes of clarification, the definitions of a polling district, place and station (mirroring the Electoral Commission and The Association of Electoral Administrators Guidance²) are:

Polling District - the geographical area created by sub-dividing an electoral area. All wards within North Hertfordshire are divided into polling districts, which form the basis upon which the register of electors is produced. Unless there are special circumstances, each parish must be in a separate polling district.

Polling Place - the designated area in which a polling station is located. In the absence of any legal definition, this can be regarded as widely as a polling district or as narrowly as the building in which a polling station is located.

Polling Station - the actual area where the process of voting takes place, e.g. a room in a community centre or school.

¹ 'Reviews of Polling Districts, Polling Places and Polling Stations', *The Electoral Commission*, 8.3, pp. 19-20

² Reviews of polling districts, polling places and polling stations & "Do I need to undertake a polling district review to change polling places for local elections in 2021?"

7.6 Each polling district is allocated with a polling place and polling station which the electors within the given polling district visit to vote at election time.

8. RELEVANT CONSIDERATIONS

8.1 During the course of booking polling stations there have been a number of venues that for a variety of reasons have been unable to accommodate the booking, or it has been deemed necessary to relocate the polling station.

8.2 For areas where a suitable alternative is not able to be identified within the existing polling place, an alternative has been necessary outside of the existing polling place.

8.3 Whilst the majority of these have been relocated to the polling place as agreed at the last Review there is one polling station that we have been unable to relocate within the polling place:

CAA and CAC polling districts, which formerly polled within the Letchworth Grange ward at The Pod at Northfields School, *now must poll St Georges Church Letchworth which is within the CBA Letchworth East polling district*, as illustrated in Appendix B.

8.3 Under the Council's Constitution, currently changes to polling places and stations must currently be approved by Full Council, hence the need for this report:

- DBA polling district, which formerly polled within Royston Heath at the Portacabin at Royston Golf Club, *will now poll at the Royston Museum within the same polling place.*
- CEA, CEC and CED polling districts, which formerly polled within Letchworth South West at St Michael's Church Hall, *will now poll at Letchworth Museum within the same polling place.*

8.4 If a building becomes unavailable before an election, the polling place can be changed by the Council in accordance with their decision making arrangements. However, recommendation 2.2 is seeking approval to amend the Constitution to enable amendments to polling places and polling stations between compulsory reviews to be delegated to the Service Director: Legal and Community, in consultation with the Returning Officer, relevant ward councillors and Group Leaders.

8.5 In the case of 'special circumstances' a polling station can be designated outside of the polling place without the need to seek council agreement, such as fire, flooding, vandalism.

8.6 Although the number of changes to polling places and polling stations are minimal, Appendix A references each polling district for clarity. This table shows the polling place and station as designated during the last full review in 2019, as well as the proposals for changes in polling districts where this is applicable.

8.7 The proposed amendments to the Constitution would be:

4.4.1 (q) to undertake a (q) "~~review and~~ agree proposals ~~on~~ for the compulsory polling districts, polling places and polling stations reviews, district boundaries, electoral wards and the number of District Councillors".

14.6.8 (b)(x)
Electoral Services
Including:
Insert:

B (subject to compulsory reviews reserved to Full Council) vary polling districts and polling stations (in consultation with the Returning Officer, relevant ward Councillors and Group Leaders)

9. LEGAL IMPLICATIONS

9.1. Full Council currently has a function under 4.4.1 (q) to undertake a (q) “review and agree proposals on polling districts, polling places and polling stations, district boundaries, electoral wards and the number of District Councillors”. These are the statutory formal reviews every 5 years required by virtue of The Electoral Registration and Administration Act 2013. The last one was undertaken in 2019 as indicated in the body of the report.

9.2. Section 23 of The Local Elections (Principal Areas) (England and Wales) Rules 2006 - Provision of polling stations

(1) The returning officer must provide a sufficient number of polling stations and, subject to the following provisions of this rule, must allot the electors to the polling stations in such manner as he thinks most convenient.

(2) One or more polling stations may be provided in the same room.

(3) The polling station allotted to electors from any parliamentary polling district wholly or partly within the electoral area must, in the absence of special circumstances, be in the parliamentary polling place for that district, unless that place is outside the electoral area.

(4) The returning officer must provide each polling station with such number of compartments as may be necessary in which the voters can mark their votes screened from observation.

9.3 Section 18 of the Representation of People Act 1983 – Polling Districts and Places at Parliamentary Elections

(1) Every constituency shall be divided into polling districts and subject to the provisions of this section there shall be a polling place designated for each polling district.

(2) In England it is the duty of the council of each district or London borough and in Wales it is the duty of the council of each county or county borough, to divide their area into polling districts for the purpose of parliamentary elections for so much of any constituency as is situated in their area, and to designate the polling places for those polling districts, and to keep the polling districts and polling places under review, in accordance with the following rules—

(a) the council shall exercise the powers conferred by this section with a view to giving all electors in so much of the constituency as falls within their area such reasonable facilities for voting as are practicable in the circumstances and, in particular, they shall, so far as is reasonable and practicable, designate as polling places only places which are accessible to electors who are disabled;

(b) each parish or community shall in the absence of special circumstances be a separate polling district or districts;

(c) the polling place for any polling district shall be an area in that district, except where special circumstances make it desirable to designate an area wholly or partly outside the polling district, and shall be small enough to indicate to electors in different parts of the polling district how they will be able to reach the polling station;

(d) a polling place need not be designated for any polling district, if the size and other circumstances of the district are such that the situation of the polling stations does not materially affect the convenience of the electors or any body of them.

10. FINANCIAL IMPLICATIONS

- 10.1 As the population of the District, and consequently the number of electors increase as new residential developments proceed, new polling stations may be required and therefore have ongoing cost implications.
- 10.2 The anticipated costs of the various elections are taken into account during the annual budget setting process.
- 10.3 For a Town/Parish/Community/County Council elections the costs are recharged to the respective authority (unless a year when a District Council election is held in which case the costs are proportioned between the respective Councils).
- 10.4 For other elections claims are made to the Cabinet Office for reimbursement of the fees incurred i.e. Parliamentary/Police and Crime Commissioner elections.
- 10.5 Polling Station hire costs can vary depending on a number of factors. In particular, having to procure temporary accommodation such as porta cabins can be more expensive than, for instance, a hire fee for a village hall.

11. RISK IMPLICATIONS

- 11.1. Polling Places and Polling Stations need to be selected to maximise the accessibility of voting for all electors in the Polling District.
- 11.2. As far as possible, they should be inside the Polling District itself so that they are a reasonable distance from each of the electors assigned to that station.
- 11.3. Nevertheless, in circumstances where there is a lack of suitable options, a polling place outside of the Polling District may be designated.
- 11.4. An unsuitable Polling Place or Station risks suppressing turnout at elections, especially for electors to whom accessibility may be an issue. Thus, the locations must be thoroughly considered.
- 11.5. In an ideal world there would be a choice of fully accessible buildings, conveniently located for electors in the area, with owners willing to hire them for use as a polling stations at low or minimal cost. Unfortunately, in practice, this is often not the case and in some areas there is often little choice available.

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 changes will ensure that electors in the Polling Districts affected are all designated with Polling Stations in close proximity to their addresses with suitably accessible facilities to host polls.
- 12.3. Whilst reviewing the suitability of venues consideration is made as to any reasonable adjustment that can be made to avoid putting people with disabilities at a substantial disadvantage.
- 12.4. An authority must:
 - seek to ensure that all electors in a constituency in the local authority area have such reasonable facilities for voting as are practicable in the circumstances; and
 - seek to ensure that so far as is reasonable and practicable every polling place for which it is responsible is accessible to electors who are disabled

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report and this is not a procurement exercise or contract.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to these actions.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. Other than officer time required to identify the initial issues and put together proposals to correct them, there are no major impacts. The time required to identify and assess the suitability of new venues should not be underestimated.
- 15.2. The Returning Officer must appoint, at each election, a Presiding Officer and such clerks as may be necessary for the purposes of the election. Therefore, each of the Polling Stations identified will have a minimum of two staff members appointed to it at each election.
- 15.3. Nevertheless, the individual locations identified for each do not impact on the numbers assigned to that specific station.

16. APPENDICES

- 16.1. Appendix A – Overall Summary of polling districts, polling places and polling stations in North Hertfordshire District Council’s administrative area
- 16.2. Appendix B – CAA & CAC Polling District Map
- 16.3. Appendix C – Alternative options considered (for each of the polling stations considered):

Ci Royston DBA

Cii Letchworth CEA, CEC and CED
Ciii Letchworth CAA and CAC

17. CONTACT OFFICERS

- 17.1 Melanie Stimpson, Returning Officer and Democratic Services Officer, melanie.stimpson@north-herts.gov.uk
- 17.2 Jeanette Thompson, Service Director Legal and Community, Monitoring Officer and Deputy Returning Officer, jeanette.thompson@north-herts.gov.uk
- 17.3 Tom Marsh, Electoral Services Manager, Thomas.marsh@north-herts.gov.uk

18. BACKGROUND PAPERS

- 18.1 None.

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Polling District	Properties	Electors	Polling Place	Polling Station	Proposed New Polling Place (if change)	Proposed New Polling Station (if change)	Parish Ward	Parish	District ward	County Division	Parliamentary Constituency
AAA - Baldock Town 1	691	1,321	Baldock Town	Baldock Community Centre, Large / Small Halls, Simpson Drive	<None>	<None>	<None>	<None>	Baldock Town	Baldock and Letchworth East	North East Hertfordshire
AAB - Baldock Town 2	2,773	4,370	Baldock Town	Dual Station: - Large Hall, Baldock Community Centre - Youth Wing, Baldock Community Centre	<None>	<None>	<None>	<None>	Baldock Town	Baldock and Letchworth East	North East Hertfordshire
ABA - Baldock East 1	1,142	1,991	Baldock East	Tapps Garden Centre, Wallington Road	<None>	<None>	<None>	<None>	Baldock East	Baldock and Letchworth East	North East Hertfordshire
ABB - Baldock East 2	187	330	Baldock East	Tapps Garden Centre, Wallington Road	<None>	<None>	<None>	<None>	Baldock East	Baldock and Letchworth East	North East Hertfordshire
BAA - Hitchin Oughton	2,267	3,637	Hitchin Oughton	Westmill Community Centre, Rear of John Barker Place	<None>	<None>	<None>	<None>	Hitchin Oughton	Hitchin Rural	Hitchin and Harpenden
BBA - Hitchin Bearton 1	1,999	2,931	Hitchin Bearton	Catholic Parish Church Hall, Nightingale Road	<None>	<None>	<None>	<None>	Hitchin Bearton	Hitchin North	Hitchin and Harpenden
BBB - Hitchin Bearton 2	1,302	2,369	Hitchin Bearton	Hitchin Rugby Clubhouse, King Georges Recreation Ground, Old Hale Way	<None>	<None>	<None>	<None>	Hitchin Bearton	Hitchin North	Hitchin and Harpenden
BBC - Hitchin Bearton 3	542	707	Hitchin Bearton	Walsworth Community Centre, 88 Woolgrove Road	<None>	<None>	<None>	<None>	Hitchin Bearton	Hitchin North	Hitchin and Harpenden
BBD - Hitchin Bearton 4	233	335	Hitchin Bearton	Catholic Parish Church Hall, Nightingale Road	<None>	<None>	<None>	<None>	Hitchin Bearton	Hitchin South	Hitchin and Harpenden
BCA - Hitchin Priory 1	1,252	2,115	Hitchin Priory	Baptist Church Hall, Upper Tilehouse Street	<None>	<None>	<None>	<None>	Hitchin Priory	Hitchin South	Hitchin and Harpenden
BCB - Hitchin Priory 2	486	888	Hitchin Priory	St Johns Community Centre, St Johns Road	<None>	<None>	<None>	<None>	Hitchin Priory	Hitchin South	Hitchin and Harpenden
BDA - Hitchin Walsworth 1	1,446	2,495	Hitchin Walsworth	Walsworth Community Centre, 88 Woolgrove Road	<None>	<None>	<None>	<None>	Hitchin Walsworth	Hitchin North	Hitchin and Harpenden
BDB - Hitchin Walsworth 2	1,081	1,937	Hitchin Walsworth	New Testament Church of God, Hampden Road/William Road	<None>	<None>	<None>	<None>	Hitchin Walsworth	Hitchin North	Hitchin and Harpenden
BDC - Hitchin Walsworth 3	782	1,342	Hitchin Walsworth	St Michaels Community Centre, St Michaels Road	<None>	<None>	<None>	<None>	Hitchin Walsworth	Hitchin North	Hitchin and Harpenden
BDD - Hitchin Walsworth 4	266	453	Hitchin Walsworth	St Michaels Community Centre, St Michaels Road	<None>	<None>	<None>	<None>	Hitchin Walsworth	Hitchin South	Hitchin and Harpenden
BEA - Hitchin Highbury 1	901	1,650	Hitchin Highbury	Benslow Music Trust- Fieldfares, Benslow Lane	<None>	<None>	<None>	<None>	Hitchin Highbury	Hitchin South	Hitchin and Harpenden
BEB - Hitchin Highbury 2	2,005	3,405	Hitchin Highbury	Whitehill J.M. School, Whitehill Road	<None>	<None>	<None>	<None>	Hitchin Highbury	Hitchin South	Hitchin and Harpenden
BEC - Hitchin Highbury 3	910	1,130	Hitchin Highbury	Zeo Centre, Hitchin	<None>	<None>	<None>	<None>	Hitchin Highbury	Hitchin South	Hitchin and Harpenden
BED - Hitchin Highbury 4	44	64	Hitchin Highbury	Zeo Centre, Hitchin	<None>	<None>	<None>	<None>	Hitchin Highbury	Hitchin South	Hitchin and Harpenden
CAA - Letchworth Grange 1	460	816	Letchworth Grange	Grange Youth Centre, Pelican Way ** Later became the Pod at Northfields Infant School for 2021 elections **	CBA Polling District	St Georges Church, Common View, Letchworth, SG6 1DA	<None>	<None>	Letchworth Grange	Letchworth North	North East Hertfordshire

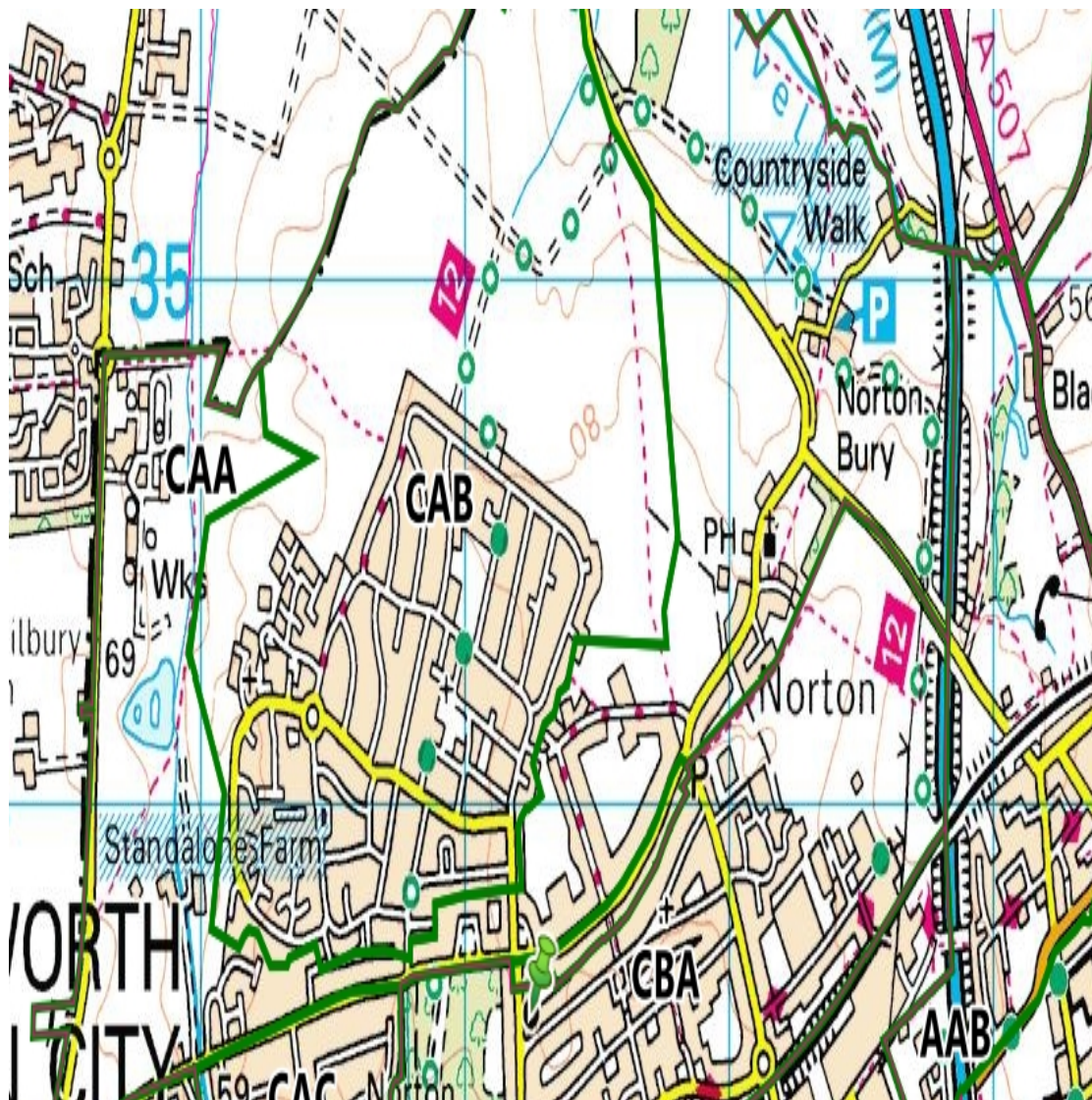
Polling District	Properties	Electors	Polling Place	Polling Station	Proposed New Polling Place (if change)	Proposed New Polling Station (if change)	Parish Ward	Parish	District ward	County Division	Parliamentary Constituency
CAB - Letchworth Grange 2	2,633	4,120	Letchworth Grange	Grange Community Centre, Middlefields	<None>	<None>	<None>	<None>	Letchworth Grange	Letchworth North	North East Hertfordshire
CAC - Letchworth Grange 3	345	617	Letchworth Grange	Grange Youth Centre, Pelican Way ** Later became the Pod at Northfields Infant School for 2021 elections **	CBA Polling District	St Georges Church, Common View, Letchworth, SG6 1DA	<None>	<None>	Letchworth Grange	Letchworth North	North East Hertfordshire
CBA - Letchworth East 1	1,393	2,186	Letchworth East	St George's Hall, Common View ** Later became Clulow Room**	<None>	<None>	<None>	<None>	Letchworth East	Letchworth North	North East Hertfordshire
CBB - Letchworth East 2	1,449	2,212	Letchworth East	Central Methodist Church Hall, Norton Way South	<None>	<None>	<None>	<None>	Letchworth East	Baldock and Letchworth East	North East Hertfordshire
CCA - Letchworth South East 1	530	977	Letchworth South East	The Annex at Garden City Academy, Garden City Academy, OFF Radburn Way	<None>	<None>	<None>	<None>	Letchworth South East	Letchworth South	North East Hertfordshire
CCB - Letchworth South East 2	1,331	1,987	Letchworth South East	Jackmans Old Library, Ivel Court	<None>	<None>	<None>	<None>	Letchworth South East	Letchworth South	North East Hertfordshire
CCC - Letchworth South East 3	856	1,738	Letchworth South East	Cloisters Dining Hal	<None>	<None>	<None>	<None>	Letchworth South East	Letchworth South	North East Hertfordshire
CCD - Letchworth South East 4	98	178	Letchworth South East	Willian Village Hall, Willian	<None>	<None>	<None>	<None>	Letchworth South East	Letchworth South	North East Hertfordshire
CCF - Letchworth South East 5	214	420	Letchworth South East	The Annex at Garden City Academy, Garden City Academy, OFF Radburn Way	<None>	<None>	<None>	<None>	Letchworth South East	Baldock and Letchworth East	North East Hertfordshire
CDA - Letchworth Wilbury 1	2,425	3,882	Letchworth Wilbury	St Thomas of Canterbury, Bedford Road	<None>	<None>	<None>	<None>	Letchworth Wilbury	Letchworth North	North East Hertfordshire
CDB - Letchworth Wilbury 2	29	63	Letchworth Wilbury	St Thomas of Canterbury, Bedford Road	<None>	<None>	<None>	<None>	Letchworth Wilbury	Letchworth North	North East Hertfordshire
CEA - Letchworth South West 1	2,236	3,723	Letchworth South West	St Michael's Church Hall, Broadway	<None>	TBC	<None>	<None>	Letchworth South West	Letchworth South	North East Hertfordshire
CEB - Letchworth South West 2	910	1,840	Letchworth South West	Cloisters Dining Hal	<None>	<None>	<None>	<None>	Letchworth South West	Letchworth South	North East Hertfordshire
CEC - Letchworth South West 3	165	264	Letchworth South West	St Michael's Church Hall, Broadway	<None>	Letchworth Museum	<None>	<None>	Letchworth South West	Letchworth South	North East Hertfordshire
CED - Letchworth South West 4	143	155	Letchworth South West	St Michael's Church Hall, Broadway	<None>	Letchworth Museum	<None>	<None>	Letchworth South West	Letchworth South	North East Hertfordshire
DAA - Royston Meridian 1	1,706	2,883	Royston Meridian	Royston Leisure Centre	<None>	<None>	Royston Town	Royston Town	Royston Meridian	Royston East and Ermine	North East Hertfordshire
DAB - Royston Meridian 2	695	1,364	Royston Meridian	Studlands Rise First School, Studlands Rise	<None>	<None>	Royston Town	Royston Town	Royston Meridian	Royston East and Ermine	North East Hertfordshire
DBA - Royston Heath 1	1,684	2,668	Royston Heath	Portacabin at Royston Golf Club	Royston Heath	Royston Museum	Royston Town (West)	Royston Town	Royston Heath	Royston West and Rural	North East Hertfordshire
DBB - Royston Heath 2	580	1,070	Royston Heath	Market Hill Rooms, Fish Hill	<None>	<None>	Royston Town (South)	Royston Town	Royston Heath	Royston East and Ermine	North East Hertfordshire

Polling District	Properties	Electors	Polling Place	Polling Station	Proposed New Polling Place (if change)	Proposed New Polling Station (if change)	Parish Ward	Parish	District ward	County Division	Parliamentary Constituency
DBC - Royston Heath 3	38	80	Royston Heath	Market Hill Rooms, Fish Hill	<None>	<None>	Royston Town (South)	Royston Town	Royston Heath	Royston East and Ermine	North East Hertfordshire
DBE - Royston Heath 4	392	639	Royston Heath	Market Hill Rooms, Fish Hill	<None>	<None>	Royston Town (West)	Royston Town	Royston Heath	Royston West and Rural	North East Hertfordshire
DCA - Royston Palace 1	1,464	2,518	Royston Palace	Coombes Community Centre, Burns Road	<None>	<None>	Royston Town (Palace)	Royston Town	Royston Palace	Royston East and Ermine	North East Hertfordshire
DCB - Royston Palace 2	1,233	1,836	Royston Palace	Royston Town Hall, Melbourn Street	<None>	<None>	Royston Town (Palace)	Royston Town	Royston Palace	Royston East and Ermine	North East Hertfordshire
FA - Arbury (Ashwell)	933	1,565	Parish of Ashwell	Ashwell Parish Room, Swan Street	<None>	<None>	<None>	Ashwell	Arbury	Royston West and Rural	North East Hertfordshire
FAA - Weston and Sandon (Sandon)	219	406	Parish of Sandon	Sandon Village Hall, Payne End	<None>	<None>	<None>	Sandon	Weston and Sandon	Royston West and Rural	North East Hertfordshire
FB1 - Ermine (Barkway)	372	675	Parishes of Barkway and Nuthampstead	Barkway Village Hall, 4 Cambridge Road	<None>	<None>	<None>	Barkway	Ermine	Royston East and Ermine	North East Hertfordshire
FB2 - Ermine (Nuthampstead)	54	113	Parishes of Barkway and Nuthampstead	Barkway Village Hall, 4 Cambridge Road	<None>	<None>	<None>	Nuthampstead	Ermine	Royston East and Ermine	North East Hertfordshire
FBB - Ermine (Therfield)	235	443	Parish of Therfield	Therfield Chapel, Wellhead	<None>	<None>	<None>	Therfield	Ermine	Royston West and Rural	North East Hertfordshire
FC - Ermine (Barley)	297	548	Parish of Barley	Barley Town House, Church End	<None>	<None>	<None>	Barley	Ermine	Royston East and Ermine	North East Hertfordshire
FCC - Weston and Sandon (Wallington)	59	111	Paish of Wallington	Wallington Village Hall, The Street	<None>	<None>	<None>	Wallington	Weston and Sandon	Royston West and Rural	North East Hertfordshire
FD - Arbury (Bygrave)	102	227	Parish of Bygrave	The Old Forge, Manor Farm, Church Lane	<None>	<None>	<None>	Bygrave	Arbury	Royston West and Rural	North East Hertfordshire
FDD - Weston and Sandon (Weston)	436	806	Parishes of Weston and Clothall	Weston Village Hall, Maiden Street	<None>	<None>	<None>	Weston	Weston and Sandon	Royston West and Rural	North East Hertfordshire
FDD1 - Weston and Sandon (Great Ashby)	6	12	Parishes of Weston and Clothall	Weston Village Hall, Maiden Street	<None>	<None>	<None>	Great Ashby	Weston and Sandon	Royston West and Rural	North East Hertfordshire
FE - Weston and Sandon (Clothall)	67	125	Parishes of Weston and Clothall	Weston Village Hall, Maiden Street	<None>	<None>	<None>	Clothall	Weston and Sandon	Royston West and Rural	North East Hertfordshire
FEAA - Chesfield (Wymondley - Great Wymondley)	72	129	The area of Great Wymondley within the Parish of Wymondley	Great Wymondley Village Hall, Great Wymondley	<None>	<None>	Great Wymondley	Wymondley	Chesfield	Knebworth and Codicote	Hitchin and Harpenden
FEAB - Chesfield (Wymondley - Little Wymondley)	367	654	The areas of Little Wymondley and Todds Green within the Parish of Wymondley	Wymondley Baptist Church, Stevenage Road	<None>	<None>	Little Wymondley	Wymondley	Chesfield	Knebworth and Codicote	Hitchin and Harpenden
FEAC - Chesfield (Wymondley - Todds Green)	55	112	The areas of Little Wymondley and Todds Green within the Parish of Wymondley	Wymondley Baptist Church, Stevenage Road	<None>	<None>	Todds Green	Wymondley	Chesfield	Knebworth and Codicote	Hitchin and Harpenden

Polling District	Properties	Electors	Polling Place	Polling Station	Proposed New Polling Place (if change)	Proposed New Polling Station (if change)	Parish Ward	Parish	District ward	County Division	Parliamentary Constituency
FFA - Codicote (Codicote - Village)	1,263	2,108	The Village ward of Codicote parish	Peace Memorial Hall, High Street	<None>	<None>	Codicote (Village)	Codicote	Codicote	Knebworth and Codicote	Stevenage
FFB - Knebworth (Codicote - East)	339	646	The area of Codicote East within the Parish of Codicote	Peace Memorial Hall, High Street	<None>	<None>	Codicote (East)	Codicote	Knebworth	Knebworth and Codicote	Stevenage
FGA - Chesfield (Graveley)	217	358	Parish of Graveley	Graveley Village Hall, High Street	<None>	<None>	<None>	Graveley	Chesfield	Royston West and Rural	Hitchin and Harpenden
FGB - Chesfield (Great Ashby)	2,173	3,988	Parish of Great Ashby (area within North Hertfordshire)	Great Ashby Community Centre, Whitehorse Lane, Great Ashby Way	<None>	<None>	<None>	Great Ashby	Chesfield	Royston West and Rural	Hitchin and Harpenden
FH - Hitchwood, Offa & Hoo (Hexton)	55	96	Parish of Hexton	St Faiths Community Centre, Barton Road	<None>	<None>	<None>	Hexton	Hitchwood, Offa & Hoo	Hitchin Rural	Hitchin and Harpenden
FI - Arbury (Hinworth)	133	254	Parish of Hinworth	Hinworth Village Hall, Francis Road	<None>	<None>	<None>	Hinworth	Arbury	Royston West and Rural	North East Hertfordshire
FJ - Cadwell (Holwell)	183	329	Parish of Holwell	Holwell Village Hall, Pirton Road	<None>	<None>	<None>	Holwell	Cadwell	Hitchin Rural	Hitchin and Harpenden
FK - Cadwell (Ickleford)	982	1,562	Parish of Ickleford	Ickleford Village Hall, 82 Arlesey Road	<None>	<None>	<None>	Ickleford	Cadwell	Hitchin Rural	Hitchin and Harpenden
FLA - Hitchwood, Offa & Hoo (St Ippolyts - South)	492	844	Parish of St.Ippolyts	St Ippolyts Parish Hall, Waterdell Lane	<None>	<None>	St. Ippolyts (South)	St. Ippolyts	Hitchwood, Offa & Hoo	Knebworth and Codicote	Hitchin and Harpenden
FLB - Hitchin Priory (St Ippolyts - North)	343	735	Parish of St.Ippolyts	St Ippolyts Parish Hall, Waterdell Lane	<None>	<None>	St. Ippolyts (North)	St. Ippolyts	Hitchin Priory	Hitchin South	Hitchin and Harpenden
FM - Ermine (Kelshall)	66	133	Parish of Kelshall	Kelshall Village Hall, Village Green	<None>	<None>	<None>	Kelshall	Ermine	Royston West and Rural	North East Hertfordshire
FN - Kimpton (Kimpton)	936	1,800	Parish of Kimpton	Kimpton Memorial Hall, Hall Lane	<None>	<None>	<None>	Kimpton	Kimpton	Knebworth and Codicote	Hitchin and Harpenden
FOA - Hitchwood, Offa & Hoo (Kings Walden)	101	181	Parish of Kings Walden	Kings Walden Village Hall, Church Road	<None>	<None>	Kings Walden	Kings Walden	Hitchwood, Offa & Hoo	Hitchin Rural	Hitchin and Harpenden
FOB - Hitchwood, Offa & Hoo (Kings Walden - Bwood Green)	308	593	The area of Breachwood Green within the Parish of Kings Walden	Breachwood Green Village Hall, Chapel Road	<None>	<None>	Breachwood Green	Kings Walden	Hitchwood, Offa & Hoo	Hitchin Rural	Hitchin and Harpenden
FPA - Knebworth (Knebworth) 1	151	283	Parish of Knebworth	Knebworth Village Hall, Park Lane	<None>	<None>	<None>	Knebworth	Knebworth	Knebworth and Codicote	Stevenage
FPB - Knebworth (Knebworth) 2	1,976	3,224	Parish of Knebworth	Knebworth Village Hall, Park Lane	<None>	<None>	<None>	Knebworth	Knebworth	Knebworth and Codicote	Stevenage
FQ - Hitchwood, Offa & Hoo (Langley)	80	145	Parish of Langley	Wytech End, Homefield Lane	<None>	<None>	<None>	Langley	Hitchwood, Offa & Hoo	Knebworth and Codicote	Hitchin and Harpenden

Polling District	Properties	Electors	Polling Place	Polling Station	Proposed New Polling Place (if change)	Proposed New Polling Station (if change)	Parish Ward	Parish	District ward	County Division	Parliamentary Constituency
FR - Hitchwood, Offa & Hoo (Lilley)	165	301	Parish of Lilley	Cassel Memorial Hall, West Street	<None>	<None>	<None>	Lilley	Hitchwood, Offa & Hoo	Hitchin Rural	Hitchin and Harpenden
FS1 - Arbury (Caldecote)	8	13	Parishes of Caldecote and Newnham	Newnham Village Hall, Ashwell Road	<None>	<None>	<None>	Caldecote	Arbury	Royston West and Rural	North East Hertfordshire
FS2 - Arbury (Newnham)	40	68	Parishes of Caldecote and Newnham	Newnham Village Hall, Ashwell Road	<None>	<None>	<None>	Newnham	Arbury	Royston West and Rural	North East Hertfordshire
FTA - Hitchwood, Offa & Hoo (Offley - Offley)	485	859	Parish of Offley	Offley Village Hall, Luton Road	<None>	<None>	Offley	Offley	Hitchwood, Offa & Hoo	Hitchin Rural	Hitchin and Harpenden
FTB - Hitchwood, Offa & Hoo (Offley - Cockernhoe)	215	394	The area of Cockernhoe within the Parish of Offley	Cockernhoe Memorial Hall, Mangrove Road	<None>	<None>	Cockernhoe	Offley	Hitchwood, Offa & Hoo	Hitchin Rural	Hitchin and Harpenden
FU - Hitchwood, Offa & Hoo (St Pauls Walden)	586	1,050	Parish of Whitwell	New Fellowship Hall, Bendish lane	<None>	<None>	<None>	St. Paul's Walden	Hitchwood, Offa & Hoo	Hitchin Rural	Hitchin and Harpenden
FV - Hitchwood, Offa & Hoo (Pirton)	640	1,188	Parish of Pirton	Pirton Village Hall, High Street	<None>	<None>	<None>	Pirton	Hitchwood, Offa & Hoo	Hitchin Rural	Hitchin and Harpenden
FW - Hitchwood, Offa & Hoo (Preston)	183	323	Parish of Preston	Preston Village Hall, School Lane	<None>	<None>	<None>	Preston	Hitchwood, Offa & Hoo	Hitchin Rural	Hitchin and Harpenden
FX - Arbury (Radwell)	54	111	Parish of Radwell	Radwell Village Hall, Radwell Lane	<None>	<None>	<None>	Radwell	Arbury	Royston West and Rural	North East Hertfordshire
FYA - Ermine (Reed)	149	266	Parish of Reed	Reed Village Hall, Blacksmiths Lane	<None>	<None>	<None>	Reed	Ermine	Royston East and Ermine	North East Hertfordshire
FZ - Weston and Sandon (Rushden)	106	211	Parish of Rushden	Rushden Village Hall, Rushden	<None>	<None>	<None>	Rushden	Weston and Sandon	Royston West and Rural	North East Hertfordshire

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Replacement for the Pod at Northfields Letchworth (CAA & CAC)

Venue	Outcome
Standalone Farm	Refused booking. Lack of parking facilities also.
	Spoke to the Manager, they don't think they have the space to accommodate us. It is a court ordered contact centre for estranged parents to meet their children under supervised access from a court order, they are over subscribed. Advised to contact HCC to ask if we could use the building. Email from HCC to say our enquiry has been passed to the Managing Agents Carter Jonas 19/1/22
Noel Family Centre	No response received
Grange Baptist Church	Unavailable - already have regular groups that use the hall
Grange Academy	No spare room available to hire.
Scout Hut at Grange Academy	No parking facilities and the hall sits within gated school grounds, which we have not been given permission to access throughout the day
Grange Community Centre	Consider visit to view hall and make 2 Polling Stations into 3. Risks associated with 3 Polling Stations in one building and is outside polling district
Grange Youth Wing	Used by Tinyhands pre-school and they don't wish to hire to us, disruption to children and parents, having to remove confidential info about children before hire and move toys out of way
Bowling Club at Norton Common	Not accessible easily from the Polling District at night for pedestrians and outside Polling District, no disabled access
Outdoor Swimming Pool	Outside Polling District and other than changing rooms would not have a room available to hire
Former Childrens Home Wilbury Road	No response
Community Centre at Norton Methodist Church	Not available
Land at rear of Principal Court	Room uninhabitable and siting portacabin not an option due to terms of lease on land
Kingdom Hall Letchworth	Unlikely to hire to us
Main hall at St Georges Church, Letchworth	Suitable for use. Is outside polling district but only just and represents best option with central location across whole Polling District

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Replacement for Portacabin at Royston Golf Club (DBA)

VENUE	OUTCOME
Café at Royston Heath	Visited in 2021, area to be hired contains the coffee machine so café staff would still need access to the room all day. This would create noise from the coffee machine and hamper us maintaining the secrecy of proceedings.
Royston Fire Station	Concerns raised over Voters leaving cars parked in a manner which may block access/exit by Fire Services in an emergency
Tannery Drift School	Declined booking stating they did not have a space suitable and they had concerns about allowing general public into the school when they are trying to keep Covid out of the school
The Old Bull Inn Royston	The function room is upstairs, accessed via stairs, no disabled access. They would not consider hiring bar area due to loss of revenue
Royston Bowls Club	Unavailable - the bowling season will have started and it is County Singles at that time we wish to hire.
Royal British Legion	Can accommodate our booking - outside polling district - deemed too far distance.
Army Cadet Hut	Dark and damp inside. Building holds weapons and ammunition. Small car park, considered unsuitable due to risk to staff and public with weapons on premises.
Kingdom Hall Royston	Haven't returned a response to enquiries in 2021/2022.
Royston Museum	Suitable location and facilities.
Portacabin (former Morrisons car park)	Enquiries made of landlord to seek permission. Disregarded in favour of permanent facilities at museum

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Replacement for St Michaels Church Hall Letchworth (CEA, CEC & CED)

Venue	Outcome
Jackies Drop In	No spare room available to hire
Brotherhood Hall	The building doesn't have any heating but we could hire for this year however future is unclear
Free Church Hall	Building is already hired out during the day by HCC for Day Services and in the evenings by other groups
Howard Hall	Building is already hired on Polling Day
St Hughs Church	Hall already has a long term hire arrangement.
St Francis School	Refused booking
Letchworth Museum	Suitable location and facilities
Plinston Hall	Advised not available to hire as in a state of disrepair
Letchworth Baptist Church	Insurance issues??
Letchworth Quaker Meeting House	Bad path - H & S concerns
5th Letchworth Scout Hut	Step (ramp required), no path
LGCHF	Not available
Town Hall	No response
Old Grammar School	No response
Methodist Church Hall	Location not ideal, already existing polling station for neighbouring district so risk associated with dual stations in different wards

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COUNCIL
10 February 2022

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: REVENUE BUDGET 2022/23

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

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

1. EXECUTIVE SUMMARY

- 1.1. Cabinet has recommended a budget for 2022/23 to Council for their consideration and approval. The budget considers the following:
- The funding that the Council would expect to receive in 2022/23 and in future years
 - The forecast net spend required to enable the continued delivery of the Council services in 2022/23 and beyond
 - The prioritisation of any investments in line with the priorities of the Council Plan
 - The exceptional spend in relation to Covid-19
 - The other risks in relation to the budget (e.g. higher spend or lower income) and providing reasonable financial protection against those risks
 - The implications of all the above on future years and ensuring that actions are in place to deliver a balanced budget in the medium term.

2. RECOMMENDATIONS

That Council:

- 2.1. Notes the position on the Collection Fund and how it will be funded.
- 2.2. Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £3.05 million is recommended.
- 2.3. Approves the savings and investments as detailed in Appendix B.
- 2.4. Approves a net expenditure budget of £18.123m, as detailed in Appendix C.
- 2.5. Approves a Council Tax increase of £5 or a band D property (other bands with pro-rata increases). This is in line with the Medium Term Financial Strategy and is equivalent to 2.08%.

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 2022/23, to be considered by Full Council on 10 February 2022. To ensure that the budget is aligned to Council priorities for 2022/23 as set out in the Council Plan.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. In seeking to address the funding gap detailed in the Council's Medium Term Financial Strategy for 2022-27, 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. All Councillors were given an opportunity to comment on the revenue efficiency, revenue investment and capital proposals at the budget workshops.
- 5.2. Business Ratepayers will be consulted on the proposals within this report (once it has been published) before the budget is discussed at Full Council on 10 February. Any feedback will be made available at that meeting. This is the only statutory consultation that is required. This consultation will be via the website/ e-mail, which is the method that has now been established.
- 5.3. 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) during January. It is however considered that this does not apply to any of the savings proposals that have been included.

6. FORWARD PLAN

- 6.1. The decisions in this report are taken by Full Council. Therefore this is not a Key Executive Decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. The Medium Term Financial Strategy (MTFS), which provides the financial background for the Corporate Business Planning Process, was approved by 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. 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. Political groups were given the opportunity to comment on the initial budget proposals (put forward by Officers and Executive Members) in early November. The feedback from those discussions was presented to Cabinet in December, which has resulted in the proposals contained within this report.
- 7.3. The addendum report presented to Cabinet in December provided details of the provisional Local Government settlement for 2022/23. It is assumed (as in previous years) that there will not be any significant changes between that and the final settlement.

8. RELEVANT CONSIDERATIONS

Decisions made to balance the budget and deliver Council priorities

- 8.1 The Council's Medium Term Financial Strategy set a target of identifying £200k of net savings as part of this budget process. At its meeting in December, Cabinet considered the feedback from the Budget Workshops. This resulted in the removal of some proposals and some others being introduced. The resultant full list is detailed in Appendix B, and this section highlights some of the notable inclusions.
- 8.2 Cabinet rejected the proposal to increase garden waste charges up to £49 but did feel that it was necessary to start to increase the charge in line with inflation. An increase in line with Council Tax inflation was chosen. The charge will remain in line with (and in many cases below) what other Councils are charging.
- 8.3 The budget includes the savings from changes to the Grounds Maintenance contract (annual saving of £144k). These savings will support the Council's sustainability priority by also delivering environmental benefits, including increased biodiversity and reduced mileage.
- 8.4 The investments include a number of increases in staffing to ensure that the Council can continue to deliver its services. It includes investments in our Environmental Health teams to help ensure food standards (as well as other important protection services) continue to be delivered across the District. It also includes early investment in work towards the next Local Plan, which will help ensure that we deliver "a brighter future together". The recruitment of an additional Conservation and Listed Buildings Officer will also contribute towards this.
- 8.5 The continuing investment in Artificial Intelligence software will allow us to continue to automate our services. This will help to deliver online services and information that are available 24/7, and therefore help us to "put people first".
- 8.6 Overall the list of new savings and new investment proposals are projected to generate a net saving of £438k in 2026/27.

General Funding

- 8.7. The settlement for 2022/23 was positive in respect of the following:
- £122k of Lower Tier Services Grant, which was not forecast
 - £188k of Services Grant. This will cover the increased employee costs that the Council faces from the National Insurance/ Social Care levy. It is also sufficient to provide a contribution towards additional contractor costs that the Council may be required to pay as a result of the levy. This will be set aside as a central contingency.
 - An allocation for New Homes Bonus for new properties during the year to September 2021. This was in addition to the expected legacy payment for 2019/20. This means funding of £295k versus a forecast of £113k.
- 8.8 The settlement also confirmed the referendum principles for Council Tax increases. As in previous years, these have been set at the higher of 2% or £5 (band D equivalent). The Government's calculation of an Authorities "Core Spending Power" assumes that Councils will increase their Council Tax by the maximum allowed. A £5 increase is also in line with the Medium Term Financial Strategy.

- 8.9 There was no additional Covid-19 funding announced for 2022/23. This was in line with expectations but does mean that the Council will need to fund Covid-19 costs in 2022/23 from other funding and using reserves.
- 8.10 The settlement stated that Government would be looking at a new funding formula over the next few months. With the time for consultation that would be required, this would seem to be in line with a new formula being implemented from 2023/24. It was also stated that there would be transitional protection built into it. Although when a new funding mechanism was previously discussed it was suggested that if there was any transitional protection it would be for as short a period as possible. The proposal that the Council would be faced with “negative RSG” was also based on a formula, so a prudent assumption is that this will still be the result of a new formula. For planning purposes it will be assumed that this will be implemented over 2 years (with half the cut in 2023/24 and the full amount in 2024/25). The Council will continue to petition that such a decrease would be unfair and will require a substantial reduction in the services that we deliver, on top of the efficiencies and service changes that we have already delivered.
- 8.11 The above results in the forecast funding levels detailed in table 1 below:

Table 1 – Estimated General Funding

£000 Funding	2022/23	2023/24	2024/25	2025/26	2026/27
Council Tax	12,248	12,560	12,875	13,197	13,527
Council Tax Collection Fund Deficit	(2)	(54)	0	0	0
Negative RSG (or equivalent)	0	(602)	(1,232)	(1,257)	(1,282)
Business Rates baseline	2,726	2,831	2,898	2,956	3,015
Compensation for not increasing the Business Rates multiplier	224	229	234	239	244
New Homes Bonus	295	150	150	150	150
Lower Tier Services Grant	122	0	0	0	0
2022/23 Services Grant / funding for Health and Social Care Levy	188	100	100	100	100
Council Tax support to Parishes	(39)	(32)	(26)	(26)	(26)
	15,762	15,182	14,999	15,359	15,728

Specific Funding

- 8.12 The Council also receives grants and contributions for specific purposes. Generally these are built in to service budgets and have therefore already been taken in to account when determining spend forecasts, so cannot be used towards funding the base budget. These amounts can be uncertain, and reductions in the amount can result in spending pressures that would need to be met from the General Fund. These have been reviewed and the main risks and opportunities are detailed in table 2 below, noting that this is not an exhaustive list:

Table 2 – Forecasts in relation to grants and other contributions

Grant/ Contribution	Amount in 2021/22 (£000)	Risk/ Opportunity
Healthy Hub funding	58	Discussions with Hertfordshire County Council (HCC) are ongoing in relation to them continuing this funding. It is expected that the costs in 2022/23 can be met from any money received from HCC, plus funding that can be carried forward. There could be a budget pressure from 2023/24 if the service is going to continue in its current form.
Cyber funding	0	The Spending Review announced this as additional funding. No allocations have been provided yet. This should allow the undertaking of additional work, so is considered to be an opportunity rather than a risk.

Grant/ Contribution	Amount in 2021/22 (£000)	Risk/ Opportunity
Alternative Financial Model (AFM)	34	This is accounted for in the year that we receive the payment. The payment we receive in 2022/23 will be based on the performance in 2021/22. The latest forecast is that we could receive nothing. The Covid-19 contingency budget has been adjusted to reflect this (see paragraph 8.21).
Audit funding	0	Government have previously announced additional ongoing funding to compensate Councils for increased External Audit fees. These additional fees relate to new audit requirements, including an increased focus on Value for Money. The allocations of this funding have not been announced. We are assuming that the additional costs will be covered by this grant, so have not added a budget pressure. This will be included as a financial risk, see section 8.19.
Housing Benefit Administration Grant	274	The Council has not yet been notified of the grant allocation for 2022/23. The grant amount has reduced in recent years as working age benefit claimants have migrated to Universal Credit. With the budget currently assuming the grant amount will be the same amount in next year, a further reduction in grant for 2022/23 will increase the net cost to the Council of providing the service.
Council Tax Administration Grant	137	The Council has not yet been notified of the grant allocation for 2022/23. While this grant has increased in recent years, the budget assumes the same amount in next year as received in the current year. Any increase in grant allocation for 2022/23 will therefore reduce the Council's net expenditure in next year.

Business Rates and Council Tax Collection Funds

- 8.13 North Herts Council is required to maintain a Collection Fund to account for the income received and costs of collection for Council Tax and Business Rates. Estimates of the net income are made at the start of the year and based on this money is transferred out of the Collection fund to the North Herts Council General Fund and other precepting bodies. The Fund is required to break even over time and any surplus or deficit is transferred to the North Herts Council General Fund and other precepting bodies. For Business Rates, most of the deficits relate to reliefs introduced by Government. The Council receives funding for these which it holds in a specific reserve. This reserve is then released back to the General Fund as required. The net impact is forecast to be relatively low, and is included in the budget summary in Appendix C.
- 8.14 A Business Rates Pool application for 2022/23 has been accepted for Hertfordshire County Council and five other Districts (including North Hertfordshire). The Pool has been formed with the expectation that this will reduce the business rates levy amount otherwise payable at the end of next year, as has been the case in prior years. The initial estimate was a reduction in levy of around £600k. The achievement of this pooling gain next year is however not guaranteed and will be dependent on the actual value of business rates collected in the year. As the levy payable will be funded from grant held in reserve, any pooling gain that does materialise next year will not increase the General Fund balance, but instead reduce the drawdown on the grant held in reserve. The Council (and other Local Authorities in the Pool) have until mid-January to determine if they want to continue with the planned pooling arrangement. The budget makes the prudent assumption that the pooling gain will be zero.

Review of balances and reserves

- 8.15 In setting its budget, the Council needs to consider the level of its reserves. This determines the extent to which the current budget can be supported by the use of reserves, or requires a budget to be set that includes an allowance for increasing reserves. In addition to the General Fund balance, North Herts Council has specific

reserves and provisions. Specific reserves are amounts that are set aside for a determined purpose. This purpose can arise from a choice made by the Council, or where it is felt that there is an obligation. Provisions are where there is a requirement on the Council to meet future expenditure, and a reasonable estimate can be made of the amount and timing. In determining the risks that may need to be met from the General Fund, it is important to know which risks will already be covered by amounts that are set aside as a specific reserve or provision.

8.16 A full list of specific reserves and estimated balances is shown in table 3 below.

Table 3 – Specific Reserves

Name of Reserve	Purpose of Reserve	Balance at 1 April 2021	Estimated Balance at 31 March 2022	Estimated Balance at 31 March 2023
Funding Equalisation Reserve	Where anticipated annual revenue funding has exceeded estimated net expenditure, the Council has opted to contribute the surplus amount to the Funding Equalisation Reserve, rather than raise Council Tax by less than the maximum amount allowed. The reserve balance will be used to mitigate the impact on the General Fund of pressures in the current year (2021/22).	397	0	0
Cemetery Mausoleum Reserve	Held to cover the Authority's obligation to supply Mausoleum niches at the Wilbury Hills Cemetery and is funded from the sale of currently available niches. Balance in the reserve will be used to help finance the proposed capital project in 2022/23 to construct further niches on the site for future sale.	175	175	0
Childrens Services Reserve	Used to help fund Active Communities projects in the district funded from grant income and/or external contributions. Drawdown is expected over the next few years to support the continued operation of the Healthy Hub service.	91	45	25
Climate Change Grant Reserve	Grant awarded to help combat the effect of climate change. Being used for the additional costs (above available establishment) of employing a Trainee Policy Officer working on Climate Strategy. Is now expected to be fully used by the end of 2025/26.	25	21	16
Growth Area Fund Reserve	Holds the revenue grant awarded. An amount has been used in this year to contribute to the cost of a feasibility study for a proposed cycle path, with the remainder to be used once the Local Plan is in place.	53	38	Unknown
Homelessness Grants Reserve	To help prevent homelessness in the district. The grant is earmarked for different homelessness projects or resources.	481	455	Unknown
Housing & Planning Delivery	Hold unspent Housing & Planning Delivery grant to fund Cabinet approved spending plans in subsequent years. The Authority has also made a commitment to the Local Development Framework and funds are held in this reserve for this purpose. Additional income from the 20% increase in statutory planning fees is also transferred here to fund the development of Planning Services. Future balances will depend on timing of spend and fees received in relation to the 20% increase.	1,022	912	Unknown
Information Technology Reserve	To ensure the Authority has adequate resources to purchase hardware and software items when they are required. Reserve balance now committed to fund a Uniform software upgrade with improved functionality.	58	23	0
Insurance Reserve	Used to finance potential claims for risks that are not covered by external policies together with higher excesses currently being borne by the Authority. It is good financial management practice to have an insurance reserve. The future balances will depend on the claims received and the level of relevant insurance.	34	Unknown	Unknown
Land Charges Reserve	Reserve originally established to help meet the potential cost should the financial risk of the repayment of personal search fees occur. Being used for additional administration costs and software upgrades over 3 years.	66	37	13
Leisure Management Maintenance Reserve	To cover the cost of any future significant repair liabilities on the leisure facilities. The Leisure Contract requires a contribution from the Council for maintenance items over £5k, so therefore if funds are not available in the reserve then this would impact on the general fund. Use of the reserve depends on what arises and is therefore unknown.	26	Unknown	Unknown

Name of Reserve	Purpose of Reserve	Balance at 1 April 2021	Estimated Balance at 31 March 2022	Estimated Balance at 31 March 2023
Leased Vehicles and Equipment Reserve	The incorporation of the accounting standard IFRS 16: Leases in the accounting code, effective from April 2022, will mean that both the vehicles and machinery used to deliver the Council's greenspace maintenance contract, as well as the Council's cars provided to staff on operations, will be considered for accounting purposes to have transferred to the Council and will be recorded on the Council's balance sheet at the end of 2022/23. The saving on the revenue account from these arrangements will be transferred to this reserve and ultimately used to finance the capital costs of replacement vehicles.	0	0	50
MHCLG Grants Reserve	Balance of unapplied Section 31 business rate relief grants and pooling gains. Used to fund NNDR Collection Fund deficit contributions and levy payments in future years. Based on the business rates pilot gain recorded in 2019/20, in setting the budget for 2021/22 it was considered that £2.5m could be released from the reserve and used to cushion the impact of pressures on the General Fund. Almost £2m will be released in the current year, with the remaining £500k planned to be transferred to the General Fund next year, as shown in Appendix C.	14,298	10,135	Unknown
Museum Exhibits Reserve	Funds the purchase of museum exhibits and is funded from donations. Use of reserve will depend on donations and opportunities for acquisitions.	13	Unknown	Unknown
Neighbourhood Plan Reserve	Funds received from MLUHC to support neighbourhood planning have been transferred to reserve. The funding will be needed in future years as neighbourhood plans are developed and public examinations and public referendums are required.	98	106	86
Paintings Conservation Reserve	Used to help restore paintings. This is funded through donations and publication income. To be used against a list of items that require conservation.	11	6	Unknown
Special Reserve	This reserve is maintained for any special financial pressures such as pump priming for initiatives for shared services, changes in working practice, major contract renewals, unexpected contract variation, support the response to and reduce the impact of major incidents and other financial pressures. As originally detailed in the Covid-19 Financial Impacts report (on the Council agenda in September 2020) the Special Reserve will be released in to General Fund balances. The remaining balance anticipated of £639k will be transferred in 2022/23.	743	639	0
Street Name Plates	To fund Street Name Plates as and when required. To maintain until Local Plan is adopted and then review.	16	Unknown	Unknown
Syrian Refugee Project	The Council agreed to house 50 Syrian Refugees over five years under the government's resettlement scheme. The scheme is fully funded by the government and the reserve enables the multiple year funding for each household to be maintained for future expenditure associated with their placement in the district, such as housing and support costs.	450	572	Unknown
Taxi Reserve	Any surplus from the taxi service will be transferred to the earmarked reserve where it can be used to offset any future deficit or to fund investment in the taxi service.	7	6	4
Town Centre Maintenance	For the implementation of the Town Wide Reviews and ad hoc town centre maintenance.	61	69	Unknown
Traffic Regulation Orders	An audit was done to identify TRO work to be carried out in the district. Amounts will be drawn down as and when the work is done.	386	381	376
Waste Reserve	AFM monies are transferred to help mitigate any potential risk to the waste service and support future service developments. To be spent on various projects, including developing options around a new waste depot.	749	749	600
Waste Vehicles Reserve	As repayment of the finance lease principal embedded within the waste contract is funded from the Council's cash reserves, the saving on the revenue account is transferred to this reserve to fund the purchase of vehicles when they next need to be replaced.	913	1,340	1,849

Name of Reserve	Purpose of Reserve	Balance at 1 April 2021	Estimated Balance at 31 March 2022	Estimated Balance at 31 March 2023
Welfare Reform Grants Reserve	Awarded to the Authority for different initiatives or changes relating to Housing & Council Tax benefit scheme, and more recently the Business Support and self-isolation grant schemes developed in response to the Covid-19 pandemic. The balance in reserve will be used to develop the service and drawn down when the initiatives or changes are carried out, and therefore the exact timing of usage is unknown.	584	627	Unknown

8.17 As at the 31 March 2021 there was a total of £2.783m held as provisions. These are comprised of:

- Business Rates appeals - £2.740m - the NHDC estimated share of outstanding business rates appeals
- Insurance - £43k - covers the uninsured aspect of outstanding insurance claims.

8.18 North Herts Council operates with a reserve balance for General Fund activities in order to provide a cushion against unexpected increases in costs, reductions in revenues and expenditure requirements. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggests that the revenue balances should be set at no less than 5% of net revenue expenditure, having taken account of the risks faced by the Authority in any particular year. As net expenditure is anticipated to be around £18million, this means a minimum balance of about £900k. As the Council has become more reliant on generating income to set a balanced budget, an additional 3% of budgeted income (excluding Housing Benefit, grants and other contributions) will also be included in determining the minimum level. Income from fees, charges, interest and rentals is forecast to be around £11.75m and therefore an additional allowance of £350k will be added.

8.19 An assessment of the risks has been compiled for the coming year based on risks identified by each Service Director and cross-referenced to the risk register. The identified areas are where the financial impact is not wholly known, but an estimate can be made. The amount allocated is based on the forecast likelihood of occurrence. Where there is a high likelihood, 50% of the estimated financial impact is allowed for. For medium likelihood, it is 25%. For low likelihood, it is 0%. Table 4 summarises the risks, the forecast impact and the risk allowance to be made. A full list of these risks is shown in Appendix A. This list excludes certain Covid-19 risks which are detailed in paragraph 8.21 below.

Table 4- Budget Risks in 2022/23

Category	Number of Risks	Forecast Value of Impact (£000)	Risk Allowance (£000)
Low	18	6,599	0
Medium	13	1,603	401
High	16	2,815	1,407
Total	47	11,017	1,808

8.20 Combining the risk allowance for specific risks and unknown risks means that a General Fund balance of at least £3.05million should be maintained. This is what is recommended by the s151 Officer (Chief Finance Officer).

Covid-19 financial risk

8.21 The Medium Term Financial Strategy (MTFS) highlighted that a central contingency budget would be created in 2022/23 and 2023/24 to cover the estimated costs (including lost income) of Covid-19. This is based on estimates for particular service areas but will be held centrally as the actual impacts could be very different. Table 5 below highlights the amounts that will be set aside. This is updated from the MTFS version.

Table 5- Covid-19 central contingency

Type of spend/ income	Normal budget (£m)	Basis of provision for 2022/23	Amount of provision in 2022/23 (£m)	Basis of provision for 2023/24	Amount of provision in 2023/24 (£m)
Leisure Centre management fee income	0.82	50% of management fee, increased from 25% due to potential impact of Omicron on speed of recovery	0.42	20% of management fee, increased from 10%	0.16
Pay as you use parking income	2.02	10% of annual income. Increased from 5% due to slow recovery of long-stay parking income.	0.20	5% of annual income, increased from 2.5%	0.10
Hitchin Town Hall	0.23	50% of annual income, increased from 20%	0.11	20% of annual income, increased from 10%	0.04
Trade Waste income	1.01	10% of annual income	0.10	5% of annual income	0.05
Homeless costs	0.08	100% increase	0.08	50% increase	0.04
Car park season tickets	0.32	40% of annual income, increased from 20% due to slow recovery	0.12	20% of annual income, increased from 10%	0.06
Recyclable materials	0.29	100% increase	0.29	50% increase	0.15
AFM income	0.42	100% of annual income, increased from 50% based on latest forecasts	0.42	50% of annual income	0.21
			1.74		0.81

Expenditure Forecasts

8.22 The starting point for forecasting net expenditure for future years is the previous year's budget, as set in February 2021. This is then adjusted (where necessary) through the Quarterly budget monitoring reports, which highlight both in-year and ongoing impacts. An additional budget review is carried out at the end of November (month 8). The results of this are detailed in table 6 below.

Table 6- Summary of forecast variances (amounts £000)

Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-Forward requested	2022/23 Budget impact
Commercial Rents Income	(1,368)	(1,326)	+42	Annual budget anticipates an additional £52k of rents income from rent reviews completed in the year. One review has been settled in the year, and several reviews currently under negotiation could be finalised by the end of the financial year but are more likely to reach a conclusion in the early part of the 22/23 financial year. Ongoing impact reflects rent changes agreed to date.	0	(10)
Area Committee Grants	58	39	(19)	The carry forward requested is at this stage an estimate of unspent and unallocated Area Committee budgets. This is largely due to the influx of additional funding that has been provided to the District Council from the County Council to support organisations that have been affected by Covid. Many of the applications that have been received have been for addressing the impacts of Covid on the organisations' ability to function and support those in the community. The application amounts have often exceeded the Area committee budgets and have been diverted to these larger funding pots so that the application requests can be fulfilled in their entirety.	19	0
Supplementary Planning Documents (SPDs)	67	0	(67)	It is anticipated that the evidence-based work associated with the SPDs, and approved by Cabinet in March 2021, will be procured in the final quarter of 2021/22. The majority of spend will therefore now be in 2022/23 and it is requested to carry forward the remaining £67k allocated to this project.	67	0
Town Centre Strategies	40	0	(40)	Council approved an investment bid of £40k for 2021/22 to finance progress with town centre strategy reviews, which form part of the documents supporting the Local Plan. Due to the delay in the issuing of the Inspectors final report post examination of the Local Plan, it is requested that this budget is carried forward to enable work to commence in the next financial year, following adoption of the Local Plan.	40	0
Transport User Forum	7	0	(7)	The forums have been held virtually due to the pandemic, which has reduced costs, and there are no plans to change this format for the remainder of this financial year. £40k was requested to be carried forward at Quarter One and it is requested that the remaining current year budget is carried forward to fund the costs of the User Forum in the next financial year.	7	0

Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-Forward requested	2022/23 Budget impact
Bulky Waste Collection Service Income	(42)	(81)	(39)	Forecast overachievement of income reflects the current level of activity, which is similar to the last financial year. Demand for the service has increased since the onset of the Covid-19 pandemic, with some residents consequently reluctant to visit Household Waste Recycling Centres, while others have reorganised their living spaces in adapting to new ways of working.	0	0
Total of Explained Variances	(1,223)	(1,353)	(130)		133	(10)
Other Minor Variances	19,328	19,347	+19		0	1
Total General Fund	18,105	17,994	(111)		133	(9)

8.23 Budget proposals were put forward for discussion at Group workshops in November. Comments on the proposals made by the Groups were outlined in the draft budget report presented at the December meeting of Cabinet. This has been covered in more detail in paragraphs 8.1 to 8.6 above. The savings arising from the Council decision to move to four-yearly elections have also now been added. The complete final list of savings and investments is included at Appendix B. This now includes an additional saving in relation to forecast interest received from the Council's investment of surplus cash. This is explained in more detail in the Council's Investment Strategy.

Revenue effects of capital

8.24 The Council incurs some interest costs in relation to historic borrowing for capital purposes. The small cost of this is reflected in budget estimates. If the Council was to take out new borrowing for capital purposes, then it would incur revenue costs in relation to interest costs and Minimum Revenue Provision (MRP). MRP is explained in the Investment Strategy report. The proposed changes to the Prudential Code mean that Councils would be expected to borrow internally against their revenue balances first, and only when those balances are insufficient would they borrow externally. Borrowing internally is currently cheaper as the interest cost is the lost interest that would have been earned, rather than the external borrowing cost. MRP still needs to be applied. The initial cost of borrowing is therefore forecast at 3%, although in the longer-term (when external borrowing is required) this will increase to around 5%.

8.25 As identified in the Investment Strategy report, the Council will need to borrow in the medium-term. The revenue budget therefore includes an estimate of these costs. This total is now estimated to be £52k in 2026/27.

Reliability of estimates

8.26 As part of the budget setting process, the Chief Finance Officer is required to comment on the reliability of the estimates made. A prudent approach has been adopted, especially in relation to income where it is only included where there is a high degree of certainty over it being achieved.

8.27 In addition to those factors already highlighted in this report that may affect estimates, a further significant area of uncertainty is in relation to pay inflation, which has been assumed to be 2% across the period. This assumption is in line with the majority of

Councils, and the allowances made are a factor in where the negotiations will end up. However the 2021/22 pay award has still not yet been agreed, which adds even more uncertainty to what pay levels will be for 2022/23 onwards.

- 8.28 The impact of Covid-19 remains a significant uncertainty, as detailed in paragraph 8.21 above. It is felt that setting aside a central contingency in both 2022/23 and 2023/24 is a prudent response to this uncertainty. The Council is not assuming any additional support from Government, even though the impacts faced could continue to be significant.
- 8.29 Each year, CIPFA publish a financial resilience index for all Local Authorities. The index provides an analysis of various measures (e.g. level of reserves, use of reserves) that are considered to be indicators of resilience. Each measure is shown as an index (i.e. a comparison against other similar Councils) so performance that is worse than average could be perceived as poor, even though all Councils might be considered to be performing adequately. The full analysis of the resilience index is included as Appendix D. The overall conclusion is that it does not highlight any new financial risks or concerns that have not already been highlighted (e.g. through the Medium Term Financial Strategy).
- 8.30 Overall it is considered by the Chief Finance Officer that the estimates made are as reliable as they reasonably can be. They will be subject to risk and this is the reason for setting a minimum General Fund balance and carrying out budget monitoring throughout the year.

Cumulative impact

- 8.31 The cumulative impact of all the estimates described in the previous sections is provided at Appendix C. This shows a forecast of funding and net expenditure for the next five years, including the impact on the General Fund balance.
- 8.32 Appendix C also includes a forecast of the remaining savings that the Council still needs to deliver by 2026/27. The recent increases in inflation (which are forecast by the Office of Budgetary Responsibility to increase in to 2023/24) mean that it has been necessary to increase the inflation forecasts included in the budget. This means that despite the savings that have been identified as part of the budget cycle, the forecast savings that need to be identified and delivered are £1.5m. Furthermore, with the proposed phasing of these savings, there would be a need to use more than £5.5m of reserves. These amounts are likely to be significantly affected by future changes to Local Government funding, with the introduction of a new funding formula and a proposed business rates reset.
- 8.33 This level of savings still required to be identified assumes that the Council will continue to increase Council Tax at the maximum level permitted without the need for a referendum. Any increase in Council Tax below this level would further increase the savings required to balance the budget over the period and require greater drawdown on reserves. The proposal is therefore that Council Tax should be increased by the maximum allowed.

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 prudent general fund and reserve balances
- 9.4 Local authorities are required by virtue of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year.
- 9.5 The provisions of section 25 Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer (s.151 officer) as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

10 FINANCIAL IMPLICATIONS

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

11 RISK IMPLICATIONS

- 11.1 As outlined in the body of the report.
- 11.2 There are significant uncertainties and risks with regard to the funding of the Council over the medium term. This uncertainty is reflected in a corporate risk of 'managing the Council's finances'.

12 EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 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 Some of the savings and investments identified in Appendix B could have an environmental impact. For some of these (e.g. Green Space maintenance contract savings) the description in the Appendix provides details of the specific implications. For others there may be indirect implications (e.g. recruiting additional staff could require increased travel), and for these the impacts will be managed as much as possible. Overall the Council still plans to deliver the commitments contained within its Climate Change Strategy. Some of the specific actions contained within the Climate Strategy will be dependent on opportunities and funding being available. They may not therefore be in this budget, but could be incorporated in future years.

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, consultation and support is provided in line with HR policy.

16 APPENDICES

16.1 Appendix A – Financial Risks 2022/23

16.2 Appendix B – Revenue Budget Savings and Investments

16.3 Appendix C – Budget Summary 2022 – 2027

16.4 Appendix D- Resilience Index

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18 BACKGROUND PAPERS

18.1 Medium Term Financial Strategy <https://democracy.north-herts.gov.uk/documents/s17416/APPENDIX%20B%20-%20MTFS%202022-27%20updated.pdf>

Financial Risks 2022/23

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Commercial	FR1	Adverse possession of land/buildings (litigation costs). Protection of "Village Greens". Signs/fences need to be constructed to avoid residents claiming ownership rights.	M	35,000	25%	8,750
	FR2	Contamination clear-up costs for disposal/vacant sites	M	500,000	25%	125,000
	FR3	Deterioration in the financial position of Hitchin Market increases the cost to the Council of maintaining the market provision.	L	20,000	0%	0
	FR4	Increase in rent defaults on the Council's existing Investment Properties due to the economic downturn.	H	200,000	50%	100,000
Customers	FR5	Fines for breaches of the EU General Data Protection Regulation by the Council or by NHDC outsourced providers when handling and storing data originally collected by NHDC	L	500,000	0%	0
	FR6	Bad Debt Provision may need to increase in light of the roll-out of Universal Credit and in particular the managed migration of working age housing benefit clients to Universal Credit.	M	70,000	25%	17,500
	FR7	Ransomware attack results in the write-off of IT hardware and infrastructure.	L	200,000	0%	0
	FR8	Failure to meet projected Careline sales income as a result of the loss of a corporate client or fall in the number of private clients.	H	50,000	50%	25,000
Legal & Community	FR9	District by-election	M	8,000	25%	2,000
	FR10	Legal team resources - requirement due to recruitment/retention issues to use temp. staff or outsource work. Additional external expertise for assistance with the delivery of key Corporate projects or Governance issues	L	100,000	0%	0
	FR11	Legal expertise related to employment cases	M	50,000	25%	12,500
	FR12	The Council is required to meet the cost of any award from new or ongoing judicial reviews.	H	100,000	50%	50,000
	FR13	Possible procurement challenge. Legal costs and costs of re-tendering if necessary.	L	100,000	0%	0
	FR14	Costs incurred from an increased number of prosecutions pursued in court, for example due to persistent flytipping.	M	50,000	25%	12,500
	FR15	Domestic Homicide Review – requirement for additional resources to respond	H	15,000	50%	7,500

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Place	FR16	The council is forced to re-tender a major contract if a contractor is unable to deliver a contract for any reason .	L	300,000	0%	0
	FR17	Increase in the net cost of recycling services due to either or all of ; adverse changes in the market prices for commodities; a reduction in the volume of recyclates collected; a change in the material composition of the recyclates collected	H	500,000	50%	250,000
	FR18	Reduction in funding from third party agency agreements for contracted grounds and/or tree maintenance works.	L	50,000	0%	0
	FR19	Costs resulting from a localised flooding event that is associated with water courses within the responsibility of NHDC to maintain.	L	50,000	0%	0
	FR20	Cost of felling and destroying trees as a result of pests and tree disease.	L	75,000	0%	0
	FR21	Cost of maintaining service provision in the event of major contract failure.	L	1,000,000	0%	0
	FR22	Income from Trade Refuse is adversely affected by economic downturn.	M	300,000	25%	75,000
Regulatory	FR23	Lack of resilience in delivering key statutory services, such as Environmental Health, Planning and Parking, when staff absence occurs (other than normal leave) e.g. medium/long term sickness, staff resignations, redeployment to other duties etc, increases expenditure on agency staff and / or consultancy advice to maintain service provision.	H	100,000	50%	50,000
	FR24	Increase in net cost of measures to address homelessness/rough sleeping and meeting obligations/projects as a result of for example: absence of government funding / reduced government funding, national and local situations such as with the current pandemic and 'everyone in' approach from Central Government etc.	M	250,000	25%	62,500
	FR25	Dangerous structures - where the Council is unable to recover either or both of; the costs incurred in making the structures safe because, for example, the owner of the property is not known or the land/building is unregistered; the costs involved in seeking to recover the expenditure incurred.	L	50,000	0%	0
	FR26	Specialist advice required with regard to planning applications, e.g. town centre schemes and "hostile applications"	M	100,000	25%	25,000
	FR27	Costs associated with a challenge to a decision of the Council, for example: tribunals, contracts, grant schemes, an appeal against a planning decision, judicial review or threat in advance of a planning decision, Secretary of State call in or holding direction.	H	500,000	50%	250,000
	FR28	Enforcement – costs in relation to enforcement for example: investigations to enable consideration of enforcement action, specialist legal or other advice, direct action / appeal processes, recovery of illegal earnings.	M	100,000	25%	25,000
	FR29	New duties and obligations associated with government policy leads to requiring additional training or additional and/or specialist staff or consultancy support to deliver.	M	100,000	25%	25,000
	FR30	Local Plan: additional costs associated with progressing the Local Plan or associated processes, such as a review.	H	250,000	50%	125,000
	FR31	Local Plan: costs associated with a challenge to the Local Plan either from the Council or another stakeholder/authority	H	450,000	50%	225,000
	FR32	Theft of, or damage to, parking pay & display equipment	M	20,000	25%	5,000
	FR33	Income related to planning applications is lower than the budget expectation as a result of a delay to Local Plan progress or the economic impact of Brexit.	H	250,000	50%	125,000
	FR34	Hertfordshire Home Improvement Agency fail to recover sufficient fees, based upon application throughput, resulting in additional payment requested by HCC to cover costs.	H	15,000	50%	7,500
	FR35	Unfunded Environmental Health costs associated with the Covid-19 pandemic including staffing, protective or specialist equipment, target campaigns etc	H	200,000	50%	100,000

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Resources	FR36	Assumed vacancy saving within staffing payroll budgets does not materialise as a slim staffing structure, and / or an increase in the level of demand for services, reduces the capacity to hold posts vacant for any significant period of time.	L	325,000	0%	0
	FR37	Breach of partial-exemption calculation for VAT	L	300,000	0%	0
	FR38	Increases in construction inflation increase the cost of property repairs and maintenance required.	H	50,000	50%	25,000
	FR39	Localisation of Business Rates – The council is directly exposed to a range of risks including; business rates levy, safety net.	L	200,000	0%	0
	FR40	Member/Officer Indemnity Agreement is called upon	L	100,000	0%	0
	FR41	Further payments are required under MMI scheme of arrangement	L	20,000	0%	0
	FR42	Treasury Management - potential default by a counter party	L	3,000,000	0%	0
	FR43	Reduced staffing capacity means that the delivery of Council projects is delayed and / or additional staffing resource must be hired externally at a cost premium to the Council.	H	50,000	50%	25,000
	FR44	Alternative arrangements are required to secure the outcomes expected from the corporate compliance contract.	H	75,000	50%	37,500
	FR45	Relates to an environmental warranty that was provided to North Herts Homes on the transfer of the Housing stock.	L	209,000	0%	0
	FR46	Increase to the annual external audit fee negotiated between the Council's External Auditor and Public Sector Audit Appointments exceeds the amount of additional related grant funding received from government.	M	20,000	25%	5,000
	FR47	Cost of annual Housing Benefit Subsidy Certification is higher than budgeted due to additional audit fieldwork required.	H	10,000	50%	5,000

11,017,000

1,808,250

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REVENUE BUDGET SAVINGS AND INVESTMENTS

New Efficiency Proposals

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency				
				2022/23	2023/24	2024/25	2025/26	2026/27
				£'000	£'000	£'000	£'000	£'000
E1	Commercial	Letting of former Public Convenience at Portmill Lane, Hitchin. Efficiency associated with corresponding capital proposal to renovate the premises. The revenue estimate is currently based on the building being let for basic storage use following the capital works. Estates would aim to secure planning permission and, following the works, a letting as soon as possible for cafe or office use. Either use is expected to generate much higher additional annual income.	Additional Income	-	(5)	(5)	(5)	(5)
E2	Commercial	Letting of land held as investment property at Newark Close, Royston. Achieving a letting will initially require a clean up of the site and dilapidations addressed. Once the site is remedied, it can be remarketed to generate rental income.	Additional Income	6	(4)	(4)	(4)	(4)
E3	Commercial	Letting of Charnwood House in Hitchin. Efficiency associated with corresponding capital proposal for the renovation and modification of the property. Depending on the terms agreed in the lease, achieving a letting of Charnwood House would remove the costs to NHDC of managing the premises, which currently average at circa £30k per annum. A lease is expected to take 2 - 3 years to complete so no savings are anticipated within this period.	Expenditure Reduction	-	-	-	(30)	(30)
E4	Commercial	Income from Hitchin Town Hall Community Facility and North Hertfordshire Museum. To introduce evening events at the Museum that would be ticketed to provide a totally different experience than a normal visit. This could include an evening with a talks based on specific artefacts. The events will also have a licenced bar and catering.	Additional Income	(1)	(1)	(1)	(1)	(1)
E5	Customers	Net cost of Careline. Economies of scale generated from the recent expansion of the Careline service have resulted in an improvement in the forecast net position going forward.	Additional Income	(105)	(105)	(105)	(105)	(105)
E6	Customers	Revenues and Benefits Staff Costs. Reduction in the number of Grade 8 Senior Officer posts in the Benefits team structure from two to one. The gradual migration of working age adult Housing Benefit claimants to Universal Credit has steadily reduced the caseload of the Benefits Team, meaning this change can be made without negatively impacting the service provided.	Expenditure Reduction	(37)	(37)	(37)	(37)	(37)
E7	Customers	Software license costs. The new contract with Microsoft for licenses from April 2022 (see corresponding capital proposal) will mean certain software currently in use will ultimately no longer be required, with the Council therefore saving associated software license costs. This primarily comprises licenses for Citrix, as secure remote connections are built into the Microsoft Azure Cloud, and SOPHOS licenses, which will be replaced by the Microsoft Defender End Point software included with the new Microsoft license. The lower efficiency value in 2022/23 reflects the degree of overlap during the transition.	Expenditure Reduction	(16)	(39)	(39)	(39)	(39)
E8	Customers	Remote Data Communications Links. Reduction in estimated costs follows the outcome of the tender for remote Data Links to Hitchin Town Hall, Buntingford Depot, Burymead and District Council Offices.	Expenditure Reduction	(23)	(23)	(23)	(23)	(23)
E9	Legal & Community	Policy & Community staff costs. Deletion of the vacant part time Grants & Data Systems Officer post following the introduction of a new process for grants administration and data capture, facilitated by the work of the Business Transformation team and IT.	Expenditure Reduction	(10)	(10)	(10)	(10)	(10)
E10	Legal & Community	Community project grants. Removal of discretionary budget provision for community group assistance.	Expenditure Reduction	(5)	(5)	(5)	(5)	(5)
E11	Place	Green Space maintenance contract expenditure. The contract review process identified an annual saving, as detailed in the Part 2 report to Cabinet in June 2021, which will be implemented from the 1st April 2022 for a period of 10 years, with a mutual break clause after 5 years. The changes also deliver a number of environmental benefits including increased biodiversity, reduced vehicle travel and lower water consumption.	Expenditure Reduction	(144)	(144)	(144)	(144)	(144)
E12	Place	Charging for the use of Public Conveniences at the three locations maintained by the Council. Efficiency value is based on a charge of 20p, assumes a 25% drop in activity, and is net of anticipated additional costs from introducing a charging system.	Additional Income	-	-	-	-	-
E13	Place	Introduction of a charge, from the middle of next year, for the delivery of replacement purple residual waste bins [only] at a price of £40 for a new 180L bin and £25 for a refurbished 180L bin (when available). Other bins, principally grey recycling bins, will also be refurbished but not charged to continue to encourage recycling participation. Saving value assumes 40% of all damaged bins requested to be replaced will be able to be refurbished, rather than require the purchase of a new bin, with the charge reducing requests for replacement purple bins by 20%.	Additional Income	(65)	(65)	(65)	(65)	(65)
E14	Place	Garden Waste Service subscription income. The contractual cost of delivering the garden waste service has increased since the paid service was introduced in 2018, while the administrative burden has increased with the introduction of additional communications and administration processes, such as around the provision of permits and management of concessions. This proposal suggests a price of £49, which aligns with the charging for garden waste collection in East Herts. The estimate takes account of a potential 5% drop in subscriptions. The value for 2022/23 reflects both the part year impact on income as well as additional associated expenses, which includes the changes required to direct debit notifications and additional advertising.	Additional Income	-	-	-	-	-
E15	Place	Garden Waste Service income from the provision of bins to new customers. The cost of bins has increased, due to polymer shortage and supply chain issues. New garden waste customers are charged for the delivery of their new bins. This charge is currently £35 and it is proposed, from the start of the next subscription period, to increase this to £40 to ensure cost recovery.	Additional Income	(1)	(2)	(2)	(2)	(2)
E16	Place	Garden Waste Service income from the provision of replacement bins. It is proposed to charge residents for the replacement of damaged bins to reduce the number of bin replacements for minor defects. It is proposed to charge £40 for a new bin and £25 for a refurbished bin. Additional income value assumes a 20% drop in the number of requests received for replacement bins.	Additional Income	(10)	(25)	(25)	(25)	(25)
E17	Regulatory	Planning Income. Increase in planning income as a result of the adoption and implementation of the Local Plan. Whilst there will be one-off applications of greater value, the growth figure is considered the average going forward. In February 2017 an expectation of 100k additional income was included within the budget estimates from 2018/19 on the same basis and this value is in addition to that.	Additional Income	(50)	(50)	(50)	(50)	(50)
E18	Managing Director	Income for charging for commercial filming on Council land. This is based on the income that has generally been achieved in recent years, but is subject to risk as it is dependent on filming companies wanting to use our land.	Additional Income	(3)	(3)	(3)	(3)	(3)
E19	Commercial	Income from letting Harkness Court to a Council owned property company. The company will then let the flats on to individual tenants. This follows a decision by the Cabinet Sub-committee (for Trading Companies) to approve the creation of a property letting company.	Additional Income	(8)	(16)	(16)	(16)	(16)

E20	Commercial	Income from a community lottery. This is based on the business case for setting up the community lottery, which will launch in 2022/23.	Additional Income	-	(4)	(7)	(10)	(13)
E21	Commercial	Revenue income return from proposed capital investment to build a commercial storage facility alongside museum storage at Bury Mead Road, Hitchin. Additional income value based on a 5% level of return.	Additional Income	-	-	(25)	(50)	(50)
E22	Place	Income from the sale of mausoleum niches. This will involve a capital investment of around £250k as the current mausoleum is almost full, although the majority of this will be funded from amounts held in reserve for this purpose. The income is based on an average of 3 niches sold per year (at £8k each), less the costs of maintaining the mausoleum. It is expected that in some years there will be more sales, but in some years the target may not be met.	Additional Income	(11)	(22)	(22)	(22)	(22)
E23	Place	Increase garden waste charges in line with the inflationary increases in Council Tax (estimated at 2%). The charge has remained unchanged since it was first introduced in 2018. The proposed increase (80p from 1st October 2022) is still below the general level of inflation. This also reflects what other Councils are charging. For example, East Herts who we have a joint waste contract with, charge £49 for garden waste. It will also start to cover the inflationary and other cost increases that the Council incurs in delivering the service.	Additional Income	(11)	(33)	(54)	(76)	(99)
E24	Place	Reduction in revenue expenditure by accounting for the purchase of refuse bins and containers as capital spend. This will be partly offset by an additional revenue cost of capital.	Expenditure Reduction	(80)	(80)	(80)	(80)	(80)
E25	Managing Director	Increase in forecast interest income from investment of surplus cash balances, based on the proposed Investment Strategy (Integrated Capital and Treasury) 2022-2032.	Expenditure Reduction	(17)	(34)	(108)	(116)	(110)
Total Net Budget Reduction from new efficiency proposals			Total Expenditure Reduction	(332)	(372)	(446)	(484)	(478)
			Total Additional Income	(259)	(335)	(384)	(434)	(460)
			Total Efficiencies	(591)	(707)	(830)	(918)	(938)

New Revenue Pressures and Investment Proposals

Ref No	Service Directorate	Description of Proposal	Budget Impact	Investment				
				2022/23	2023/24	2024/25	2025/26	2026/27
				£'000	£'000	£'000	£'000	£'000
R1	Commercial	Consultants advice to Commercial projects. In order to support and appraise any external large commercial projects, relevant consultants are appointed to advise whether or not an opportunity is viable to pursue. Some external projects can be appraised in house, while others also require the expertise and knowledge of specialist consultants. The consultants budget requested will allow the Council to progress work on opportunities that have been identified and meet the commercial criteria to proceed to explore further as soon as possible, without first having to seek approval for additional expenditure involved in investment appraisal. Any money that is not spent will be requested to be carried forward.	Additional Expenditure	30	-	-	-	-
R2	Commercial	Creation of Trainee Estates Surveyor post within Estates & Asset Management. Anticipated that this role will be aimed at candidates holding an undergraduate Degree in an estates management or property-related subject. The role will offer training via the Assessment of Professional Competence (APC) towards achieving Associate or Full Membership of the Royal Institution of Chartered Surveyors, starting at Grade 6 and moving to Grade 10 upon attaining Membership.	Additional Expenditure	30	30	40	40	40
R3	Commercial	Erection of gate and fencing to reduce risk of acquisition of prescriptive rights over NHDC's land off Lower Gower Road, Royston. This measure will also reduce risk of anti-social behaviour, such as fly-tipping on NHDC's land.	Additional Expenditure	8	-	-	-	-
R4	Commercial	Clearance of site vegetation on NHDC land off Meadow Way, Therfield. Clearance of site will facilitate appraisal of the site for redevelopment to in turn provide either a capital receipt to NHDC or, if the land is retained, potential future rental income to NHDC.	Additional Expenditure	6	-	-	-	-
R5	Commercial	Replacement of kitchen and workshop equipment at Hitchin Town Hall. Both the kitchen and workshop were fitted approximately 5 years ago and some of the equipment will begin reaching the end of their useful life. Investment proposal is to recognise in the budget the cost of gradually replacing or repairing this equipment in the coming years.	Additional Expenditure	5	5	5	5	5
R6	Commercial	Replacement of chairs, tables and café seating (indoor and outdoors) at Hitchin Town Hall. These are reaching the end of their life and require replacement. Requested budget also includes provision for the purchase of large umbrellas for the outdoor area, which will help attract attention to the facility while also providing improved year round use for the outdoor area at the front of the museum.	Additional Expenditure	15	-	-	-	-
R7	Customers	IT Helpdesk Cloud Solution. The current solution used by IT (Spiceworks) is an open source software solution and the providers have given notice that they will no longer be developing or supporting this free software solution during 2022. IT have been looking at solutions that can also potentially benefit HR and Property Services. This new software is purely a revenue costs and based on 30 agents.	Additional Expenditure	22	22	22	22	22
R8	Customers	Ongoing software license and data storage costs associated with the continued use of artificial intelligence and robotics in service provision. The use of this software will be deployed to generate efficiencies through increased automation of processes, as was the case with the grants process (see efficiency E8). Investment value comprises the cost of the ongoing use of Microsoft Azure and the renewal of the UiPath AI software from 1st April 2023.	Additional Expenditure	5	40	40	40	40
R9	Customers	Appointment of Electronic Watch (Public Procurement). NHDC agreed a 1 year contract with this company, who monitor IT suppliers used by the Council to ensure the protection and rights of workers in the electronic supply chain.	Additional Expenditure	4	-	-	-	-
R10	Legal & Community	Incorporation of the Healthy Hub Service into the Council's permanent budget based on receipt of funding from Hertfordshire County Council. I.e. confirmation that the existing arrangement will continue on an ongoing basis.	Additional Expenditure	-	-	-	-	-
R11	Legal & Community	Legal Services staffing costs. Increase in budgeted weekly hours for the Procurement Officer post from the existing 18.5 hour part-time role to a 37 hour full time post. Several unsuccessful recruitment attempts and feedback from interim appointments have indicated that the demands of the role are not commensurate with a part time position. The additional expenditure in 2022/23 would be funded from Brexit Grant as the post involves working with local businesses and other Local Authorities on post Brexit procurement matters.	Additional Expenditure	-	25	25	25	25
R12	Legal & Community	Recruitment of additional Licensing Officer (career graded 5 - 8) on a permanent contract. New post would increase service resilience and the capacity for the Licensing Team to take on some of the licensing functions currently delivered by the Environmental Health Team. The additional cost beyond 2023/24 would be re-couped through the recalculation of license fees based on the augmented staffing structure.	Additional Expenditure	25	25	-	-	-
R13	Legal & Community	Subscription to Hertfordshire Climate Change and Sustainability Partnership (HCCSP). HCCSP has an overarching mission to be the lead partnership organisation through which Hertfordshire's local authorities and the Hertfordshire Local Enterprise Partnership (LEP) can work collaboratively on environmental, climate change and wider sustainability issues. HCCSP works to support outcomes identified by the Hertfordshire Leaders Group through sharing information, coordinating and influencing solutions, and bringing forward proposals for key interventions around climate change and sustainability across Hertfordshire.	Additional Expenditure	7	7	7	7	7
R14	Place	Removal of the planned efficiency (PE1 below) associated with the provision of a Crematorium. In September 2021 Cabinet approved the recommendation to cease the Crematorium project at Wilbury Hills Cemetery and allow officers (Commercial and Greenspace teams) to investigate alternative, commercial opportunities for this site, whilst continuing the current letting arrangement with the tenant. Commercial options will be presented to Cabinet by March 2022.	Income Reduction	50	100	100	100	100
R15	Place	Additional waste, recycling and street cleansing expenditure following the Jubilee Bank Holiday. Cost includes provision for 'catch up' working for all services and a small sum for additional communication with residents.	Additional Expenditure	30	-	-	-	-

R16	Place	Creation of a permanent full time Garden Waste Service administrator post. In 2020/21, 36% of the garden waste sign ups were outside of the 2 month sign-up window. East Herts Council (EHC) and North Herts Council (NHC) currently fund 2 x 3 month temporary posts to administer the garden waste service (equivalent to 0.5 WTE) however a significant additional administrative burden is absorbed by the client team to the detriment of other services. Investment value represents the additional NHC resource required to replace the two temporary posts with the proposed permanent post (1 WTE) and assumes that a half of the cost will be funded by EHC. Increase of 0.5 WTE, so NHC funding is for 0.25 WTE.	Additional Expenditure	8	8	8	8	8
R17	Place	Project management resource to support the extension or retender of the waste, recycling and street cleansing contract. This may be in the form of consultants, a dedicated project manager or additional financial support. Additional expenditure value is based on the assumption that the shared service will continue and procurement costs will be shared with East Herts Council. Total estimated North Herts share around £100k - across 2022/23, 23/24 and 24/25. To be funded from Waste Reserve so zero General Fund impact.	Additional Expenditure	-	-	-	-	-
R18	Regulatory	Recruitment of Economic Development Officer (£30k per year) to continue the current shared service arrangement with East Herts District Council to enable the development of an Economic Development Strategy in 2022 reflecting the post pandemic environment. Work is already on-going with regard a District wide business survey, footfall counts within the 4 towns and recovery plans for the three BID areas. Extending the current arrangement for a further year to move this work on to a strategy will also allow alternative funding streams to be considered and, post the adoption of the strategy, allow the future resources requirements to be clearly identified for future years. The funding for 22/23 will be through an existing economic development reserve.	Additional Expenditure	-	TBC	TBC	TBC	TBC
R19	Regulatory	Recruitment of Conservation and Listed Buildings Officer (career graded 7 - 10). This would provide an additional officer to support the Council's only specialist officer for in excess of 2000 listed properties and a number of conservation areas. The applications attract no fee to offset the cost of the additional officer, with minimal take up of the charged pre-application process given the zero application cost. The additional officer will provide support for the increased workload following an adoption of the Local Plan, cover for the leave or absence of the existing officer, and seek to speed up the application process, which is a cause of concern for applicants. The Council has in the past had two officers. Investment value based on recruitment at top of grade 10 and represents the maximum cost.	Additional Expenditure	56	56	56	56	56
R20	Regulatory	5 year Principal Strategic Planning Officer post at grade 11. An additional Principal Strategic Planning Officer Post was approved as a growth bid in the 2020/21 budget. Following progression of the Local Plan and the Council's emphasis on place leadership, good design and addressing the climate change emergency, this post has subsequently been refocussed to ensure successful implementation of the Council's SP9 design and masterplanning approach and delivery of the supporting documents (SPDs, town centre strategies) to the Local Plan. This leaves a requirement for an experienced senior professional to focus upon (but not necessarily limited to): Programming of the work associated with the early review of the new Local Plan, contribution to emerging sub-regional joint planning arrangements for north, east and central Hertfordshire ('NEC Herts'), liaison with surrounding authorities under the Duty to Co-operate or any successor arrangements and oversight of other planning responsibilities e.g. neighbourhood planning and monitoring. This is to also include line management of career grade (8-10) posts. Five-year cost (£337k) to be funded from existing planning income reserve (balance at 1/4/21 of £469k). However, this reserve was intended to fund a wide range of matters across the planning services that require additional resource and the use of the reserve to fund this post is made with the request that in the future (e.g.) excess planning fee income, PPA income etc. will be used to replenish the reserve. See separate narrative on reserves.	Additional Expenditure	-	-	-	-	-
R21	Regulatory	5 year career-grade Planning Officer / Senior Planning Officer post (grade 10) - linked to the above, to provide an additional career-grade post for five years enabling the establishment of two mini teams working under the line management of the proposed two principal planning officer posts (There are presently three occupied career-grade posts within the team which would need to be allocated under this arrangement). This post would provide necessary additional capacity in either the 'implementation' or 'strategic planning' team to ensure successful delivery of the team's work programme. Assumes recruitment at top of grade 10 for worst case, however could be recruited for example at a grade 8 £36,600. Total salary cost of £55,600 per annum to be met from (i) permanent reduction in hours of an existing planning policy career grade post and development management posts under agreed flexible working arrangements and (ii) use of existing neighbourhood planning reserve to part-fund existing career-grade post with lead responsibility over a period of five years	Additional Expenditure	-	-	-	-	-
R22	Regulatory	Adopted Local Plan early review. The examination of the Local Plan has cost approximately £1m and, although it is presently anticipated that the cost of the early review will not be as high (due to, inter alia, having a relatively recent plan to build upon, potential for some costs to be shared / mitigated / absorbed through joint planning arrangements etc.) there will still be a significant cost. There is no ongoing base budget or income source for strategic planning work. There will be a requirement for early stage evidence studies to inform the review scheduled for late 2023 and / or 'pace' the development of the evidence base whilst any year-on-year underspend will help mitigate / reduce further growth bids as the Plan reaches key points (e.g. pre-submission and examination stages which require full, up-to-date evidence bases, legal support etc.) Total bid of £60k per year, it is proposed that 50% of this to be met from existing reserve for "Local Plan post-2031" work for 3 years. The remaining amount within the reserve (£60k (£150k - £90k)) will be used for Herts Growth Board work (to date £40k has been committed to a growth study, leaving a small amount (£20k) for future work, over and above this there is no funding) and for initial work following adoption of the Local Plan.	Additional Expenditure	30	30	30	60	60
R23	Regulatory	Introduction of career grading for Environmental Health Technical Officer posts (career grade from current grade 6 up to an 8). Environmental Health is nationally recognised as a hard to recruit and retain regulatory service. The service workload has increased following the European Transition, particularly around food safety, and in addition the number of complaints has increased (e.g. noise by 20%). As such, to free up capacity within the qualified staff and to develop our own qualified staff, it is proposed to move the four current technical officers from a grade 6 to a career graded 6 - 8 post. This will allow qualified officers to focus on more complex case work and create additional competency within the technical officers. In addition, it should allow future vacancies of senior officers to be filled internally in future years. Additional cost represents the maximum additional resource required (costed at top of grade 8 compared to current staff at a grade 6).	Additional Expenditure	30	30	30	30	30
R24	Regulatory	Additional Career Graded Environmental Health Officer (up to a grade 10) focused on food safety. The additional officer will help the service to fully deliver all interventions required by the Food Law Code of Practise, eliminate the current backlog of food hygiene interventions, maintain the required frequency of future interventions and comply with the Food Standard Agency's Covid-19 recovery plan. In addition there is additional workload around Brexit and the need to issue export licenses for food products. Investment value represents maximum resource required.	Additional Expenditure	56	56	56	56	56
R25	Regulatory	Environmental Health Inequalities Officer (estimated to be grade 8 but subject to job evaluation- £43k per year). This new role would work with our residents to identify and address local health inequalities associated with their housing e.g. fuel poverty and / or housing disrepair adversely affecting residents' health, and also promote other health campaigns and grant applications linked to Environmental Health, including residential security and the myriad of green home grants currently available. The role could also deliver the forthcoming Empty Homes Policy. It is proposed to initially be a fixed term two year post to assess its effectiveness. This role would be subject to funding from Hertfordshire County Council, so assumed at zero net cost to the Council.	Additional Expenditure	-	-	-	-	-

R26	Regulatory	Scanning of micro-fiche records. The Council currently holds approximately 125,000 micro-fiche records. Predominantly these are planning records required to be kept as part of the statutory public register. Not only is there a degradation in the quality of the records on the micro-fiche, the micro-fiche reader/printer machine is in disrepair and spare parts are becoming more difficult to source. IT has sought to source a new reader and there are none on the market. As such it is proposed to scan the records, which can then be accessed electronically.	Additional Expenditure	53	-	-	-	-
R27	Resources	Property Services team restructure. The restructure increases the capacity of the team to meet both ongoing demands on the function and undertake the exercise to retender the compliance contract. The intention is that the new staffing arrangements will be reviewed at the start of 2024/25.	Additional Expenditure	7	7	-	-	-
R28	Resources	Repairs and maintenance works outside of routine / annual compliance requirements. Provision is requested for the external decoration of Ransoms Pavilion, Wilbury Hills Cemetery and Brotherhood Hall, the replacement of water pumps at Hitchin Town Hall and replacement lighting to ramps at Hitchin Multistorey car park.	Additional Expenditure	20	-	-	-	-
R29	Commercial	Temporary storage costs associated with the building of a new museum storage facility. Initial estimate based on using existing property (e.g. old Letchworth museum) and shipping containers	Additional Expenditure	30	40	-	-	-
R30	Resources	Revenue cost of internal borrowing required to finance the proposed capital programme. Value only reflects Minimum Revenue Provision of 2.5%, as additional impact of lost interest income (estimated to be 0.5%) is included in the interest income projection (see E25).	Additional Expenditure	-	-	-	-	52
Total Net Budget Increase from new pressures and investment proposals			Total Additional Expenditure	477	381	319	349	401
			Total Income Reduction	50	100	100	100	100
			Total Investments	527	481	419	449	501

Efficiencies earmarked in 2022/23 (and/or beyond) resulting from previous decisions

	Service Directorate	Description of Proposal	Budget Impact	Efficiency				
				2022/23	2023/24	2024/25	2025/26	2026/27
				£'000	£'000	£'000	£'000	£'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)	(100)
PE2	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 2022/23: Reinstatement of budget provision in 2026/27	Expenditure reduction	117	117	117	-	117
PE3	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	61	87	87	87	87
PE4	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. UPDATE CBP 2022/23: Delay to the capital scheme due to additional works required means that achievement of planned efficiency is now expected one year later than originally anticipated.	Additional Income	-	(9)	(28)	(28)	(28)
PE5	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. CBP 22/23 UPDATE: Budget saving removed in 26/27 as panel is scheduled to convene.	Expenditure Reduction	(2)	(2)	(2)	-	(2)
PE6	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)	(9)
PE7	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
PE8	Managing Director	Reduce frequency of Outlook from 3 editions per year to 2 editions per year.	Expenditure Reduction	(8)	(8)	(8)	(8)	(8)
Total Net Budget Reduction from earmarked efficiencies			Total Expenditure reduction	102	98	98	(17)	98
			Total Additional Income	11	(22)	(41)	(41)	(41)
			Total Efficiencies	113	76	57	(58)	57

Investments earmarked in 2022/23 (and/or beyond) resulting from previous decisions

	Service Directorate	Description of Proposal	Budget Impact	Investment				
				2022/23	2023/24	2024/25	2025/26	2026/27
				£'000	£'000	£'000	£'000	£'000
PI1	Regulatory	Review of Social Housing stock- On a four yearly basis, procure consultants to analyse the condition of housing stock in North Herts and/or support activity on measures aimed at resultant findings/current priorities (e.g. helping residents introduce energy efficiency measures).	Additional Expenditure	-	-	20	-	-
PI2	Regulatory	Local housing market analysis - Appoint consultant biannually to provide information and analysis on the local housing market in order to inform the development of housing policies and strategies. UPDATE CBP 2022/23: Proposed to remove biannual £7.5k budget earmarked in 2023/24 & 2025/26 and instead replace with permanent £3k top-up to existing consultants budget to create an annual budget of £5k for local housing analysis from 2022/23. Net zero impact on General Fund over the five year period 2022 - 2027.	Additional Expenditure	(5)	(5)	(5)	(5)	(5)
PI3	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)
PI4	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	1	1	1	1	1
PI5	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	29	29	29	29	29
PI6	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	8	8	8
PI7	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)	(40)
PI8	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)	(20)
PI9	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)	(26)
PI10	Managing Director	Investment interest income. Budget estimate adjusted in line with anticipated cash balances and interest returns, as detailed in the Council's Investment Strategy (Combined Capital and Treasury) for 2021-31. CBP 2022/23 Update: Interest income projections will be updated for new Investment Strategy once finalised.	Income Reduction	1	6	7	11	11

Total Net Budget Increase from earmarked investments	Total Additional Expenditure	(37)	(53)	(33)	(93)	(93)
	Total Income Reduction	1	6	7	11	11
	Total Investments	(36)	(47)	(26)	(82)	(82)

Savings incorporated since 2021/22 Budget approved by Council in February 2021

Report	Service Directorate	Description of Saving	Budget Impact	Saving				
				2022/23	2023/24	2024/25	2025/26	2026/27
				£'000	£'000	£'000	£'000	£'000
Third Quarter Revenue Monitoring 2020/21	Place	Net income from Garden Waste service. Increase in income expectation reflects the sustained level of demand for the service, with a similar number of households signing up to the new subscription period that commenced in October 2020.	Additional Income	(81)	(81)	(81)	(81)	(81)
Revenue Budget Outturn 2020/21	Regulatory	Hertfordshire County Council contribution to highways verge maintenance. Increase in income follows the new service contract agreed with Hertfordshire Highways.	Additional Income	(15)	(15)	(15)	(15)	(15)
Revenue Budget Outturn 2020/21	Place	Refuse service income. Bins which are no longer reusable, and would previously have been disposed of, are now instead being sold to a plastics recycling company. Whilst the plastics market is buoyant an annual income can be expected (included within other minor variances total in table 3).	Additional Income	(8)	(8)	(8)	(8)	(8)
First Quarter Revenue Monitoring 2021/22	Place	Reorganisation of the Leisure and Active Communities Team, with the deletion of the Active Communities Manager post. The Covid-19 pandemic limited the ability of the Active Communities service to both deliver activities, due to lockdown restrictions, and to secure external funding to finance projects and initiatives. Responsibility for delivering ongoing tasks and activities has been absorbed within the Leisure Manager and Leisure Officer posts.	Expenditure Reduction	(32)	(32)	(32)	(32)	(32)
First Quarter Revenue Monitoring 2021/22	Resources	Shared Internal Audit Service. Agreed reduction of 50 days to the audit plan from 2021/22. The efficiency proposal approved by Council in February 2021 (as detailed in PE6 above) had assumed a reduction of 15 days in 2022/23 and a further reduction of 15 days from 2023/24. With no further reductions now anticipated, the ongoing impact has been adjusted accordingly.	Expenditure Reduction	(15)	(11)	(11)	(11)	(11)
Electoral Cycle	Legal & Community	At the Extraordinary meeting of Full Council on the 7th December 2021, the Council resolved to change the electoral cycle to all-out elections. At present, scheduled elections take place in three out of every four years. The first all-out election will take place in May 2024 and, with no elections anticipated in 2025/26 under either election cycle, the financial saving will materialise from 2026/27. The precise saving will depend upon whether the district elections can be combined with any another election, and whether the formulation of the Fees and Charges Order for any elections paid for by central Government were included, as that varies from election to election. The saving could potentially increase if parish council election dates are aligned with the District Council in future.	Expenditure Reduction	-	-	-	-	(121)
Second Quarter Revenue Monitoring 2021/22	Commercial	District Council Offices Second Floor Letting Income. Tenant's contribution towards the overhead costs of the building (primarily energy costs & business rates), which is based on the proportion of space occupied, as well as those costs directly associated with the second floor (e.g., cleaning costs). The tenant is also required to pay a service charge relating to the use of the communal areas and lifts at the DCO.	Additional Income	(39)	(39)	(39)	(39)	(39)
Second Quarter Revenue Monitoring 2021/22	Customers	Hertfordshire County Council contribution to Empty Homes Review (included within 'other minor variances' total in table 3). The cost of the review will be fully funded by HCC from the next financial year.	Additional Income	(6)	(6)	(6)	(6)	(6)
Second Quarter Revenue Monitoring 2021/22	Place	Income from the sale of paper collected for recycling. A new contract, procured alongside the Hertfordshire Waste Consortium, commenced in June 2021. The sale price for paper achieved each month under the new contract is dependent on the market price which, while variable, has to date been significantly higher than the fixed price per tonne agreed under the previous contract.	Additional Income	(71)	(71)	(71)	(71)	(71)
Second Quarter Revenue Monitoring 2021/22	Place	Recycling credits income from Hertfordshire County Council for commingled recyclates collected. While the volume of commingled recycling collected in this financial year has been lower than the prior year, where tonnages peaked during lockdowns, tonnages remain higher than those recorded in the equivalent period prior to the Covid-19 pandemic. The higher recycling tonnages therefore increase the eligible amount of recycling credits income from HCC.	Additional Income	(108)	(108)	(108)	(108)	(108)
Second Quarter Revenue Monitoring 2021/22	Place	Public Conveniences Business rates expenditure. The Non-Domestic Rating (Public Toilets) Act received Royal Assent on 29 April 2021. This Act provides a 100% business rates relief for separately-assessed public toilets in England and Wales, including those being operated by Local Authorities. Budget adjustment included within 'other minor variances' total in table 3.	Expenditure Reduction	(11)	(11)	(11)	(11)	(11)
Second Quarter Revenue Monitoring 2021/22	Resources	Insurance Premiums. The Casualty category of insurance premiums, which includes Public Liability and Employers Liability, was retendered this year and resulted in a saving of around £20k. This is partially offset by an increase of around £7k on other premiums (included within 'other minor variances' total in table 3).	Expenditure Reduction	(13)	(13)	(13)	(13)	(13)
Revenue Budget Report 2022/23	Commercial	Commercial rent income. Income increase follows rent changes agreed for investment properties at York Way and Blackhorse Road Industrial Estate.	Additional Income	(10)	(10)	(10)	(10)	(10)
Total Savings incorporated since 2020/21 budget agreed in February 2020			Total Expenditure Reduction	(71)	(67)	(67)	(67)	(188)
			Total Additional Income	(338)	(338)	(338)	(338)	(338)
			Total Efficiencies	(409)	(405)	(405)	(405)	(526)

Budget Pressures and Investments incorporated since 2021/22 Budget approved by Council in February 2021

Report	Service Directorate	Description of Pressure	Budget Impact	Pressure				
				2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Third Quarter Revenue Monitoring 2020/21	-	Net total of minor permanent budget adjustments requested at Quarter Three 2020/21 ('other minor variances' total in table 3).	Additional Expenditure	2	2	2	2	2
Revenue Budget Outturn 2020/21	Managing Director	Fees payable to the External Auditor. Base budget increase relates to the service provided by the external auditor as reporting accountant for the housing benefit subsidy claim. Value is based on the experience of recent years.	Additional Expenditure	12	12	12	12	12
Revenue Budget Outturn 2020/21	Managing Director	Hertfordshire Property Partnership programme. Annual contribution to Hertfordshire County Council for the Hertfordshire Property Partnership programme management costs. The annual contribution has been made for the last three years and is expected to be ongoing (included within other minor variances total in table 3).	Additional Expenditure	10	10	10	10	10
Revenue Budget Outturn 2020/21	Customers	Careline Corporate Dispersed Alarms Income. Adjustment to the ongoing income expectation in line with activity in recent years (included within other minor variances total in table 3).	Income Reduction	10	10	10	10	10
First Quarter Revenue Monitoring 2021/22	Place	Domestic Waste & Recycling and Street Cleansing contract expenditure. The budget for 21/22 assumed a contract indexation of 0.4%, based on the respective indices at that time. Due to subsequent increases in the fuel price index and the Consumer Price Inflation index, the calculation of the actual indexation rate for 21/22, as defined in the terms of the contract, resulted in an increase to contract prices of 3.8%.	Additional Expenditure	176	176	176	176	176
First Quarter Revenue Monitoring 2021/22	Place	Commercial Waste and Recycling Services. Following the easing of COVID restrictions most customers have begun trading again, however some have ceased trading. Of those customers who have resubscribed to the service, there has been a rationalisation of the services used, such as reduced frequency of collections, reduction in the number of bins and / or bin sizes. The estimated income impact is partially offset by a projected reduction in tipping charges, from the lower levels of waste collected, and lower contract costs from the lower level of activity.	Income Reduction	32	32	32	32	32
First Quarter Revenue Monitoring 2021/22	Customers	Housing Benefit and Council Tax administration grants. The Council was notified in March 2021 both that the Council Tax Admin grant would increase by £15k to a total of £137k for 2021/22, while the Housing Benefit Admin grant would reduce by £24k to a total of £274k receivable in 2021/22. The overall £9k reduction in grant income was included within the other minor variances total in table 3 of the monitoring report for the First Quarter of 2021/22.	Income Reduction	9	9	9	9	9
First Quarter Revenue Monitoring 2021/22	-	Net total of minor permanent budget adjustments requested at Quarter One 2021/22 (included within 'other minor variances' total in table 3).	Additional Expenditure	6	6	6	6	6
Second Quarter Revenue Monitoring 2021/22	Place	Recycling credits income from Hertfordshire County Council for paper collected for recycling. The decline however in the volume of paper collected each month continues, with the base budget adjusted to reflect current levels of paper collected.	Income Reduction	18	18	18	18	18
Second Quarter Revenue Monitoring 2021/22	-	Net total of minor permanent budget adjustments requested at Quarter Two 2021/22 (included within 'other minor variances' total in table 3).	Additional Expenditure	2	2	2	2	2
Revenue Budget Report 2022/23	-	Net total of minor permanent budget adjustments requested at Month 8 2021/22 monitoring within the revenue budget report for 2022/23 (included within 'other minor variances' total in table 3).	Additional Expenditure	1	1	1	1	1

Total pressures and investments incorporated since 2020/21 budget agreed in February 2020	Total Additional Expenditure	209	209	209	209	209
	Total Income Reduction	69	69	69	69	69
	Total Pressures Arising	278	278	278	278	278

Previously agreed changes, including updates to amounts

Reference	Service Directorate	Description	Budget Impact	Pressure / Saving				
				2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'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 2022/23: Estimates updated and extended to 2026/27	Saving	(1)	(3)	(4)	(6)	(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	4	7	7	7	7
-	Managing Director	District Wide Survey (estimated cost £18k) takes place in alternate years. UPDATE CBP 2022/23: Budget removed in 2026/27 as no survey due to take place in that year.	Saving	(18)	-	(18)	-	(18)

Total Net Budget Impact	Total Pressures	4	7	7	7	7
	Total Savings	(19)	(3)	(22)	(6)	(25)
	Net Budget Impact	(15)	4	(15)	1	(18)

Expenditure Budget requested to be Carried Forward from 2021/22

Report	Service Directorate	Purpose of Carry Forward	Carry Forward				
			2022/23	2023/24	2024/25	2025/26	2026/27
			£'000	£'000	£'000	£'000	£'000
First Quarter Revenue Monitoring 2021/22	Customers	Artificial Intelligence (AI) Software Licenses. The approved revenue investment allocation of £35k for AI software was carried forward at the end of 2020/21. The first year's software licenses have now been procured at a cost of £24k and a carry forward of £11k is requested to contribute to the second year's license fee in 2022/23.	11	(11)	-	-	-
First Quarter Revenue Monitoring 2021/22	Regulatory	Transport User Forum. The Forums are currently held virtually due to the pandemic, which has reduced the costs of facilitating the User Forum, such as venue costs and consultant advice. There are no plans to change this in the current year, so it is anticipated that most of the budget will not be spent. A carry forward is requested to fund the costs of the User Forum in the next financial year.	40	(40)	-	-	-
Second Quarter Revenue Monitoring 2021/22	Legal & Community	Brexit Grant funded expenditure. A carry forward of this budget is requested to fund an increase in the contracted weekly hours of the Procurement Officer post in Legal Services, from 18.5 to 37 hours in 2022/23, as described in the corresponding revenue investment proposal included in the draft budget for next year. The role will include working with local businesses and other Local Authorities on post Brexit procurement matters.	32	(32)	-	-	-
Second Quarter Revenue Monitoring 2021/22	Regulatory	Supplementary Planning Documents. At its meeting in March 2021 Cabinet approved the reallocation of existing approved revenue budgets for Community Infrastructure Levy (£87k carried forward from 2020/21) and the potential Single Issue Review of the Local Plan (£80k, of which £40k carried forward from 2020/21) to create a budget for the delivery of the work on a revised and updated programme of Supplementary Planning Documents. Progress in developing the programme of Supplementary Planning Documents has however been delayed due to the focus on masterplanning and the secondment of Strategic Planning staff to support Development Management. It is therefore requested to carry forward the forecast unspent budget to fund the progress of this work in 2022/23	100	(100)	-	-	-
Second Quarter Revenue Monitoring 2021/22	Regulatory	Parking Lines & Signs maintenance. Not all planned works will be completed due to the capacity of staff to manage the projects. The forecast unspent budget is therefore requested to be carried forward to fund the cost of those works that will now be completed in 2022/23.	28	(28)	-	-	-
Revenue Budget Report 2022/23	Legal & Community	Area Committee Grants. The carry forward requested is at this stage an estimate of unspent and unallocated Area Committee budgets. This is largely due to the influx of additional funding that has been provided to the District Council from the County Council to support organisations that have been affected by Covid. Many of the applications that have been received have been for addressing the impacts of Covid on the organisations' ability to function and support those in the community. The application amounts have often exceeded the Area committee budgets and have been diverted to these larger funding pots so that the application requests can be fulfilled in their entirety.	19	(19)	-	-	-
Revenue Budget Report 2022/23	Regulatory	Supplementary Planning Documents (SPDs). It is anticipated that the evidence based work associated with the SPDs, and approved by Cabinet in March 2021, will be procured in the final quarter of 2021/22. The majority of spend will now be in 2022/23 and it is therefore requested to carry forward the remaining £67k allocated to this project.	67	(67)	-	-	-
Revenue Budget Report 2022/23	Regulatory	Town Centre Strategies. Council approved an investment bid of £40k for 2021/22 to finance progress with town centre strategy reviews, which form part of the documents supporting the Local Plan. Due to the delay in the issuing of the Inspectors final report post examination of the Local Plan, it is requested that this budget is carried forward to enable work to commence in the next financial year following adoption of the Local Plan.	40	(40)	-	-	-
Revenue Budget Report 2022/23	Regulatory	Transport User Forum. The forums have been held virtually due to the pandemic, which has reduced costs, and there are no plans to change this format for the remainder of this financial year. £40k was requested to be carried forward at Quarter One and it is requested that the remaining current year budget is carried forward to fund the costs of the User Forum in the next financial year.	7	(7)	-	-	-
Total Budget Carried Forward			344	(344)	-	-	-

Budget Summary 2022 - 2027

All amounts £000	2022/23	2023/24	2024/25	2025/26	2026/27
Net expenditure brought forward	15,468	18,123	16,836	16,052	15,903
Planned delivery of savings previously identified	113	-38	-19	-115	115
Planned Investments previously approved	-36	-11	21	-56	0
Other previously identified adjustments in future years	-15	19	-19	16	-19
Savings and Cost Reductions reported in year	-409	4	0	0	-121
Investments and Pressures reported in year	278	0	0	0	0
Covid-19 Recovery Provision	1,740	-930	-810	0	0
New savings proposals	-591	-116	-123	-88	-20
New investment proposals	527	-46	-62	30	52
2021/22 Estimated Pay Award	-65	0	0	0	0
Additional 1.25% Employer NI Contribution	188	-88	0	0	0
Net pay increments	-7	50	50	50	50
Pay inflation	287	300	300	300	300
Forecast Contractual Inflation	462	400	400	325	325
Forecast Income Inflation	-160	-288	-221	-212	-216
2021/22 Budgets Carried Forward	344	-344	0	0	0
Further savings tbc	0	-200	-300	-400	-600
Total Net Expenditure	18,123	16,836	16,052	15,903	15,769
Council Tax Income	-12,248	-12,560	-12,875	-13,197	-13,527
Council Tax Collection Fund (Surplus) / Deficit	2	54	0	0	0
(Negative) Revenue Support Grant	0	602	1,232	1,257	1,282
Business Rates	-2,726	-2,831	-2,898	-2,956	-3,015
Business Rates - Under-indexing of multiplier compensation	-224	-229	-234	-239	-244
New Homes Bonus / new Housing Growth Incentive Scheme	-295	-150	-150	-150	-150
Lower Tier Services Grant	-122	0	0	0	0
2022/23 Services Grant / funding for Health and Social Care Levy	-188	-100	-100	-100	-100
Other	39	32	26	26	26
Total Funding	-15,762	-15,182	-14,999	-15,359	-15,729
Net funding position (use of reserves)	2,361	1,653	1,053	543	41
General Fund b/f	9,493	8,315	6,661	5,608	5,065
Special Reserve Transfer	-639	0	0	0	0
MHCLG Grants Transfer	-543	0	0	0	0
General Fund c/f	8,315	6,661	5,608	5,065	5,024

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Appendix X- CIPFA Resilience Index results and detailed commentary

The screenshots below show the results from the CIPFA resilience index. The data is for 2020-21 with trends based on the preceding 3 years. The data comes from a Revenue Outturn form that all Local Authorities are required to complete.

North Herts Council can be compared against our statistical “nearest neighbours” or against all Non-Metropolitan Districts. The “nearest neighbours” are: Ashford, Basingstoke and Deane, Braintree, Broxbourne, Chelmsford, Dacorum, East Herts, Epping Forest, Huntingdonshire, Maidstone, Stroud, Test Valley, Tonbridge and Malling, and Vale of White Horse.

As this is an index all results are comparative, and the tool takes no view on what is an acceptable level. For example, all the Councils (particularly when looking at a nearest neighbour comparison) could all be acceptable (or better) but someone would still be shown as higher risk as they would be the ones with the “worst” data.

The index has 13 measures across two pages. On the first page there are 8 measures and there are 5 on the second page (although one relates to Housing Revenue Account so is not relevant to North Herts Council). These are summarised in a small chart in the top left corner. This plots North Herts Council against the other comparators. The table in the top right shows the indicator value for North Herts Council against each indicator and the minimum and maximum values from the comparator group. By clicking on one of the indicators the bottom of the page shows more detail for that indicator. The bottom left shows each Council in the comparator group. The bottom right shows the performance of North Herts over the last 4 years. In the middle of the page is a box showing the Auditors VFM (Value for Money) Assessment. As the Council’s audit for 2020/21 has not yet been completed this is shown as “refer to local authority website”.

The format of the page is the same whether the comparator group is set as “nearest neighbour” or all Non-Metropolitan Districts. In the screenshots below, the bottom sections have not been included for the comparator being all Non-Metropolitan Districts. This is because the trend analysis is the same as it only relates to North Herts Council in each case. The graph in the bottom left is not helpful when shown as a screenshot as there is too much data (with all Non-Metropolitan Districts included) to fit in without scrolling across.

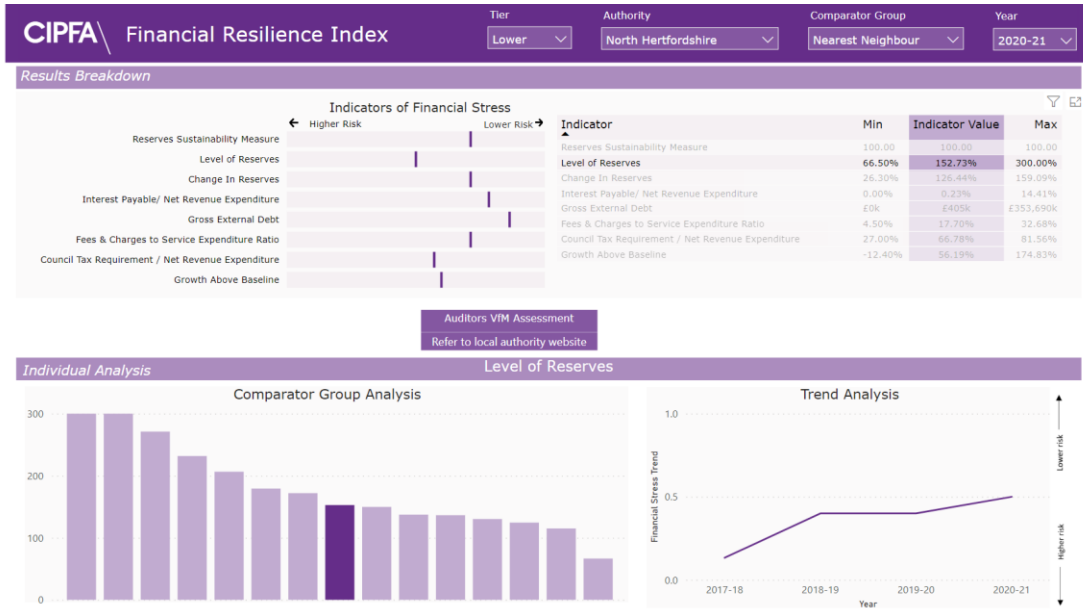
To keep the number of screenshots manageable, the bottom section has only been included for the indicator where North Herts Council is showing as highest risk on each of the 2 pages.

The 12 relevant indicators are detailed in the table below, including information provided by CIPFA:

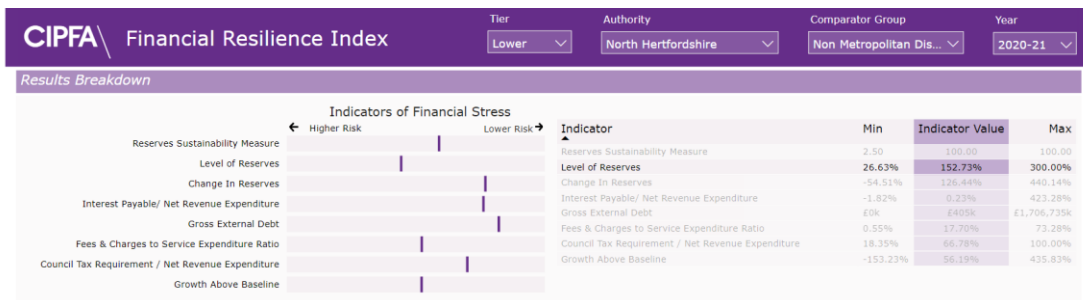
Indicator	Detail/ Impact	Supporting Notes
Reserves Sustainability	How long an authority's reserves will last if they continue drawing them down at the same rate. The longer an authority's reserves will last, the less risk	Without reserves, councils have no ability to weather financial storms. It is the responsibility of the S151 officer to utilise good financial management and decide what is an appropriate level of reserves. Reserves may have been increased as a result of COVID payments.
Level of Reserves	Lower levels of reserves imply higher risk	It is the responsibility of the S151 officer to utilise good financial management and decide what is an appropriate level of reserves. Good financial management can be achieved with relatively low reserves, while high reserves do not always indicate good financial management.

		COVID payments paid at the end of March 2021 will have an impact on this indicator if the local authority recorded them as reserves such as section 31 payments for business rate relief.
Change in reserves	Percentage change in reserves over the past three years. Negative changes imply higher risk	This indicator shows the degree of change in reserve levels as an average over the last three years. An increasing use of reserves over this period indicates a higher risk to financial sustainability. The indicator should be viewed with the MTFP, total reserves, planned use of reserves, and the level of reserves which the authority determines to be an appropriate minimum. We would not suggest inter-authority comparison, as each will have differing reserves policy, reserves levels and planned use. This figure will be impacted by the increase in reserves as a result of the COVID payment.
Interest Payable/ Net Revenue Expenditure	The higher the interest that needs to be paid, the higher the risk	The Prudential Code is clear that local authorities should borrow within their means. Minimum revenue provision ensures that there is suitable debt cover. Substantial debt must be monitored, and effective risk management must be evident.
Gross External Debt	The higher the gross debt level, the higher the risk	
Fees and Charges to Service Revenue Expenditure	The higher the ratio the lower the risk (income). A greater amount of fees/charges will make councils more resilient as they have more control over budgets	You have greater control over your own ability to put charges up or down, giving more control over budget. Local authorities have the ability to raise income through certain fees and charges. Fees and charges across different sources may reduce risk. CIPFA is aware of the alternative argument that councils with low fees and charges have greater scope to generate more income, but this approach was supported by the working group. CIPFA is aware that during the pandemic this has not proven to be true as grants have underpinned income losses but over the longer term we continue to support the principles of this indicator.
Council Tax Requirement / Net Revenue Expenditure	Higher the ratio the lower the risk (income)	Council Tax is a stable form of income. Collection rates and hardship schemes have resulted in minimal impact across the board. Awareness of the pressures from COVID and the requirement for Government support.
Growth above baseline	The higher the ratio the higher the risk	Local authorities have been able to maintain their growth in business rates. There is an issue that in a reset, those with greater income above the baseline will face a greater negative impact. This makes them more vulnerable. Business rates changes have been delayed along with the fair funding review but the risk continues to exist.
Unallocated reserves	These are components of the “level of reserves” indicator above.	
Earmarked reserves		
Change in unallocated reserves	These are components of the “change in reserves” indicator above.	
Change in earmarked reserves		

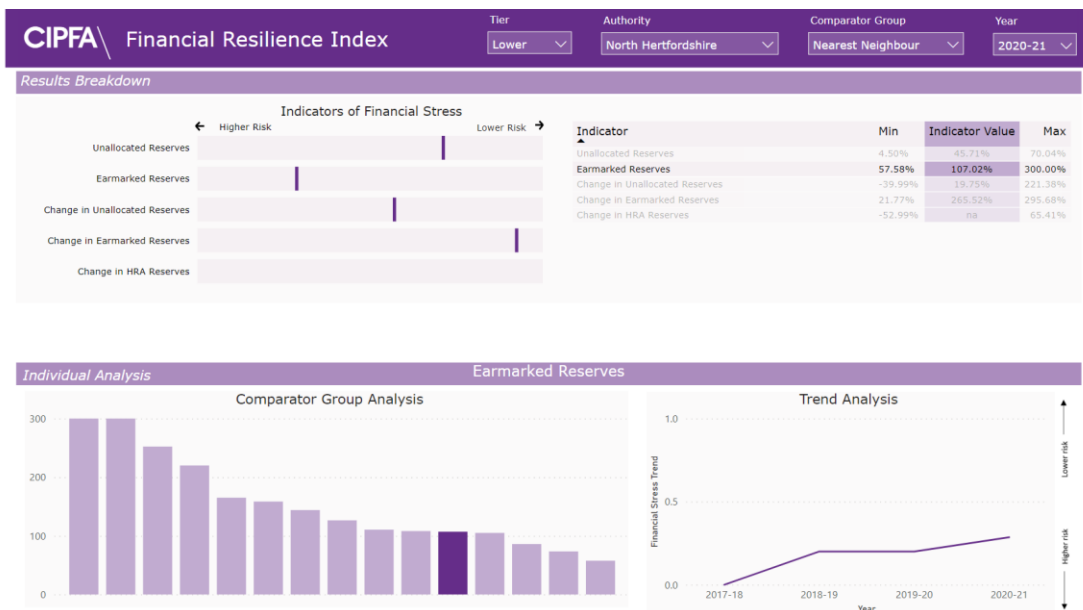
Page 1- Nearest Neighbour comparator (additional detail relates to “level of reserves” measure)



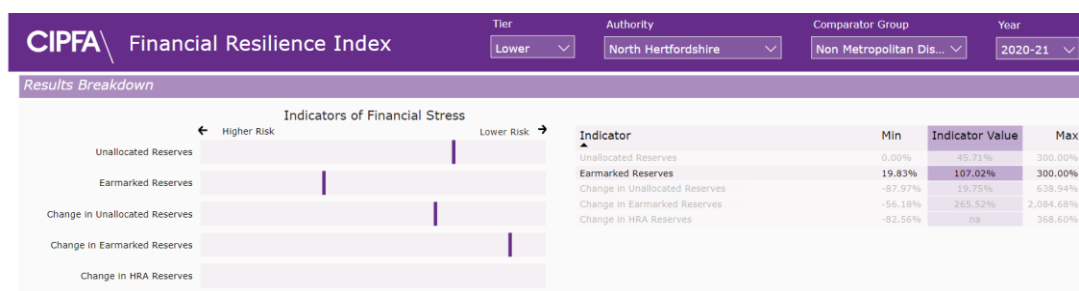
Page 1- Non-Metropolitan Districts comparator



Page 2- Nearest Neighbour comparator (additional detail relates to “earmarked reserves” measure)



Page 2- Non-Metropolitan Districts comparator



Overall North Herts Council is measured as lower risk against most of the indicators. The table below provides a brief commentary against those indicators which are shown as slightly higher risk.

Indicator	Level of Risk	Commentary
Reserves Sustainability	Just above the middle compared against all Non-Metropolitan Districts	Based on the data North Herts Council is not currently using reserves to balance its budget. This is partly due to reserves being increased from Covid-19 business funding being held. The position is therefore just the ordering of the data when a large number of Councils have the same indicator value. The Council is forecasting that it will need to use reserves over the medium-term, based on future funding forecasts. The Medium-Term Financial Strategy (MTFS) details this risk and sets out how it will be achieved whilst keeping reserves above the minimum level.
Level of Reserves	Around the middle against both comparator groups	The Council's overall reserves would cover its net expenditure for around 1.5 years. This measure therefore reflects that some Council's have some very high levels of reserves, rather than a concern about North Herts Council's level of reserves.
Fees and Charges as a proportion of service expenditure	Around the middle compared against all Non-Metropolitan Districts	CIPFA state that it is better to have more of your expenditure funded from fees and charges, as you then have more control. However as fees and charges can be significantly impacted by demand (as demonstrated by the Covid-19 impact) this may no longer be correct, as high dependency also has a lot of risk. Being around a mid-level is therefore considered reasonable.
Council Tax requirement to net revenue expenditure	Around the middle compared against nearest neighbours	The Council can not change its dependency on Council Tax without choosing to reduce the extent to which it increases it. That would bring much greater resilience problems. The MTFS highlights the inflation risk that the Council faces, which is made worse by the fact that Council Tax (as a key funding source) goes up by a lower percentage than general inflation.
Growth above baseline	Around the middle against both comparator groups	The Council chooses to budget at its baseline level of business rates income. This means that the risk that CIPFA highlight is not applicable, as the Council would not be impacted by a rates reset.
Earmarked Reserves	Above average risk compared against both comparator groups	See comment about level of reserves above. The Council could always choose to increase earmarked reserves by moving amounts from unallocated reserves.

COUNCIL
10 February 2022

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)

REPORT OF: SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND I.T.

COUNCIL PRIORITY: ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1. EXECUTIVE SUMMARY

The Investment Strategy provides the following key information:

- A capital programme of £7.696m in 2022/23 and £19.969m for the period 2023/24 to 2026/27.
- Recommendations on the Prudential and other Treasury indicators that will be monitored and reported on during the year (2022/23)
- As the Council has identified a need to borrow for capital purposes, a borrowing and Minimum Revenue Provision (MRP) policy
- The scope of treasury investments where the Council will invest any surplus cash.

2. RECOMMENDATIONS

- 2.1. That Council approve the adoption of the Investment Strategy (as attached at Appendix A), including the capital programme and prudential indicators.
- 2.2. That Council approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.12 to 8.17).
- 2.3. That Council approve bringing forward the £150k capital allocation for NHLC: Sauna Steam Refurbishment forward in to 2021/22

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes

- 3.2 To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from the Department of Levelling Up, Housing and Communities (DLUHC) and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Each proposed service related capital scheme is the result of consideration of options for the best way of continuing service delivery by the relevant Service Director in consultation with the relevant Executive Member. The capital schemes relating to District investments (rather than directly service related) will primarily consider the benefits to the District and residents, as well as a risk-based yield.
- 4.2 The primary principle governing the Council's investment criteria is the security and liquidity of its investments. After this the return (or yield) is then considered, which provides an income source for the Council. In general, greater returns can be achieved by taking on greater risk.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 All Members were given opportunity to comment on all new Capital investment proposals, as well as existing projects earmarked in future years, at the Member Budget Workshops held in November 2021. Notes of the comments raised at the workshops were provided to Cabinet in December. There have been four changes to the capital programme since the budget workshop, which are:
- Investment of £250k in a new mausoleum. This will mainly be funded from a specific reserve. The sale of niches will generate income for the Council.
 - Change to show the majority of bin purchases as capital (rather than revenue) expenditure. This is consistent with the Council's capitalisation policy.
 - The capitalisation of leased vehicles (including those that are part of contracted services) which is required by new Accounting Standards.
 - Change to the timing and amount for the refurbishment of the sauna facility at North Herts Leisure Centre (moved to 2022/23 and reduced to £150k). It is possible that the work could start at the end of this year (2021/22) and recommendation 2.3 seeks that approval.
- 5.2 Members will be aware that consultation is incorporated into project plans of individual capital schemes as they are progressed.
- 5.3 There is ongoing dialogue with the Authority's Treasury advisors (Link).

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision, as the decision is made by Full Council.

7. BACKGROUND

- 7.1 The Corporate Business Planning Process begins each year with consideration of policy priorities and the Council's Priorities for the District and a review of the Medium Term Financial Strategy. Finance and other resources are aligned to the strategic priorities as set out in the Council Plan.
- 7.2 Cabinet receives quarterly updates on the delivery and funding of the Council's capital programme, with the report presented at the December meeting of Cabinet providing estimates as at the end of the second quarter of 2021/22. The report advised that total expenditure of £22.266m would be required to deliver the current capital programme for 2021-2031, with £3.045m forecast to be spent in 2021/22. Table 1 below details the changes to the existing capital programme reported to Cabinet since the Capital Programme was approved by Full Council in February 2021.

Table 1

	2021/22 £M	2022/23 £M	2023/24 to 2030/31 £M
Original Estimates approved by Full Council February 2021	14.718	7.919	21.114
Changes approved by Cabinet in 3rd Qrt 2020/21	1.102	0.537	0
Changes approved by Cabinet in 2020/21 Capital Outturn report	0.473	0	0
Revised Capital estimates at start of 2021/22	16.293	8.456	21.114
Executive Member – Finance and I.T. approved additional Expenditure – Financial System upgrade	0.082	0	0
Executive Member – Finance and I.T. approved additional Expenditure – Installation of high-definition cameras in the Council Chamber	0.018	0	0
Changes at Q1 2021/22	-0.224	0.312	0
Executive Member – Finance and I.T. approved additional Expenditure on Careline Servers	0.015	0	0
Changes at Q2 2021/22	-13.139	-2.661	-8.000
Current Capital Estimates	3.045	6.107	13.114

- 7.3 The Treasury Strategy Statement for 2021/22 was approved by Council in February 2021. A mid year review of the Treasury Strategy will be provided to Council in January 2022. There have been no changes made to the Strategy during the course of 2021/22.

8. RELEVANT CONSIDERATIONS

- 8.1 The proposed Investment Strategy is attached at Appendix A. Council are asked to approve this strategy, which includes the following:
- New capital investment proposals totalling £6.769m
 - A total capital programme for the period of 2022/23 to 2026/27 of £27.665m.
 - Adoption of a treasury strategy that covers borrowing and investment forecasts and limits, including prudential indicators
- 8.2 The following are provided as appendices to Investment Strategy, and are also appendices to this report:
- Appendix A1- A full list of planned future capital expenditure (2022/23 onwards)
 - Appendix A2- A list of new capital schemes and schemes planned to commence from 2022/23.
- 8.3 The format of the Investment Strategy is described in the introduction section (pages 2 and 3). The following sections highlight the significant considerations in relation to this version of the Strategy.
- 8.4 In general the capital programme detailed in tables 6 and 7 on pages 13 and 14 is what was presented to the budget workshops (as referenced in paragraph 5.1).
- 8.5 Table 8 (on page 16) provide an assessment of the Security, Liquidity and Yield of the projected spend on these assets. Table 9 (on page 17) details that the assessment of the expected risk of loss will be carried out as part of individual business cases.
- 8.6 Table 10 (on page 17) provides a forecast of the capital receipts that the Council will generate over the next few years. The preceding paragraph provides a description of the factors that will affect the timing and amount of expected capital receipts. Any significant changes would require a change to the Investment Strategy and could also affect the revenue budget in the medium-term.
- 8.7 As detailed in table 11 (on page 18) based on forecasts of capital receipts and spend, the Council will have a need to borrow to fund the capital programme. This will require £2.0m of borrowing in 2025/26, an additional £1.4m in 2026/27, and a further £2.9m between 2027-2032. As detailed on page 19, the Council can consider whether to borrow internally or externally. However as detailed on page 20, forthcoming changes to the Prudential Code will require Councils to initially consider internal borrowing as it is considered to be cheaper and lower risk. Therefore it is assumed that the Council will borrow internally.

- 8.8 Where the Council has a need to borrow then it incurs a revenue charge known as a Minimum Revenue Provision (MRP). On page 26 it is detailed that the Council will charge MRP on an equal instalment basis. This reflects that the majority of capital spend is related to service provision and therefore the assets are expected to provide consistent benefits over their life.
- 8.9 Table 17 on page 30 details where the Council can invest its surplus cash. This sets limits to ensure appropriate diversification. The following changes are proposed compared to last year:
- Change the institution minimum credit rating for non-UK investments (from AA- to A+). This would open up more non-UK investment options and therefore allow for greater diversification of risk. The A+ rating would still exceed the rating of UK institutions (retained at BBB). The Country credit rating would be retained at AAA, which is higher than the UK rating of AA-.
 - Various changes to investment limits measured in £m (by type of investment, institution and groups of investments) to reflect the forecast year end balances. The percentages that these are based on are unchanged.
- 8.10 The Strategy still allows the Council to invest in a Property Fund(s) and a Multi-asset Fund(s), with up to £2m in each type of investment. As detailed on page 31 these investments have been delayed by expected changes to the Prudential Code. These investments will be placed on hold until there is greater certainty over some capital investment opportunities that are not currently part of the proposed capital programme. If / when they are progressed, there is a contract in place with our treasury advisers to provide professional advice on which funds to invest in (e.g. considering types of investments, level of risk, balance between income and capital growth, approach to ethical and green investments). The treasury budget will be used to procure professional advice in respect of this. It should also be noted that the fees involved will be very small in comparison to the potential differentials in yields between the various funds.
- 8.11 The Code of Practice on Treasury Management requires that a report be submitted to Full Council setting out four clauses which should be formally passed in order to approve adoption of the code. The four clauses are detailed below, including how they are met by the Council. As recommended by CIPFA, where appropriate these are included within the Council's Constitution and Financial Regulations.
- 8.12 Clause 1 relates to creating and maintaining a Policy and practices as a cornerstone for effective treasury management.
- 8.13 Full Council are asked to approve the adoption of the following Treasury Management Policy Statement, which is the same as in previous years:
- This organisation defines its treasury management activities as: "The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

- This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
- This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

8.14 The Council has adopted treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. These TMPs are unchanged from last year and follow the recommendations contained within the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments are minor and do not result in any material deviation from the Code's key principles. The TMPs are operationally focused and therefore the themes covered are detailed below, rather than providing the full document. Where relevant the detail is already covered in the Investment Strategy (e.g. approved instruments):

- TMP1- Risk Management
- TMP2- Performance Measurement
- TMP3- Decision making and analysis
- TMP4- Approved instruments, methods and techniques
- TMP5- Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP6- Reporting requirements and management information arrangements
- TMP7- Budgeting accounting and audit arrangements
- TMP8- Cash and cash-flow management
- TMP9- Money laundering
- TMP10- Staff training and qualifications
- TMP11- Use of external service providers
- TMP12- Corporate Governance

8.15 Clause 2 relates to the reporting on treasury activities. These are set out in the Investment Strategy on page 3.

8.16 Clause 3 relates to the delegation of responsibility for the implementation and regular monitoring of its treasury management policies. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet (Constitution 5.6.9) and for the execution and administration of treasury management decisions to the Service Director: Resources (Constitution 14.6.12 (a) (iii) and Financial Regulations section 13) who will act in accordance with the Council's policy statement and treasury management practices and the CIPFA Standard of Professional Practice on Treasury Management.

- 8.17 Clause 4 relates to the scrutiny of treasury management strategy and policies. The Council nominates the Finance, Audit and Risk Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies (Constitution 10.1.5 (c)).

9. LEGAL IMPLICATIONS

- 9.1 TOR 4.4.1 (b) of the Constitution provides that Full Council will exercise the function of approving or adopting the capital budget (Constitution 4.3) and approve the treasury management strategy statement (Constitution 4.4.1 (cc)).
- 9.2 Cabinet will recommend to Full Council the annual capital budget (Constitution 5.6.39) and treasury management strategy statement (Constitution 5.6.40).
- 9.3 The Finance, Audit and Risk Committee will consider the Council's policy in relation to Treasury Management and make recommendations on the Annual Treasury Management and Investment Strategy, and Treasury Management Code of Practice (Constitution 10.1.5 (c)).
- 9.4 Section 151 of the Local Government Act 1972 states that: "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs." That officer is the Service Director- Resources.
- 9.5 The proposed Prudential Indicators contained within the Investment Strategy comply with the Local Government Act 2003. The Investment Strategy has been developed to comply with the statutory guidance from the Ministry of Housing, Communities and Local Government and the CIPFA Prudential Code.

10. FINANCIAL IMPLICATIONS

- 10.1 These are covered in section 8.

11. RISK IMPLICATIONS

- 11.1 Capital investment is sometimes needed to mitigate against a risk to the Council. This is detailed to Members when a new investment comes forward. The risk implications of each individual scheme are considered in project plans as the schemes are progressed. The capital programme assumes a level of third party contributions and grants towards the cost of the schemes. There is a risk that not all the contributions are forthcoming.
- 11.2 Investment risks in relation to treasury management are covered in this report and the Investment Strategy. The TMPs (see 8.13) and Financial Regulations provide controls to manage other risks

12. EQUALITIES IMPLICATIONS

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

12.2 There are no direct equalities implications directly arising from the adoption of the Capital Programme for 2021/22 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 resources implications arising from this report.

16. APPENDICES

16.1 Appendix A- Investment Strategy

16.2 Appendix A1- A full list of planned capital expenditure (2022/23 onwards)

16.3 Appendix A2- A list of new capital schemes and schemes planned to commence from 2022/23

17. CONTACT OFFICERS

17.1 Ian Couper, Service Director- Resources, Ext: 4243, E-mail: ian.couper@north-herts.gov.uk

17.2 Dean Fury, Corporate Support Accountant, Ext 4509, dean.fury@north-herts.gov.uk

17.3 Reuben Ayavoo, Policy and Community Manager, Ext 4212, reuben.ayavoo@north-herts.gov.uk

18. BACKGROUND PAPERS

18.1 None

Appendix A

Investment Strategy (Integrated Capital and Treasury Strategy)

Part 1- Overview

Introduction

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate security and liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending plans. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses.

The Chartered Institute of Public Finance and Accountancy (CIPFA) define treasury management as:

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

This strategy now provides an integrated view of capital spend and income, alongside treasury management. This is because long-term Treasury management is inextricably linked to the funding of the capital programme. There is also a requirement to apply treasury management principles to any capital spend that is not related to service provision.

The format of this strategy is as follows:

Part 2- Capital Spend

- A summary of the Council's current capital assets. For those assets that are not held for service provision, an assessment against the principles of Security, Liquidity and Yield.
- Forecasts of the capital and revenue spend required to maintain those assets.
- Planned spend on new capital assets, with the additional assessment of risk, security, liquidity and yield for those assets that are not being acquired for service provision.
- This part of the strategy therefore gives a complete picture of forecast capital spend.

Part 3- Capital balances, receipts and the Capital Financing Requirement (CFR)

- Forecasts of expected receipts from the sale of surplus capital assets.
- Comparing capital spend forecasts with capital reserve balances and forecast future receipts gives the Capital Financing Requirement, which is the Council's need to borrow.

Part 4- Borrowing Strategy and Minimum Revenue Provision (MRP)

- This leads to the setting of a borrowing strategy which sets out how to borrow, when to borrow and for how long.
- Where the Council has a borrowing requirement, then it is required to set a policy on Minimum Revenue Provision.

Part 5- Investment Strategy

- This is then all combined to determine the levels of cash that the Council will have available for investment. This leads to an investment strategy that determines where to invest any balances, including limits on types of investments.

Part 6- Overall Risk considerations

- To consider the cumulative risks that the Council faces that arise from the totality of this strategy.

Part 7- Glossary of terms

- To explain the various terms used in this strategy.

The strategy sets a number of prudential and treasury indicators. A prudential indicator is one which is required by statutory guidance, whereas a treasury indicator is one that is set locally to provide information on performance.

Reporting requirements

Full Council will receive and approve three reports during the year:

- The Integrated Capital and Treasury strategy (this report)
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management strategy

Each of these reports will be reviewed by the Finance, Audit and Risk (FAR) Committee and Cabinet. The FAR Committee and Cabinet will also receive reports on the position as at the end of the first (to end of June) and third (to end of December) quarters. The FAR Committee undertakes an oversight role.

These reports will provide relevant updates on performance against the prudential and treasury indicators.

Basis of Estimates

The estimates contained within this strategy are based on the best information that can reasonably be obtained. For forecasts of spend on assets (revenue maintenance, capital maintenance and capital acquisitions) this is based on a combination of previous experience, indicative quotes, condition surveys and professional advice. The estimates of capital receipts are provided by the Council's Senior Surveyor and are prudent estimates based on expected use, type of sale, market conditions and (where applicable) the status of negotiations to date.

The Council has experienced some cost increases on capital projects in the past. These have generally arisen from delays in the start of the project and subsequent inflation rather than incorrect estimates. Budget Holders have been asked to be as realistic as they can be about the timing of projects and ensure that forecast costs are aligned to the expected timing. There will also be external factors that affect estimates, particularly the impacts of the United Kingdom's withdrawal

from the European Union and ongoing uncertainty over Covid-19. For capital projects, there is some flexibility to the extent to which they can overspend without further approval (ranging from 5% to 20% dependant on value) and this is considered in setting this overall strategy and in the quarterly monitoring.

Treasury Management Policy and Treasury Management Practices

In line with guidance from the Chartered Institute of Public Finance and Accountancy, the Council sets the following treasury management policy:

1. This Council defines its treasury management activities as: The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council also has treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. These TMPs follow the recommendations contained within the Code of Practice on Treasury Management (published by CIPFA), subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments are minor and do not result in any material deviation from the Code's key principles. The TMPs cover the following areas:

- TMP1- Risk Management
- TMP2- Performance Measurement
- TMP3- Decision making and analysis
- TMP4- Approved instruments, methods and techniques
- TMP5- Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP6- Reporting requirements and management information arrangements
- TMP7- Budgeting accounting and audit arrangements
- TMP8- Cash and cash-flow management
- TMP9- Money laundering
- TMP10- Staff training and qualifications
- TMP11- Use of external service providers
- TMP12- Corporate Governance

Treasury Consultant

The Council renewed its contracted with Link Asset Services to provide treasury management advice for the three year period October 2019 – September 2022. It is recognised that the responsibility for treasury management decisions remains with the Council at all times and the Council will ensure

that undue reliance is not placed upon Link. However, there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented.

The performance of the treasury consultant is assessed through regular meetings and the justifications for the advice provided.

Skills and culture

It is important that decision makers are given the information that they need to make those decisions. Given that treasury and risk management can be a complex area; this should be accompanied by the availability of appropriate training. To address the availability of information, all Council, Cabinet and Committee reports include sections on both financial and risk implications. Where a decision is more financial in nature then these considerations will be detailed throughout the report. Table 1 details the key groups in relation to decision making and the training that has been made available. This strategy is required to disclose the steps that have been taken to provide training, and it is up to individual members of those groups to ensure that they take advantage of the opportunities offered.

Table 1

Group	Reason for training	Training that has been made available
Full Council (All Councillors)	<p>Required to formally adopt this Strategy.</p> <p>Required to approve any capital purchase over £2.5m.</p>	Annual training that provides an introduction to Local Authority funding and accounting did not take place again due to Covid-19 To look at how it can be effectively reinstated during 2022/23.
Finance, Audit and Risk Committee	<p>To review the Council's policies on Treasury, Capital and the Medium-Term Financial Strategy.</p> <p>To monitor the effective development and operation of risk management.</p>	<p>Members of the Committee (and substitutes) are encouraged to complete a skills self-assessment. This allows the targeting of specific training.</p> <p>Regular reporting to the Committee on Capital, Risk and Treasury provides the opportunity to ask questions.</p>
Chief Finance Officer and Finance Team	<p>Responsibility for the financial management of the Council (under s151 of Local Government Act, 1972), including capital and treasury management. Provide advice to Budget Holders in respect of financial management.</p> <p>Responsible for reviewing and amending the financial implications sections of reports.</p>	Ongoing Continuing Professional Development for all qualified members of the finance team, including focused training for specific areas of responsibility.
Leadership Team (LT)	<p>Individual Service Directors will be responsible for putting forward proposals.</p> <p>Proposals will be reviewed by the Senior Management Team prior to taking through the Committee process.</p> <p>Members of SMT are likely to be involved in negotiating commercial deals.</p>	<p>Previous training session on risk, risk appetite and assessing risk.</p> <p>Regular updates on the Council's funding and finances, including significant changes in regulations.</p> <p>Updates on the core principles of the prudential framework.</p> <p>Planning introductory financial training during early 2022 for newer members of Leadership Team (also to be extended to Senior Management Group).</p>
Political Liaison Board (Joint Member and Officer Leadership Team)	<p>Cabinet makes recommendations to Council on the policy direction and budget for the Council.</p> <p>Approves capital spend up to £2.5m.</p>	Presentations on the implications of the CIPFA Financial Management Code to help ensure effective financial governance and sustainability.

Part 2- Capital Spend

Current Capital Assets

As at 31st March 2021, a summary of the capital assets owned by the Council is shown in table 2 below.

Table 2

Asset Type	Asset	Reason for ownership	Value (£000)
Investment Properties	Various	Retained to generate income	23,843
Surplus Land and buildings	Various	Held for future sale or development	16,435
Offices and Storage	DCO	Staff offices, customer service centre and democratic facilities	4,451
Offices and Storage	Unit 3	Off-site storage, back-up IT and emergency planning	398
Leisure Facilities	Hitchin Swim Centre / Archers	Service use	9,002
Leisure Facilities	Letchworth Outdoor Pool	Service use	3,150
Leisure Facilities	North Herts Leisure Centre	Service use	13,158
Leisure Facilities	Royston Leisure Centre	Service use	8,651
Leisure Facilities	Pavilions / Bandstands	Service use	2,269
Leisure Facilities	Recreation Grounds / Play Areas / Gardens/Allotments	Service use	5,546
Community Centres and Halls	Various	Community facilities, generally operated by third parties	12,268
Markets	Hitchin Market	To provide a market	158
Museums and Arts	Hitchin Town Hall and District Museum	District-wide museum and community facility	12,890
Museums and Arts	Letchworth and Hitchin museums, Burymead store	Museum storage	1,710
Cemeteries	Various	Service use	1,473
Community Safety	Various CCTV cameras	Service use	4
IT	Various computer equipment and software	To enable the delivery of other services	505
Parking	Various car parks	Service use	9,365
Waste Collection	Bins	Service use	351
Waste Collection	Vehicles	Service use	1,816
Public Conveniences	Various	Subject to leases/ management arrangements	621
Other	Various	Various	718
Total			128,782

Table 3 shows the capital expenditure that has been incurred during the year, or is forecast to be spent in the remainder of the year:

Table 3

Asset Type	Asset	Reason for purchase/ expenditure	Value (£000)
Cemeteries	Various	Icknield Way and Wilbury Hills Path Enhancement	64
Community Centres and Halls	Various	Grants for refurbishment of community facilities. Relates to properties that are not owned by the Council (REFCUS)	396
Grants	Various	Private Sector Housing Grants / S106 Grants (REFCUS)	166
Investment Properties	Residential Housing	To enable the conversion of Harkness Court to increase housing provision in the District	103
IT	Various computer equipment and software	To maintain IT service and provision of equipment	492
Leisure Facilities	Hitchin Swim Centre / Archers	Replace Outdoor Boiler and Hot Water Calorifer	65
Leisure Facilities	Leisure Condition Survey	Improvements to various Leisure sites	82
Leisure Facilities	Letchworth Outdoor Pool	Replace Outdoor Boiler	40
Leisure Facilities	North Herts Leisure Centre	Replace Sports Hall Heating and Refurbish Gym Floor	34
Leisure Facilities	Recreation Grounds / Play Areas / Gardens	Refurbishment of play areas.	320
Leisure Facilities	Royston Leisure Centre	Thermal Installation	50
Museums and Arts	Hitchin Town Hall and District Museum	Mainly works to the Town Hall	173
Parking	Multi-storey car parks	Lift refurbishment at Lairage, Lighting at Letchworth Multi-storey, wall works at Lairage Car Park	365
Parking	Off Street	Match Funding for Electric Vehicle charging	100
Parking	Off Street	Upgrade pay and display machines and resurfacing and Replacement of Floodlights	381
Parking	On Street	Instal On Street Charging	50
Various	Various	Capital maintenance of Council buildings/land	164
Total			3,045

Capitalisation Policy:

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classed as Property, Plant and Equipment.

Expenditure, above the de-minimis level, on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) or is below the de-minimis level, is charged as an expense when it is incurred.

The Authority's de-minimis level is £20,000 for property and £10,000 for vehicles, plant and equipment.

The Council will provide grants that fund works on assets that it does not own. This expenditure can be treated as capital expenditure, even though it does not create an asset that the Council would then own or recognise. This is known as revenue expenditure allowed to be funded by capital under statute (or REFCUS).

For the assets that the Council owns (or plans to purchase in the year) that are **not** for service delivery, the security, liquidity and yield in relation to these have been considered. For these assets it is up to the Council to determine how it balances these, and this will depend on its risk appetite. This analysis is shown in Table 4. In most cases, assets are grouped together by type. Assets that are held for income generation purposes are revalued annually. This valuation is on a fair value basis. Unless detailed below the asset is considered to provide sufficient security.

Definitions:

Security- In traditional treasury terms, this is the possibility that other parties fail to pay amounts due to the Authority. For commercial investments it relates to how susceptible they are to changes in value and market conditions.

Liquidity- This is the possibility that the Authority may not have funds available to meet its commitments to make payments. In general it relates to how easy it is to sell an asset.

Yield- The income return on an investment or asset, such as the interest received or rental income from holding a particular investment or asset.

Table 4

Asset (or type of asset)	Security	Liquidity	Yield
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£19.5m by value)	Generally subject to long leases where the land has been built on. The building would become owned by the Council if there was a default on the lease agreement. Therefore, high security.	It is possible that the Council could try and sell to the leaseholder. Otherwise low liquidity in common with commercial premises.	The assets have been owned for a number of years. Valuations are based on the yield generated.
Churchgate Shopping Centre, Hitchin- ground lease (value £1.7m)	A long lease with upward only rent reviews. However, this is dependent on amounts due being paid. Covid-19 legislation in relation to rent arrears mean that amounts are currently overdue.	On the basis that it generates a reasonable rental stream, likely to be some interest as an investment. Current rental stream is affected by Covid-19. Therefore, low liquidity, which may improve when Covid-19 recovery improves.	Valuations are based on the yield generated.
Letchworth Town Hall (value £0.9m)	25 year lease (from 2012) where the tenant has provided significant investment.	Very low liquidity as would require someone to be interested in this type of building. Listed so would limit redevelopment.	Valuations are based on the yield generated.
Beverley Close Store, Royston (value £0.1m)	15 year lease from 2017	Low liquidity in common with commercial premises.	Valuations are based on the yield generated. Previously used as a Council store and a decision was made to retain for rental income.
Residential housing (Harkness Court)	The demand for housing is considered to be greater than an office building. Therefore, it is expected that the expenditure on a conversion scheme has increased the security of the asset.	The liquidity of the asset increased with the granting of planning permission, building regulation approval and then completion of conversion work. Now expected to have quite high liquidity.	Not currently generating any income. The final completion of the conversion will increase the capital value / enable generation of rental income.
Other assets valued at less than £0.1m (£0.3m in total)	Not fully assessed	Not fully assessed	Not fully assessed

Definitions:

Fair Value: The price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

For each of the assets in table 4, there is also a requirement to carry out a fair value assessment that demonstrates that the underlying assets provide security for the capital invested. There is a further requirement to carry out an assessment of the risk of loss. This assessment generally relates to investments in commercial activities so includes items that may be less relevant to the majority of our assets. In total the risk assessment covers:

- Assessment of the market that competing in, including nature and level of competition, market and customer needs including how these will evolve over time, barriers to entry and exit, and ongoing investment required.
- Use of external advisers and how the quality of these is monitored
- Whether credit ratings are used and how these are monitored
- Any other sources of information that are used

The assessments described above are shown in table 5. In most cases the assets are grouped together by type.

Table 5

Asset (or type of asset)	Fair value assessment	Assessment of the risk of loss
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£19.5m by value)	Valued on a fair value basis. The valuation is based on rental yields.	Subject to competition from other sites within the same industrial areas and other locations. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the site. Any maintenance is the responsibility of the leaseholder.
Churchgate Shopping Centre, Hitchin-ground lease (value £1.7m)	Valued on a fair value basis. The valuation is based on rental yields.	External valuations have been commissioned in recent years. These have highlighted the difficulties that face retail and shopping centres in particular. These difficulties have been heightened by the impact of Covid-19. It is unclear whether this additional impact will be ongoing. Whilst, the freehold that the Council has is on beneficial terms which would usually provide investment returns, these returns are uncertain when the leaseholder is unable to generate income to afford to pay them. Whilst maintenance is the responsibility of the leaseholder, this will be impacted by availability of funds. Valuation reports have been checked and challenged by the Council's chartered surveyors.
Letchworth Town Hall (value £0.9m)	Valued on a fair value basis. The valuation is based on rental yields.	The building has some unique features in relation to its prominence and location. However, overall, there currently is an over-supply of office accommodation in Letchworth. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the building. Any maintenance during the lease term is the responsibility of the leaseholder.

Asset (or type of asset)	Fair value assessment	Assessment of the risk of loss
Beverley Close Store, Royston (value £0.1m)	Valued on a fair value basis. The valuation is based on rental yields.	Subject to competition from other sites within the same industrial areas and other locations. Currently let to a company with significant property interest nearby. Might be difficult to re-let.
Other assets valued at less than £0.1m (£0.3m in total)	Not fully assessed	Not fully assessed

Under the 'Use of Capital Receipts Direction', the Council can treat certain specified revenue spend as capital. Further details of the direction are shown below. Where this direction is used, the spend is included in the capital forecasts in tables 3, 6 and 7.

Use of Capital Receipts Direction:

The Capital Receipts direction has been used to fund the decommissioning of pavilions and play areas in 2018/19. There are no plans to make further use of the Direction in the period 2022/23– 2026/27.

For all assets the future capital cost of maintaining those assets has been considered, and gives the following future capital spend requirements (table 6).

Table 6

Asset	Description of future capital expenditure	Forecast Capital Expenditure (£000)					
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 to 2031/32
Existing Capital Programme-schemes 2022/23 onwards							
Various	Capital maintenance based on condition surveys	555	0	0	0	0	0
Cemeteries	St Johns and Wilbury Hills -Enhance Footpaths	0	10	50	0	30	0
Computer Software & Equipment	To maintain IT services	722	94	371	1,099	87	1,084
Hitchin Swim Centre	Refurbishments / Boiler Replacement	0	70	200	300	605	0
Newark Close	Road Replacement	65	0	0	0	0	0
Letchworth Outdoor Pool	Boiler Replacement	0	40	0	0	0	0
North Herts Leisure Centre	Refurbishments / Boiler Replacement	150	300	0	0	0	270
Royston Leisure Centre	Refurbishments / Boiler Replacement	0	225	150	30	200	100
Thomas Bellamy House	Structural and roof enhancements	65	0	0	0	0	0
Various	Growth Fund Projects	713	0	0	0	0	0
Various	Private sector housing grants (REFCUS)	60	60	60	60	60	240
Various Leisure Facilities	Condition Survey enhancements	0	80	0	0	0	0
Various Off-Street Car Parks	Resurfacing / Enhancements	846	8	0	0	0	0
Various Parks and Playgrounds	Enhancements	255	435	215	180	180	720
New Capital Programme							
Environmental Improvements	Various works required to deliver the environmental enhancements highlighted within the North Herts Greenhouse Gas Reduction Report	115	0	0	0	0	0
Former Public Convenience on Portmill Lane, Hitchin	To return the property to a lettable standard	25	0	0	0	0	0
Hitchin Swim Centre / NH Leisure Centre / Royston Leisure Centre	Solar PV installation	0	560	0	0	0	0
Various Parks and Playgrounds	Enhancements	183	250	0	0	0	0
Waste and Recycling	Bin replacements	90	90	90	90	90	450

Asset	Description of future capital expenditure	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 – 2031/32
Bury Mead Road Transfer Facility	Wall reinforcement	30	0	0	0	0	0
New Mausoleum	Build new Mausoleum at Wilbury Hills Cemetery	250	0	0	0	0	0
Council Car Fleet	New accounting Standard requires the Council's leased Vehicles to be recorded on the Council's Asset Register	141	0				
Grounds Maintenance Vehicles	New accounting Standard requires the Council's leased Vehicles to be recorded on the Council's Asset Register	315	0				
Total		4,580	2,222	1,136	1,759	1,252	2,864

The totals for 2027/28 to 2031/32 are estimates only and could be subject change. These should be treated as early indications only, and formal approval of these amounts is not required.

The revenue maintenance of these assets has also been considered. The Council has chosen to allocate a central budget of £244k per year for this purpose.

New Capital Assets

There are also proposals for the following capital expenditure on new capital assets and expenditure on existing assets that is not related to capital maintenance (table 7).

Table 7

Asset	Reason for capital expenditure	Forecast Capital Expenditure (£000)					
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 to 2031/32
Existing Capital Programme-schemes 2021/22 onwards							
Off-Street Parking	Parking Machines Upgrade - Contactless Payment Facility Installation	20	0	0	0	0	0
Off-Street Parking	Parking Machines Replacement	0	0	0	150	150	0
Walsworth Common Pavilion	New pavilion	0	300	0	0	0	0

Royston Leisure Centre	Extension to provide a new multi-functional room and increase size of fitness room	0	1,000	0	0	0	0
John Barker Place	Contribution to redevelopment	1,096	0	0	0	0	0
Waste and Recycling	Vehicles	0	0	0	4,000	0	0
Waste and Recycling	Recyclable material transfer facility, vehicle depot and offer facility co-located with a residual waste transfer facility	0	0	3,000	3,000	0	0
New Capital Programme							
NH Museum and Community Facility	Museum Storage Solution	2,000	2,000	0	0	0	0
Charnwood House, Paynes Park, Hitchin	For the modifications and fit out to bring the building up to modern lettable condition.	TBC					
Total		3,116	3,300	3,000	7,150	150	0

Below is an estimate of the total capital expenditure to be incurred in the years 2022/23 to 2026/27. This is based on tables 6 and 7. This is a Prudential Indicator and the Council is required to set a target for it and monitor against it during the year.

Prudential Indicator 1: Estimate of total capital expenditure to be incurred in years 2022/23 to 2026/27

Year	£m
2022/23	7.696
2023/24	5.522
2024/25	4.136
2025/26	8.909
2026/27	1.402

A full list of planned future capital expenditure (2022/23 onwards) is provided as Appendix A1. A list of new capital schemes and schemes planned to commence from 2022/23 is provided in Appendix A2.

Where this proposed expenditure does not relate to service delivery, the security, liquidity and yield in relation to this spend has to be considered. The capital allocations do not include any spend that is not linked to service delivery, but the Council will continue to consider opportunities in relation to

residential property and investments in line with the Property Acquisition and Development Strategy. If these opportunities arise then they will be brought to Council for consideration, alongside an updated Investment Strategy. The table below (table 8) provides an analysis of security, liquidity and yield in relation to these types of investment.

Table 8

Asset (or type of asset)	Security	Liquidity	Yield
Residential Property	<p>The underlying value of residential property generally appreciates over the medium term due to the overall shortage of supply. The focus on developing new properties or converting existing properties to residential will also help to ensure security due to the expected uplift in value. Individual market factors will be considered prior to acquisition.</p> <p>Where retained it is likely that the property will be held through a company, although various funding structures can be considered (e.g. loan funding, equity funding or leasing the assets to the company for onward rental). Maximum security would be achieved through loan funding (with the loan secured against the property) or an onward leasing arrangement. But there may be instances where higher levels of equity funding are considered appropriate.</p>	<p>Property is a medium to long-term asset due to the costs of buying and selling. However, it is generally possible to sell residential property within a reasonable time-frame if priced accordingly.</p>	<p>The expected rental yield will be compared to the costs of acquisition or construction as part of the business case.</p>
Investments in line with the Property Acquisition and Development Strategy	<p>As detailed in the Property Acquisition and Development Strategy, the security of investments will be given a high weighting in determining which ones to take forward. However there will always be some risk relating to both general market conditions and specific factors relevant to individual properties. Spreading the total investment over a number of properties will help mitigate the second of these.</p>	<p>Property is a medium to long-term asset due to the costs of buying and selling, and that property markets can be cyclical in nature. The Property Acquisition and Development Strategy targets those properties that are considered to be more liquid e.g. they have a wider range of tenants and/ or uses.</p>	<p>To reflect the risk of property investment a net surplus of 1-1.5% (above borrowing, administration and acquisition costs) will be targeted as a minimum. Any target surplus will be commensurate with the level of risk.</p>

For these assets, table 9, also details an assessment of the risk of loss. This covers the same factors that have been detailed previously. Where relevant, assets have been grouped together.

Table 9

Asset (or type of asset)	Assessment of the risk of loss
Residential Property	This will be fully assessed as part of the business case for the acquisition of any properties.
Investments in line with the Property Acquisition and Development Strategy	This will be fully assessed as part of the business case for the acquisition of any properties.

Part 3- Capital balances, receipts and the Capital Financing Requirement (CFR)

Capital Funding

The Council forecasts the following additions to its capital receipts (table 10). All the planned disposals are surplus land that is being sold to generate capital receipts. The disposals will also reduce the risks and costs of holding the land. Due to the potential impact on negotiations over disposal values, individual values are not detailed. Table 8 above mentions potential opportunities for the Council to develop residential properties on existing land. If these were to be progressed, then that would require a refresh of the Investment Strategy. If the properties were then sold at the end, then that would result in a delayed (but expected to be greater) capital receipt. If some (or all of) the properties were retained, then that would swap a capital receipt for an expected revenue income stream. The valuations used are prudent for selling with limited restrictions and assuming that planning permission can be obtained. If the Council requires enhanced conditions in relation to affordable housing provision or high environmental standards, then that could result in a reduced capital receipt. If that were the case then it may be necessary to revise the Investment Strategy. That would increase the borrowing requirement, increase borrowing costs and therefore have a greater revenue impact (due to revenue costs of capital).

Table 10

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Balance B/Fwd	1,133	4,441	10,017	4,902	2,644	0
Used in Year	1,664	5,624	5,115	2,258	2,644	0
Forecast Receipts (£000)	4,972	11,200	0	Tbc	Tbc	Tbc
Balance C/Fwd	4,441	10,017	4,902	2,644	0	0

The above timing and values are an estimate only. Actual timings will depend on market conditions and time taken for planning permission to be granted (where sales values are subject to planning). The Council will seek to get the best value it can from land sales.

As a result of planned expenditure in 2021/22 and future years, the Council forecasts the following use of funding for capital (table 11).

Table 11

Funding Source	Brought forward (at 31/3/21)	Forecast expenditure and funding sources (£000)						
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 to 2031/32
Capital Expenditure		3,045	7,696	5,522	4,136	8,909	1,402	2,864
Less: Set-aside receipts used	5,097	1,087	912	120	1,878	1,099	0	0
Less: Capital receipts used	1,133	1,664	5,624	5,115	2,258	2,644	0	0
Less: Grant funding used		136	720	0	0	0	0	0
Less: IT Reserve used		35	0	0	0	0	0	0
Less: S106 receipts used		75	270	37	0	0	0	0
Less: Funding from revenue		0	170	0	0	3,200	0	0
Less: Other Capital Contributions		48	0	250	0	0	0	0
Borrowing requirement		0	0	0	0	1,966	1,402	2,864
Cumulative borrowing requirement		0	0	0	0	2,066	3,468	6,332

Definitions:

Capital receipts- money received from the sale of surplus assets.

Set-aside receipts- previously money generated from the sale of surplus assets was not defined as capital receipt. The residual funding that the Council has (which is mainly from the sale of its housing stock to North Herts Homes) is treated as a set-aside receipt. In essence these are treated in the same way as capital receipts.

The borrowing requirement is the balancing item. It is also known as the Capital Financing Requirement (CFR). This is a Prudential Indicator and the Council is required to set a target for it and monitor against it during the year.

Prudential Indicator 2: Capital Financing Requirement

Year	£m
As at 31 st March 2021 (actual)	-5.2
As at 31 st March 2022 (forecast)	-4.1
As at 31 st March 2023 (forecast)	-3.2
As at 31 st March 2024 (forecast)	-3.1
As at 31 st March 2025 (forecast)	-1.2
As at 31 st March 2026 (forecast)	1.9

Where the Council has a Capital Financing Requirement (i.e. the borrowing requirement is positive) then it:

- Must make a charge to revenue for a Minimum Revenue Provision.
- Can choose whether to borrow internally or externally.

Part 4- Borrowing Strategy and Minimum Revenue Provision (MRP)

Borrowing strategy

Definitions:

Internal Borrowing- Even when the Council has no capital reserves, it can borrow internally against its revenue balances and reserves. This uses the cash that is available and is different to funding capital from revenue. The Council is still required to have a Minimum Revenue Provision but does not incur any external interest costs. Interest income from investing the revenue balances and reserves would be lost.

External Borrowing- Borrowing from a third party (e.g. Public Works Loans Board, a Local Authority or a financial institution). Interest costs would be incurred, as well as having to make a Minimum Revenue Provision.

Based on Prudential Indicator 2 (page 18) the Council has a Capital Financing Requirement from 2025/26 onwards and therefore does have a need to borrow.

If the Council had a borrowing requirement, then in order to determine whether to borrow internally or externally, it must consider the level of revenue reserves and provisions that it has, and when it expects that these will be spent. Forecasts of the revenue budget give the following estimates (table 12). These totals are also used in determining the cash that it has available for investment.

Table 12

Revenue balance	Brought forward (at 31/3/21)	Forecast balance at year end						
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 to 2031/32
General Fund ¹	8,865	9,559	8,518	6,951	5,990	5,631	5,732	5,732
Add back MRP	0	0	0	0	0	0	49	617
Revenue Reserves ²	20,758	16,573	17,145	17,645	18,145	14,145	14,645	14,645
S106 balances	4,242	4,188	3,918	3,881	3,881	3,881	3,881	3,881
Provisions	2,783	2,783	2,783	2,783	2,783	2,783	2,783	2,783
Outstanding Debt	405	387	367	347	325	305	290	275
Total	37,053	33,490	32,731	31,607	31,124	26,745	27,380	27,933

1 Based on General Fund forecasts as per 'Revenue Budget 2022/23' report.

2 Revenue Reserve balance as at 31/3/22. Then increases in line with contributions to waste vehicle reserve at £500k per year for 7 years. At end of 7 years assumed that this funding will be used to fund new waste vehicles. For simplicity this ignores some of the fluctuations in reserve balances that are detailed in the 'Revenue Budget 2022/23' report.

MRP is added back as it is not an outflow of cash and can be used for internal borrowing. The cash outflow happens when the borrowing is repaid. As explained in the Revenue Budget report, MRP has not been reflected in the revenue budgets so there is not a need to add it back.

During 2021/22 CIPFA have consulted on an update to the Prudential Code. At the time of writing this report the new edition has not been published. One of the main changes that has been incorporated is an expectation that Authorities will use cash reserves (i.e. borrow internally) before they borrow externally. The reason for this is that it reduces costs as not paying external interest.

However, in the longer term it will introduce financing risk, as there will come a time when the Council will have diminished its cash reserves (except amounts held for cashflow purposes) and will need to borrow externally. This will need to be planned so that borrowing can be achieved at a reasonable rate.

Current forecasts (see tables 11 and 12) are that the Council will have revenue reserves significantly in excess of its borrowing requirement. Therefore all borrowing (except any cashflow borrowing) will be internal over the period of the Investment Strategy.

Table 13

	Brought forward (at 31/3/21)	Forecast amount of borrowing in year (£000)							Carried forward (at 31/3/32)
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 to 2031/32	
Total borrowing requirement	405	0	0	0	0	1,966	3,368	6,232	
Made up of:									
Internal borrowing	0	0	0	0	0	1,966	3,368	6,232	6,332
External borrowing	405	(18)	(20)	(20)	(22)	(20)	(15)	(40)	250

The brought forward borrowing total is made up of historic borrowing that it is not cost effective to pay off. This is because the interest that would be payable over the course of the remaining loan has to be paid upfront instead. The reduction is due to these being loans that are repaid in instalments.

Definitions:

Operational Boundary: This is the limit beyond which external debt is not normally expected to exceed. Set as £1m (rounded to the nearest £0.1m) above the forecast external debt.

Authorised Limit: This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable or required in the longer term. This is set at £5m above the operational boundary.

Prudential Indicator 3: External Debt

Year	Forecast Borrowing £m	Forecast other long-term liabilities ¹ £m	Less: Internal Borrowing £m	Forecast Total External Debt £m	Operational Boundary £m	Authorised Limit £m
As at 31 st March 2021 (Actual)	0.405	1.742	0	2.147	3.1	8.1
As at 31 st March 2022 (forecast)	0.387	1.234	0	1.621	2.7	7.7
As at 31 st March 2023 (forecast)	0.367	1.183	0	1.094	2.1	7.1
As at 31 st March 2024 (forecast)	0.347	0.603	0	0.566	1.6	6.6
As at 31 st March 2025 (forecast)	0.325	0.412	0	0.425	1.5	6.5
As at 31 st March 2026 (forecast)	2.371	0.337	(1.966)	0.742	1.5	6.5
As at 31 st March 2027 (forecast)	3.578	0.259	(3.368)	0.469	1.4	6.4

1 Comprises the finance lease relating to Letchworth Multi-storey car park, Grounds Maintenance Vehicles / Machinery, Leased Vehicles and the impact of the finance lease for waste vehicles.

The external borrowing forecast can be used to give an indication of the borrowing that may be required, which is combined with outstanding existing borrowing (table 14). The Council will also borrow for short-term cash-flow needs if required. The actual borrowing that is taken out will depend on the latest forecasts and the offers that are available at the time that it is required. There will also be a consideration of when any other borrowing becomes due, with the aim of achieving a spread of these dates. This is to try and avoid refinancing risk. The Council is required to set indicators for the maturity structure of its borrowing. Given the low level of borrowing that the Council currently has and is forecast to have, it is considered appropriate to maintain full flexibility as to the exact duration of any borrowing undertaken. This is reflected in the indicators set out as Treasury Indicator 4 below.

Table 14

Loan Type	Start date	Duration (years)	Maturity date	Amount Borrowed (£)	Balance Outstanding 31/03/22 (£)	Interest Rate (actual or forecast) (%)	Current Annual interest cost (£)
PWL	08/01/49	80	Oct 2025	5,346	680	3.125	25
	16/09/49	80	Jul 2029	380	36	3.0	1
	10/05/46	80	Jan 2026	10,150	1,235	3.125	45
	12/11/48	80	Jul 2028	13,885	2,692	3.0	89
	28/07/64	60	Jul 2024	15,801	2,236	6.0	171
	02/03/65	60	Jan 2025	19,558	3,272	6.0	240
	01/10/65	60	Jul 2025	33,976	6,538	6.0	466
	05/07/66	60	Jan 2026	35,000	7,589	6.0	529
	02/08/66	60	Jul 2026	50,000	12,025	6.0	824
	18/03/68	60	Jan 2028	40,000	14,282	7.375	1,155
	03/01/69	60	Jul 2028	53,027	21,609	8.125	1,905
	06/03/70	60	Jan 2030	20,100	10,025	8.75	933
	24/11/70	60	Jul 2030	18,714	10,250	9.5	1,028
	26/01/71	60	Jan 2031	25,000	14,430	9.75	1,478
	05/03/71	60	Jan 2031	12,500	6,987	9.25	680
	05/03/71	60	Jan 2031	25,000	13,979	9.25	1,360
	31/05/46	80	Jan 2026	9,570	1,218	3.125	45
	28/02/47	80	Jan 2027	5,832	790	2.5	23
	18/10/46	80	Jul 2026	1,527	187	2.5	5
	20/02/48	80	Jan 2028	14,952	2,695	3.0	90
	22/09/50	80	Jul 2030	654	161	3.0	5
	27/08/82	60	Jul 2042	250,000	250,000	11.5	28,750
	07/12/45	80	Sep 2025	1,500	190	3.125	7
	16/09/49	80	Sep 2029	640	142	3.0	5
	20/03/53	80	Mar 2033	1,020	386	4.125	17
	23/10/53	80	Sep 2033	750	280	4.0	12
	20/11/53	80	Sep 2033	420	160	4.0	7
	25/04/52	80	Mar 2032	480	170	4.25	8
30/01/48	80	Sep 2027	1,560	260	3.0	9	
20/09/45	80	Sep 2025	16,690	2,113	3.125	81	
Total					386,617		

Definitions:

Refinancing Risk (or Maturity Risk): The risk that if all borrowing becomes due for repayment at the same time that this will be at a time when the costs for taking out new borrowing (refinancing) are very high.

To manage refinancing risk, the Council sets limits on the maturity structure of its borrowing. However, these indicators are set relatively high to provide sufficient flexibility to respond to opportunities to repay or take out new debt (if it was required), while remaining within the parameters set by the indicators. Due to the low level of existing borrowing, the under 12 months limits have a broad range to allow for cash-flow borrowing (if it was required).

Treasury Indicator 4: Maturity Structure of Fixed Interest Rate Borrowing

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

The Council does not place any restrictions on where it can borrow from. This is because the Council will hold the money and therefore there is not a risk around the security of the funds. In practice any borrowing is likely to come from the Public Works Loan Board, UK banks, UK building societies and other Local Authorities. All borrowing will be denominated in GBP Sterling. The decision on any borrowing will be made by the Chief Finance Officer and reflect the advice of the Council's treasury advisers.

The Council can enter in to borrowing arrangements at both fixed and variable rates. Variable rate borrowing has a greater risk and so therefore Treasury Indicator 5 limits the amount of borrowing that can be at a variable rate. To aid administration and monitoring, the limits are shown as £ values but are based on percentages of the Operational Boundary. Borrowing at fixed rates can be up to 100% (inclusive) of the Boundary, and variable rate borrowing can be up to 30% of the Boundary.

Definitions:

Fixed Rate: The rate of interest is set at the point the borrowing is taken out and remains at the same percentage rate for the full term of the loan.

Variable Rate: The rate of interest varies during the term of the loan and usually tracks prescribed indicator rate (e.g. Bank of England base rate)

Treasury Indicator 5: Fixed and Variable Borrowing Rate Exposure

Year	Operational Boundary relating to borrowing excluding long term liabilities £m	Limit on Fixed Rate borrowing £m	Limit on Variable Rate borrowing £m
2021/22	1.5	1.5	0.4
2022/23	1.4	1.4	0.4
2023/24	1.4	1.4	0.4
2024/25	1.4	1.4	0.4
2025/26	1.4	1.4	0.4
2026/27	1.3	1.3	0.4

There is a requirement for the Council to consider the proportionality of the income that it generates from its non-service (investment) assets and how this compares to any borrowing that is linked to those assets. Current and planned investment assets were detailed in table 3 and table 8. Treasury indicator 6 shows the capital value and expected income from these assets, alongside any borrowing that is attached to those assets and the expected cost of that borrowing.

The totals below are based on existing investment assets, plus £2m estimate spend in relation to commercial storage and £50k income generated. It also assumes income in relation to the leasing of Harkness Court to a Local Authority Trading Company. The borrowing is in accordance with the identified need to borrow, even though the borrowing will actually be for service related capital investment. The cost of borrowing is assumed at 2.5%, which reflects Minimum Revenue Provision only, as borrowing will be internal.

Treasury Indicator 6: Income from investment assets and the costs of associated borrowing

Year	Capital value of investment assets £m	Expected annual income from investment assets £m	Total borrowing £m	Expected annual borrowing costs for loans linked to investment assets £m
2022/23	23.879	1.191	0	0
2023/24	25.879	1.199	0	0
2024/25	23.879	1.249	0	0
2025/26	23.879	1.249	1.915	0.050
2026/27	23.879	1.249	3.302	0.083

The Council would not borrow money in advance of need or at a low rate to try and reinvest that money to earn a higher interest rate, and profit from the margin between the two rates. However, the waste contract requires the use of vehicles that are provided by the contractor. The Council has taken the view that it receives the risks and rewards of those vehicle assets. Under accounting regulations, it is therefore required to treat this as a finance lease embedded within the contract. This requires the Council to recognise the vehicle assets as belonging to it, alongside a liability. The liability is effectively repaid through the contract sums over the seven years of the contract.

The extended definition of borrowing in advance of need now covers borrowing for capital investments where they are acquired purely to generate profit. The change to the PWLB rules also means that this borrowing cannot be accessed if there is any capital spend that is primarily to generate income, even if that spend was intended to be financed from reserves. The capital programme has been reviewed and there are no investments which have a primary purpose of generating income.

Minimum Revenue Provision

When the Council has a Capital Financing Requirement (CFR) it is required to make a charge to the General Fund (revenue budget) called a Minimum Revenue Provision (MRP). Subject to guidelines, the Council sets its MRP policy, which is detailed below:

Minimum Revenue Provision:

The Council is required to have a Minimum Revenue Provision (MRP) policy, and when required make charges to revenue in accordance with that policy.

The Council will use the asset life method. The MRP amount will be spread over the estimated life of the assets, in accordance with the regulations. The Council will apply one of the two approaches below based on the project(s) that the borrowing is used for and the benefits derived from the project(s).

- Equal instalments – The principal repayment made is the same each year.
- Or
- Annuity – the principal repayments increase over the life of the asset. This has the advantage of linking MRP to the benefits arising from capital expenditure, where these benefits are expected to increase over the life of the asset.

The Council will have a need to borrow in 2025/26 if the Capital programme is fully spent and will therefore need to apply a Minimum Revenue Provision (MRP). The current capital programme is mainly spend on service provision. Therefore, it is considered appropriate to adopt an equal instalment MRP policy.

There is a prudential indicator that compares the net cost of financing (i.e. borrowing costs less income generated from investments) with the net revenue budget of the Council. This will be looked at later in this document after considering investments and their forecast returns. However, the indicator below considers the cost of borrowing as a % of the net revenue budget of the Council.

Treasury Indicator 7: Cost of borrowing (interest and MRP) as a % of the net revenue budget 2021/22 to 2025/26

Year	Estimated cost of borrowing (£m)	Forecast net revenue budget (£m)	Estimated cost of borrowing as a % of net revenue budget (%)
2022/23	0.039	17.992	0.216
2023/24	0.037	16.650	0.222
2024/25	0.036	15.860	0.227
2025/26	0.034	15.619	0.218
2026/27	0.073	15.529	0.472

Based on the assumptions above the following available investment balances are assumed. This includes a forecast of revenue reserves, capital reserves, capital financing requirement and external borrowing (table 15).

Table 15

Balances	Brought forward (at 31/3/21)	Forecast balance at year end (£000)					
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Revenue balances (including MRP added back)	37,053	33,489	32,731	31,607	31,124	26,745	27,380
Capital Receipts	1,133	4,441	10,017	4,902	2,644	0	0
Capital Grants Unapplied	938	899	186	186	186	186	186
Add: Long-term liabilities ¹	1,742	1,234	1,183	603	412	337	259
Less: Capital Financing Requirement	-5,182	-4,095	-3,183	-3,063	-1,185	1,880	3,282
Less: Borrowing repayments	18	18	20	20	22	20	15
Total forecast of available for investment	46,030	44,140	47,280	40,341	35,529	25,368	24,528

1 The net position of money owed by the Council or to the Council can lead to increased or decreased cash available for investment. The short-term position is assumed to be net zero. Long-term liabilities are included as the expenditure has been assumed to have been incurred, but the cash has not yet been paid. This primarily relates to the waste vehicles.

The Council needs to consider the following in determining how long it will invest any surplus cash for:

- The period that any particular cash balance is available for. If a balance is expected to be available over a long period then it is possible to invest it over a long period.
- How much might be required to cover short term variations in cash. For example, it could be forecast that the cash at the start and end of the month will be the same. But if there is a need to pay out half that cash at the start of the month before getting an equivalent amount just before the end, then there is a need to plan.
- The risk of investing for longer periods as it increases the chance that the counterparty could have financial problems and therefore not pay back the principal invested and/ or the interest due.
- The risk of investing for longer periods as it could lead to a lost opportunity. If the investment is at a fixed rate and then there is a general rise in rates available (e.g. due to an unexpected Bank of England base rate rise) then it would not be possible to take advantage of the new improved rates until the investment matures.

Before considering where the Council will invest any surplus cash in treasury investments, it firstly needs to consider any loans that it may want to make for other purposes. A local authority can choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures. These loans can relate to service provision or to promote local economic growth. These loans may not seem prudent when considered purely in relation to security and liquidity. Table 16

details current and planned loans and shows the reasons for these loans, how their value is proportionate, the risk of loss and credit control arrangements that are in place.

Table 16

Loan	Amount	Reason for Loan	Proportionality of value	Expected Credit Loss model and credit control
Building Control	Currently £107k, provision for it to increase up to £172k	To support the formation of the company. The Council is also a shareholder in the company, owning 1/8 th of the shares.	Insignificant in the context of overall cash balances. Around 0.2% of total investments.	Regular monitoring of financial forecasts and business plans. The continuation of the company to provide Building Control services is more significant than the value of the loan.
Wholly owned Property Company	Tbc, up to £100k	Current intention is that any loan would be for cashflow purposes to enable the company to become established. Therefore, assumed at a maximum of £100k, although expected to be significantly less. This may need to be reviewed and the Strategy updated if the company funding model changes (e.g. providing a loan to the company to purchase property itself).	As above, around 0.2% (maximum) of total investments.	Any loan could be secured against the property assets of the company. An equity investment would provide less security and increase expected credit loss. However, it may enable the company to be more profitable, and therefore increase returns. Expected credit loss would be looked at in more detail in advance of any investment being granted and linked to the planned use of those funds.

When the Council invests its surplus cash, it seeks to find reliable counterparties to ensure that the amount invested (and the interest earned) is returned. The Council has decided that it is prepared to take on a higher level of risk than recommended by its treasury advisers in relation to unrated Building Societies and the duration of its investments. This risk is mitigated by reviewing published information in relation to unrated Building Societies (i.e. "Pillar 3" reports). Whilst the Council has in the past been fairly highly exposed to Building Societies, it has rebalanced this exposure during the last couple of years to make greater use of other investment types.

The following criteria are used to determine the list of counterparties:

- UK Local Authorities- as they are able to raise additional funds from taxation
- UK Government- Debt Management Office provides highly liquid investments at the lowest risk as backed by the UK Government
- UK Banks and Building Societies with a Fitch Credit rating of BBB (long-term)/ F3 (short-term) or greater- as they have been subject to UK 'stress tests' and also have a high credit rating
- Part-nationalised UK banks- as they have been subject to UK 'stress tests' and the UK government has an increased interest in not allowing them to fail.
- The Council's own banker (Lloyds) that it uses for transactional purposes. Although if its credit rating falls below BBB then any balances will be kept to a minimum (i.e. for cashflow purposes only)
- Non-UK banks with a UK subsidiary that have a Fitch Credit rating of BBB (long-term)/ F3 (short-term) or greater, and are subject to the same stress tests as UK banks
- Non-UK banks where the Country has a AAA rating and the institution has an A+-and above rating.
- Unrated UK Building Societies- as organisations have to pay to obtain a rating; most Building Societies do not get one. They do produce annual reports known as Pillar 3 reports, and these will be used to assess their credit worthiness. Furthermore, the Council will only invest in Building Societies that have assets of at least £300m, which limits the potential exposure.
- Money Market funds that are AAA rated.
- Property funds that hold property within the UK.
- Ultra Short Dated Bond Funds- These funds invest in fixed income instruments with very short maturity dates, usually up to one year. This generally provides better returns than money market funds. Whilst this does introduce some capital risk, this is minimised by the short-term nature of such investments. Where AAA rated.
- Multi-asset Funds- These funds invest in a variety of assets including equities, bonds and cash and are can be spread over a broad range of strategies, styles, sectors and regions. Risk is diversified by the spread of investments held.

All investments will be denominated in Sterling.

The Council will seek to appropriately diversify its investments across a range of types and counterparties. This means that if there were any security or liquidity issues with a particular type of investment or counterparty, the Council would still have access to the majority of its funds. The limits are initially based on a percentage of total funds but are converted to actual values to make the administration of investments more efficient. The values are calculated by applying the percentages to the expected balance at the end of the year (2022/23)* and then rounded up to the nearest £1m. If these limits are set too low then it limits the investment opportunities available and also increases the administration as there is then a need to find more places to invest available funds. The limits are shown in table 17 below.

* This is the balance taken from table 15 above of £47.280M

Table 17

Investment Type	Maximum amount in that type of investment (£m)	Maximum amount in group (£m)	Maximum amount with any individual counterparty (£m)	Rationale and details
Debt Management Office (UK Government)	No limit			Short-term investment with UK Government that is therefore the lowest possible risk
UK Local Authorities	No limit	n/a	7	15% with any one counterparty, no limit on total with Local Authorities due to tax raising powers
UK Banks and UK subsidiaries of foreign banks that are subject to the same stress tests as UK banks (excluding Lloyds current account)- includes Deposits and Certificates of Deposit	33	7	5	Rating F3 or above (short-term) or BBB or above (long-term) and part nationalised banks. 10% with any one counterparty, 15% with institutions in the same banking group, 75% with banks in total
Lloyds Current Account		n/a	5	Used for cashflow purposes
Non-UK banks- includes deposits and Certificates of deposit		11	5	AAA Country rating and A+ and above institution rating. Maximum of 10% with any one counterparty. Maximum of 25% in non-UK banks. 75% in banks in total.
UK Building Societies- assets of £300m to £1bn	n/a	26	2	Review of Pillar 3 reports and KPMG report on comparative profits. 10% with any one counterparty subject to maximum of £2m. Maximum of 60% with UK Building Societies and Property Funds combined.
UK Building Societies- assets of over £1bn			4	As above, but £4million
Rated UK Building Societies			5	Rating F3 or above (short-term) or BBB or above (long-term). 10% with any one counterparty.
UK Property Funds	2		2	Due to long-term nature of investment 10% of 2026/27 year end cash balance to be invested in any one fund or combination of funds. No durational limits.
Money Market Funds	11	n/a	5	AAA rated. Maximum of 25% in MMFs and 10% with any one fund.
Ultra-Short Dated Bond Funds	5		1	AAA rated. Maximum of 10% in USDBFs and £1M with any one fund.
UK Multi-Asset Funds	2		2	Due to long-term nature of investment 10% of 2026/27 year end cash balance to be invested in

				any one fund or combination of funds. No durational limits.
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The Council will primarily limit its liquidity risk by only investing money until it thinks it will next need it. On top of this it will also have a general limit on investments that are greater than 1 year (365 days). This limit is based on 40% of total investments but is again reflected as an absolute value of **£18m**, which is based on 40% of the expected level of investments at the end of the year (rounded up to nearest £1m). Investments with a set term of greater than 2 years will be subject to approval by the Chief Finance Officer, which will include a consideration of how much the investment will be as a percentage of total funds at the date it matures. It will be ensured that this is less than 40% of the estimated balance. No fixed investment term will exceed 5 years.

Investment funds (money market funds, multi-asset funds and property funds) do not have a set term and funds can be requested to be withdrawn at any time. Investment balances will be kept under review to ensure that they do not exceed the maximum amount set by this or subsequent treasury strategies. However, there is no time limit on the period that funds can be held invested for. For property funds there are both up-front set up and exit costs. Furthermore, the capital value of these funds also fluctuates over time. So, whilst in general it is possible to exit these funds at any time, there are likely to be more optimum times to do so. Therefore, it is expected that the period of investment could exceed 5 years. For multi-asset funds, the capital value of these funds also fluctuates over time. So, whilst in general it is possible to exit these funds at any time, there are likely to be more optimum times to do so. Therefore, it is expected that the period of investment could exceed 5 years. The expected changes to the Prudential Code in relation to internal and external borrowing have meant that investments in the multi-asset and property funds have been delayed. Whilst there are no allocations in the capital programme for direct property investments, there are some opportunities that are being looked in to. If these were to be taken forward then they would require an update to this Strategy, which would be subject to re-approval by Council. Given the issues involved with exiting from multi-asset and property funds, these investments will not be progressed until there is greater certainty over any opportunities and therefore the availability of longer-term cash.

Within the investment market, the opportunity for ‘green’ investments is starting to emerge. These are offering returns that are similar to, or the same as, non-green alternatives for the same level of risk. Subject to these investments being compliant with other aspects of the treasury strategy, then these investments will be prioritised over non-green alternatives.

In general, the Council will access treasury deals directly, rather than using a cash manager. In the current market, the Council is able to get the same (or very similar) rates as a cash manager and this therefore avoids the fees charged by the cash manager. However, the Council will use a cash manager (Tradition) where it provides access to a better investment rate after accounting for the fees. As the actual investment will be with a counterparty, the Council will not set any limits on the number or value of deals that are accessed via Tradition.

Where the Council makes use of credit ratings these will be assessed immediately prior to placing an investment. The Council then receives alerts whenever ratings change and will monitor these alerts to see if an investment has fallen below the minimum criteria. For fixed term investments, it generally will not be possible to do anything in relation to a rating change. Although for a significant drop, enquiries will be made as to the exit costs involved. If these are not significant then the Council will end the investment early. For open term investments, the Council will seek to disinvest, although it will consider any exit costs.

There is a link between the interest rates that the Council can expect to achieve on its investments and the Bank of England base rate. Our treasury advisors (Link) have provided the following forecasts of base rates over the next 3 years. Using this and the investment limits above, we have estimated an average interest rate that the Council will achieve on its investments in each year.

Table 18

Year	Forecast of Bank of England Base Rate as at end of the year (%)	Forecast of average interest earned on investments (%)
2022/23	0.75	0.250
2023/24	1.00	0.325
2024/25	1.25	0.575

Combining these average interest rates with expected balances, gives a forecast of the interest that will be earned in each year. Although the Council is still planning on investing in longer term Property and Multi-asset funds, these have not been assumed in calculating the forecast interest returns. By taking on greater liquidity risk, a higher medium-term return could be expected. The table below makes an estimate of £4m invested in these funds and a return of 2%. This will be accompanied by a financial risk as returns are very uncertain, particularly on a short-term basis.

Table 19

	2022/23	2023/24	2024/25	2025/26	2026/27
Forecast of average balance available for investment (£m)- short to medium term	47.3	40.3	35.5	25.4	24.5
Forecast of average interest earned on investments (%)- short to medium term	0.25	0.325	0.575	0.825	0.825
Forecast of interest earned (£m)*	0.119	0.131	0.204	0.208	0.202
Current interest assumed in the revenue budget.	0.102	0.097	0.096	0.092	0.092

The Council is required to set a prudential indicator that estimates financing costs (cost of borrowing less income from investments) as a percentage of its net revenue budget.

Prudential Indicator 8: Forecast of Financing Costs as a percentage of net revenue budget

Year	Cost of borrowing £m	Less: Forecast of interest earned £m	Net Financing costs £m	Net Revenue Budget £m	Financing Costs as a % of Net Revenue Budget £m
2021/22	0.040	0.050	-0.010	15.468	-0.065
2022/23	0.039	0.119	-0.080	17.992	-0.442
2023/24	0.037	0.131	-0.094	16.650	-0.565
2024/25	0.036	0.205	-0.169	15.860	-1.063
2025/26	0.034	0.210	-0.176	15.619	-1.128
2026/27	0.073	0.204	-0.131	15.529	-0.843

Part 6- Overall Risk Considerations

The risk exposures for each of the elements of this strategy are generally independent, and therefore can be considered in isolation.

The Council's investments assets generally comprise of ground leases on commercial properties that are all within North Hertfordshire. The main exception to this is the freehold of the Churchgate Shopping Centre in Hitchin. A property fund generally invests in building (and land) assets that provide higher yields, and also diversifies across the United Kingdom. They also currently tend to focus on industrial, warehouses and office buildings. This means that there is limited cross-over in risk exposure, and before investing in a property fund (current investments are zero) the Council would review the current investments of the selected fund. Furthermore, this strategy limits any investment in a property fund to a maximum of £2m.

Part 7- Glossary

A number of definitions are included in the strategy when they are first referenced. These are not duplicated here. This part provides list of other terms used in this report, as well as those used in the statutory guidance.

Borrowing- a written or oral agreement where the Council temporarily receives cash from a third party (e.g. a Bank, the Public Works Loan Board or another Local Authority) and promises to return it according to the terms of the agreement, normally with interest.

Investment: This covers all of the financial assets of the Council as well as other non-financial assets that the Council holds primarily or partially to generate a profit; for example, investment property portfolios. This will include investments that are not managed as part of normal treasury management processes or under treasury management delegations. Furthermore, it also covers loans made by the Council to one of its wholly-owned companies or associates, to a joint venture, or to a third party. The term does not include pension funds or trust fund investments, which are subject to separate regulatory regimes.

Within this strategy, the term investment is used in the following contexts:

- Capital investment- expenditure to acquire or improve a capital asset.
- Investment properties- assets that are held for the purpose of generating an income.
- Cash/ treasury investments- the cash that the Council has, which is made up of revenue reserves, capital reserves and the effects of cashflow timings. These amounts are invested to manage the risks of holding cash and to generate investment income.

Financial investments: These are made up of Cash/ Treasury investments and loans. This term is defined within the statutory guidance (as specified investments, loans and unspecified investments) but has not been directly used in this strategy. Part 5 of the Strategy is focused on these investments.

Specified Investment: These are essentially short-term Cash/ Treasury investments. To be a specified investment, it needs to meet the following criteria:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is not a long term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option.
- It is not capital expenditure.
- The investment is considered to be high quality or is with the UK Government, another Local Authority or a Parish/ Community Council.

High Quality investment: These are investments (specified and non-specified) which are assessed on the priority basis of security, liquidity and yield. Where relevant they make use of relevant additional information, such as credit ratings. The investments set out in part 5 are considered by the Council to be 'high quality'.

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is a long term investment. This means that the local authority has contractual right to repayment in greater than 12 months.
- It is not capital expenditure.

- The investment is considered to be high quality or is with the UK Government, another Local Authority or a Parish/ Community Council.

Unspecified investment: In the statutory guidance, these are financial assets that are not specified investments or loans. This creates a circular definition. The Council considers that they meet the following definition:

Loan: a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment. The Council will meet the following conditions when providing such loans:

- Total financial exposure to these type of loans is proportionate;
- An allowed “expected credit loss” model has been used as set out in Accounting Standards
- Appropriate credit control arrangements are in place to recover overdue repayments; and
- The total level of loans by type is in accordance with the limits set out in this Strategy.

Project	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 - 31/32 Estimate £
Advances & Cash Incentives							
John Barker Place, Hitchin	0	1,096,000	0	0	0	0	0
Advances & Cash Incentives Total	0	1,096,000	0	0	0	0	0
Asset Management							
Access Bury Mead Road	5,300	0	0	0	0	0	0
Acquisition of Property Investments	0	0	0	0	0	0	0
Alteration & improvement to underground drainage at Coombes Community Centre	50,000	0	0	0	0	0	0
Council property improvements following condition surveys	122,000	554,700	0	0	0	0	0
Energy efficiency measures	5,400	0	0	0	0	0	0
Former Public Convenience on Portmill Lane, Hitchin	0	25,000	0	0	0	0	0
Provide housing at market rents	103,200	0	0	0	0	0	0
Riverside walkway, Biggin Lane Hitchin	0	53,000	0	0	0	0	0
Replacement of Newark Close, Royston.	0	65,000	0	0	0	0	0
Thomas Bellamy House, Hitchin	0	65,000	0	0	0	0	0
Asset Management Total	285,900	762,700	0	0	0	0	0
Community Services							
Baldock Town Hall project	17,600	0	0	0	0	0	0
Refurbishment and improvement of community facilities	265,300	0	0	0	0	0	0
S106 Projects	75,000	0	0	0	0	0	0
Community Services Total	357,900	0	0	0	0	0	0
Computer Software and Equipment							
40 KVA UPS Device or Battery Replacement	15,000	0	12,000	0	14,000	0	16,000
Additional PC's - Support Home Working/OAP	0	0	0	0	0	0	0
Alternative to safeword tokens for staff/members working remotely	1,900	5,000	0	3,000	0	3,000	19,000
Back-up Diesel 40 KVA Generator (DCO)	0	0	25,000	0	0	0	0
Cabinet Switches - 4 Floors	18,000	0	0	18,000	0	0	18,000
Cadcorp Local Knowledge & Notice Board Software	5,400	0	0	0	0	0	0
Careline Servers	15,000	0	0	0	0	0	0
CCTV at DCO & Hitchin Town Hall	15,000	5,000	0	0	0	0	0
Conference Calling Solutions in Large Meeting Rooms at District Council Offices	35,000	0	0	0	0	0	0
Cyber Attacks - Events Monitoring Software Solution	24,300	0	0	0	0	0	0
Data Switch upgrade	0	15,000	0	18,000	0	18,000	23,000
DR Hardware Refresh Inc UPS Battery Pk (unit 3)	0	0	0	0	55,000	0	0
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract	22,700	0	0	0	0	0	0
Email Encryption Software Solution	40,400	0	0	0	0	0	0
Infrastructure Hardware	2,200	28,000	0	278,000	0	0	167,000
Integra Centros Upgrade	81,900	0	0	0	0	0	0
Laptop Purchases for Officers	90,000	0	0	0	0	0	0
Laptops - Refresh Programme	46,900	15,000	10,000	15,000	294,000	0	0
Member Laptops - Refresh Programme	0	0	30,000	0	0	30,000	30,000
Microsoft Enterprise Software Assurance	0	617,000	0	0	679,000	0	747,000
PC's - Refresh Programme	13,000	8,000	7,000	13,000	7,000	8,000	26,000
Security - Firewalls	10,800	14,000	0	16,000	0	18,000	18,000
Tablets - Android Devices	18,900	15,000	10,000	10,000	10,000	10,000	20,000
Voice Recorders Careline	6,600	0	0	0	0	0	0
WiFi Upgrade	0	0	0	0	40,000	0	0
WiFi Upgrades for DCO & Hitchin Town Hall	0	0	0	0	0	0	0
Computer Software and Equipment Total	463,000	722,000	94,000	371,000	1,099,000	87,000	1,084,000
Corporate Projects							
Council Chamber	18,300	0	0	0	0	0	0
Elections Equipment	31,100	0	0	0	0	0	0
Leased Cars	0	141,000	0	0	0	0	0
Telephony system	10,600	0	0	0	0	0	0
Corporate Projects Total	60,000	141,000	0	0	0	0	0
Growth Fund Projects							
Cycle Strategy implementation (GAF)	0	278,000	0	0	0	0	0
Green Infrastructure implementation (GAF)	0	185,000	0	0	0	0	0
Transport Plans implementation (GAF)	0	250,000	0	0	0	0	0
Growth Fund Projects Total	0	713,000	0	0	0	0	0
Leisure Facilities							
Avenue Park Floodlights	0	30,000	0	0	0	0	0
Avenue Park Splash Park	0	0	70,000	0	0	0	0
Bancroft & Priory Splash Pads	0	0	0	35,000	0	0	0
Bancroft Lighting	0	0	45,000	0	0	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)	0	0	0	0	0	0	0

Project	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28 -
	Estimate £	Estimate £	Estimate £	Estimate £	Estimate £	Estimate £	31/32 Estimate £
Environmental Improvements	0	115,000	0	0	0	0	0
Football Goal Replacement Programme	0	0	0	0	0	0	0
Great Ashby District Park safety and security	20,000	0	0	0	0	0	0
Grounds Maintenance Vehicles and Machinery	0	315,000	0	0	0	0	0
Howard Gardens Splashpad	0	35,000	0	0	0	0	0
HSC Boiler Replacement	0	0	0	200,000	0	0	0
HSC Future Refurbishment	0	0	0	0	0	0	0
HSC Outdoor Pool Boiler Replacement	40,000	0	40,000	0	0	0	0
HSC Reception Toilet Refurbishment	0	0	30,000	0	0	0	0
HSC Archers Member Change and Relaxation Area Refurbishment	0	0	0	0	300,000	0	0
HSC Change Village Refurbishment	0	0	0	0	0	225,000	0
HSC Fitness Equipment Replacement	0	0	0	0	0	300,000	0
HSC Fitness Facility Refurbishment	0	0	0	0	0	50,000	0
HSC Outdoor Pool Cover Replacement	0	0	0	0	0	30,000	0
Ickneild Way Cemetery Footpaths	50,000	0	0	0	0	0	0
Ivel Springs Footpaths	0	10,000	0	0	0	0	0
Leisure Condition Survey Enhancements	82,000	0	80,000	0	0	0	0
Letchworth Outdoor Pool Boiler Replacement	40,000	0	40,000	0	0	0	0
Mausoleum	0	250,000	0	0	0	0	0
Mrs Howard Hall Replacement Boiler & Windows	63,000	0	0	0	0	0	0
Newmarket Road Royston Skatepark & Access	0	0	90,000	0	0	0	0
NHLC Boiler Replacement	0	0	200,000	0	0	0	0
NHLC Dryside Changing Area	0	0	100,000	0	0	0	0
NHLC Interactive Water Feature	0	0	0	0	0	0	120,000
NHLC Pool Flume Replacement	0	0	0	0	0	0	150,000
NHLC Reception Toilet Refurbishment	0	0	0	0	0	0	0
NHLC Refurbish Gym Floor	3,200	0	0	0	0	0	0
NHLC Refurbishment of Gym Members Changing Rooms	0	0	0	0	0	0	0
NHLC Replace Circulation Pipework	0	0	0	0	0	0	0
NHLC Replacement of Sport Hall heating system	31,100	0	0	0	0	0	0
NHLC Sauna Steam Refurbishment	0	150,000	0	0	0	0	0
Norton Common Footpaths	0	0	10,000	0	0	0	0
Norton Common Wheeled Sports improvements	0	0	0	0	0	0	0
Oughtonhead Common Footpaths	0	0	20,000	0	0	0	0
Oughtonhead Common Signage and Interpretation	0	10,000	0	0	0	0	0
Park Recycling Litter Bins	25,000	0	0	0	0	0	0
Playground Renovation District Wide	180,000	180,000	180,000	180,000	180,000	180,000	720,000
Ramsoms Rec Footpaths, Gates and Railing	0	10,000	20,000	0	0	0	0
Renovate play area Howard Park, Letchworth	75,000	0	0	0	0	0	0
Renovate skate park at KGV Hitchin	0	0	250,000	0	0	0	0
Renovate play area, District Park, Gt. Ashby	0	0	0	0	0	0	0
Replace items of play equipment Holroyd Cres, Baldock	10,000	0	0	0	0	0	0
Replace items of play equipment Wilbury Recreation Ground, Letchworth	10,000	0	0	0	0	0	0
Replacement of Domestic Hot Water Calorifer at HSC	25,000	0	0	0	0	0	0
Replacement of the timber access bridge at Norton Common	0	75,000	0	0	0	0	0
RLC Changing Village Refurbishment	0	0	225,000	0	0	0	0
RLC Dry Side Toilet Refurbishment	0	0	0	0	30,000	0	0
RLC Future Refurbishment	0	0	0	0	0	0	0
RLC Members Change Refurbishment	0	0	0	150,000	0	0	0
RLC Boiler Replacement	0	0	0	0	0	0	100,000
RLC Fitness Equipment Replacement	0	0	0	0	0	150,000	0
RLC Fitness Facility Refurbishment	0	0	0	0	0	50,000	0
Royston Leisure Centre extension	0	0	1,000,000	0	0	0	0
Solar PV installation at Hitchin Swim Centre	0	0	115,000	0	0	0	0
Solar PV installation at North Herts Leisure Centre	0	0	260,000	0	0	0	0
Solar PV installation at Royston Leisure Centre	0	0	185,000	0	0	0	0
Solar Thermal Installation at Royston Leisure Centre	50,000	0	0	0	0	0	0
St Johns Cemetery Footpath	0	0	0	40,000	0	0	0
Town Centre Parks Play Provision	0	15,000	0	0	0	0	0
Walsworth Common Pavilion - contribution to scheme	0	0	300,000	0	0	0	0
Walsworth Common Pitch Improvements	0	0	0	0	0	0	0
Weston Hills LNR Footpath Renovation	0	20,000	0	0	0	0	0
Wilbury Hills Cemetery Footpaths	14,400	0	10,000	10,000	0	30,000	0
Leisure Facilities Total	718,700	1,215,000	3,270,000	615,000	510,000	1,015,000	1,090,000
Museum & Arts							
Hitchin Town Hall Additional Bar & Glassware Infrastructure	9,300	0	0	0	0	0	0
Hitchin Town Hall Sprung Floor Replacement	75,000	0	0	0	0	0	0

Project	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 - 31/32 Estimate £
Museum and Commercial Storage Facility at Burymead Hitchin	0	2,000,000	2,000,000	0	0	0	0
NH Museum & Community Facility	48,300	0	0	0	0	0	0
NH Museum Platform Lift Solutions	40,000	0	0	0	0	0	0
Museum & Arts Total	172,600	2,000,000	2,000,000	0	0	0	0
Parking							
Hitchin Lairage car park - cosmetic coating to four stairwells and replacement windows and doors.	0	75,000	0	0	0	0	0
Installation of trial on-street charging (GAF)	50,000	0	0	0	0	0	0
Lairage Multi-Storey Car Park - Structural wall repairs	10,000	107,200	0	0	0	0	0
Letchworth Multi-Storey Car Park - parapet walls, soffit & decoration	0	129,000	0	0	0	0	0
Letchworth Multi-Storey car park - lighting	1,800	0	0	0	0	0	0
Match funding for Electric Vehicle charging	100,000	0	0	0	0	0	0
Off Street Car Parks resurfacing and enhancement	50,000	185,500	8,000	0	0	0	0
Parking Charging, Payments & Management	235,000	0	0	0	0	0	0
Parking Machines Replacement	0	0	0	0	150,000	150,000	0
Parking Machines Upgrade - Contactless Payment Facility Installation	36,000	20,000	0	0	0	0	0
Refurbishment of lifts at Lairage Car Park	353,300	0	0	0	0	0	0
Replace and enhance lighting at St Mary's Car Park	60,000	0	0	0	0	0	0
Resurface Lairage Car Park	0	350,000	0	0	0	0	0
Parking Total	896,100	866,700	8,000	0	150,000	150,000	0
Renovation & Reinstatement Grant Expenditure							
Mandatory Disabled Facility Grants	0	0	0	0	0	0	0
Private Sector Grants	90,600	60,000	60,000	60,000	60,000	60,000	240,000
Renovation & Reinstatement Grant Expenditure Total	90,600	60,000	60,000	60,000	60,000	60,000	240,000
Waste collection							
Bury Mead Road Transfer Facility	0	30,000	0	0	0	0	0
Recyclable material transfer facility, vehicle depot and offer facility co-located with a residual waste transfer facility	0	0	0	3,000,000	3,000,000	0	0
Refuse and Recycling Bins	0	90,000	90,000	90,000	90,000	90,000	450,000
Waste and Street Cleansing Vehicles	0	0	0	0	4,000,000	0	0
Waste collection Total	0	120,000	90,000	3,090,000	7,090,000	90,000	450,000
Grand Total	3,044,800	7,696,400	5,522,000	4,136,000	8,909,000	1,402,000	2,864,000

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CAPITAL INVESTMENT PROPOSALS

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Asset Management and Investment											
NCP1	Service Director - Commercialisation	Former Public Convenience on Portmill Lane, Hitchin	25	-	25	0	0	0	0	0	<p>Officers have been investigating this capital project with an aim to undertake work in 2022/23, however, due to the recent developments of Churchgate and the sale of the Leasehold, the project will not commence until the sale has concluded and the Council fully understand the wider impact.</p> <p>The former public convenience building is currently not lettable due to its poor condition and low Energy Performance Certificate (EPC) Rating of G. To return the property to a basic but lettable standard, the building needs to be made wind and watertight and the existing sanitary ware needs stripping out. By achieving a letting, NHDC would remove itself of annual holding costs in region of £2,600 and potentially stand to achieve an estimated initial rental income of circa £2,700 per annum. NHDC will not be able to lease the building until the work is completed. Revenue impact detailed in corresponding efficiency proposal.</p>
NCP2	Service Director - Commercialisation	Riverside walkway, Biggin Lane Hitchin	53	30	53	0	0	0	0	0	<p>Officers have been investigating this capital project with an aim to undertake work in 2022/23, however, due to the recent developments of Churchgate and the sale of the Leasehold the project will not commence until the sale has concluded and the Council fully understand the wider impact.</p> <p>The construction of a riverside walkway to provide a vital link between Biggin Lane Car Park and Hitchin Town Centre. Subject to planning permission being secured, Section 106 grant funding has been ringfenced for the construction of the pathway and associated infrastructure (fencing & gating for example). The creation of the walkway will also require the relocation of the compactor machine at the car park, the relining of the area of car park where the machine currently stands, and erection of fencing around the relocated compactor. While there are no direct revenue consequences, the new walkway will help regenerate an under-used area of Hitchin by connecting the car park with town centre shops and businesses.</p>
NCP3	Service Director - Commercialisation	Charnwood House, Paynes Park, Hitchin	TBC	-	TBC	0	0	0	0	0	<p>For the modifications and fit out to bring the building up to modern lettable condition. The actual total cost will depend on the exact plans for the building and a detailed current condition survey, which will be subject to an options appraisal. The Council should also expect a contribution from the group taking on the lease. Anticipated revenue impact is detailed in the corresponding revenue efficiency proposal.</p>
ECP1	Service Director - Commercialisation	Acquisition of Property Investments	-	-	0	0	0	0	0	0	<p>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.</p> <p>The £4m capital allocations in each of the next three financial years will be removed. Removal of significant capital commitments will broaden treasury investment options which are now being limited by a capital provision that may not actually be spent. The limited opportunities are as a result of general economic conditions and restrictions on scope of investments from borrowing and professional regulations. Investments can still be progressed with Council approval, and will require an update to the treasury investment strategy.</p>

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP2	Service Director - Commercialisation	Council property improvements following condition surveys	537	-	537	-	-	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			615	30	615	-	-	-	-	-	
Corporate Items											
NCP4 Page 12 of 13	Service Director - Resources	Council Car Fleet	141	-	141	0	0	0	0	0	The Council's cars, which were each procured via three-year lease contracts respectively, have to date been classified for accounting purposes as operating leases, with associated lease payments simply charged as a revenue expense. Under the new accounting standard IFRS 16: Leases, effective from April 2022, these leases will have to be recorded on the Council's balance sheet as right-of-use assets with a corresponding lease liability (representing the present value of future lease payments). Details of the existing lease agreements are currently being collated and the value to be capitalised will be updated in due course.
Sub-Total: Corporate Items			141	-	141	-	-	-	-	-	
Grants to Third Parties											
ECP3	Service Director - Regulatory	Private Sector Grants	540	-	60	60	60	60	60	240	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.
ECP4	Service Director - Regulatory	John Barker Place, Hitchin	1,096	270	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			1,636	270	1,156	60	60	60	60	240	
Green Space Developments											

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP5	Service Director - Place	Grounds Maintenance Vehicles / Machinery	315	-	315	0	0	0	0	0	The incorporation of the accounting standard IFRS 16: Leases in the accounting code, effective from April 2022, will mean that the vehicles used to deliver the Council's greenspace maintenance contract will be considered for accounting purposes to have transferred to the Council under a lease arrangement, with the vehicles therefore recorded on the Council's balance sheet at the end of 2022/23. The change will not affect the cash value of the payments made annually to the contractor under the service contract. Officers are currently liaising with the contractor to establish the details of the relevant vehicles in use and the capital value will be updated in due course.
NCP6	Service Director - Place	Town Centre Parks Play Provision	15	-	15	0	0	0	0	0	Expand play provision in Priory Memorial Gardens, Avenue Park, Howard Gardens and Bancroft by introducing table tennis tables. The introduction of table tennis tables would not increase the existing maintenance costs of the parks in which they are located.
ECP5	Service Director - Place	Playground Renovation District Wide	1,620	-	180	180	180	180	180	720	Moving forward from the previous policy to renovate a single play area annually to undertake a program of undertaking two locations each year. This ensures that each play area is renovated on an 18 year cycle, which still far exceeds manufacturer lifespan guidelines.
Sub-Total: Green Space Developments			1,950	-	510	180	180	180	180	720	
Green Space Developments - Baldock											
NCP7	Service Director - Place	Avenue Park Floodlights	30	-	30	0	0	0	0	0	Replace old halogen floodlights with LED units to provide energy savings and to ensure a more reliable provision of lighting for the hirers of the facility at Avenue Park Baldock.
ECP8	Service Director - Place	Weston Hills LNR Footpath Renovation	20	-	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.
ECP9	Service Director - Place	Ivel Springs Footpaths	10	-	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.
ECP10	Service Director - Place	Avenue Park Splash Pad	70	-	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. This will also reduce the problem of algae on the surfacing.
Sub-Total: Green Space Developments - Baldock			130	-	60	70	-	-	-	-	
Green Space Developments - Hitchin											
NCP8	Service Director - Place	Oughtonhead Common Signage and Interpretation	10	-	10	0	0	0	0	0	Replacement of existing signage and interpretation on site that is now out of date.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP9	Service Director - Place	Renovate skate park at KGV Hitchin	250	-	0	250	0	0	0	0	The existing equipment on site is now worn out and in need of replacement. Additionally there is a significant local interest in improving the existing facility for future generations.
ECP11	Service Director - Place	Walsworth Common Pavilion - contribution to scheme	300	287	0	300	0	0	0	0	This project was originally listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The project was slipped into 2017/18 pending the outcome of the Green Space Strategy review. In the review, the pavilion was identified as being beyond economic repair and the project was earmarked for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. The project, which is dependent on securing section 106 contributions and/or external grants, has now been deferred to 2023/24.
ECP12	Service Director - Place	Ransoms Rec Footpaths, Gates and Railing	30	-	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.
ECP13	Service Director - Place	Bancroft Lighting	45	-	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.
ECP14	Service Director - Place	Oughtonhead Common Footpaths	20	-	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.
ECP15	Service Director - Place	St Johns Cemetery Footpath	40	-	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.
ECP16	Service Director - Place	Bancroft and Priory Splash Pads	35	-	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.
Sub-Total: Green Space Developments - Hitchin			730	287	20	635	75	-	-	-	
Green Space Developments - Letchworth											
NCP10	Service Director - Place	Replacement of the timber access bridge at Norton Common	75	-	75	0	0	0	0	0	Condition survey undertaken has identified that replacement of the timber bridge at Norton Common is required. While primarily a foot bridge, it is also used for occasional vehicles to services works in the small marsh area. The small marsh is a county wide rare habitat and access will be required into the future to ensure appropriate maintenance can be undertaken. The proposal is to replace the timber bridge with a bridge made from galvanised steel, as recently built at Walsworth Common, which has the comparative benefits of requiring less maintenance and a longer useful life.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP17	Service Director - Place	Howard Gardens Splashpad	35	-	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.
ECP18	Service Director - Place	Wilbury Hills Cemetery Footpaths	50	-	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.
ECP19	Service Director - Place	Norton Common Footpaths	10	-	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			170	-	110	20	10	-	30	-	
Green Space Developments - Royston											
ECP20	Service Director - Place	Newmarket Road Royston Skatepark and Access	90	-	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 that the site is becoming more popular, access into the site requires improvement and formalising. The Service Manager for Greenspace will investigate options to fund this project from existing or future S106 contributions.
Sub-Total: Green Space Developments - Royston			90	-	-	90	-	-	-	-	
IT Schemes:											
ECP21	Service Director - Customers	Microsoft Enterprise Software Assurance	2,043	-	617	0	0	679	0	747	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. When the current three-year contract expires at the end of March 2022, it is proposed to upgrade the MS licences from the MSEA E3 in use currently to the newest version, which is the cloud-based MSEA E5. E5 provides additional features that will enable us to reduce ongoing revenue costs, for items such as Citrix and cyber security software. It also includes the upgrade to the Windows 11 operating system. Soft market testing shows that the costs of licences (both E3 and E5) have increased since 2018 when the E3 licences were procured.
ECP22	Service Director - Customers	Tablets - Android Devices	75	-	15	10	10	10	10	20	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. With the provision of laptops to all officers, the reduction in the number of staff requiring tablets has reduced the estimated capital resource required for tablets in the coming years. The original total of £120k over the next ten years is proposed to reduce to £75k.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP23	Service Director - Customers	Data Switch Upgrade	74	-	15	0	18	0	18	23	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.
ECP24	Service Director - Customers	Additional Data Backup Storage	33	-	15	0	18	0	0	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. CBP UPDATE 2022/23: Removal of earmarked allocations of £18k in 2026/27 and £23k in 2028/29.
ECP25	Service Director - Customers	Security - Firewalls	66	-	14	0	16	0	18	18	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.
ECP26	Service Director - Customers	Additional Storage	13	-	13	0	0	0	0	0	As part of the day to day collection and storage of data within the Information@Works (I@W) which is the Corporate Document Management solution, the amount of data that is being scanned and captured via the Doc's on-line contract provided by Northgate is increasing by the day. There has been a huge push over the past year to work towards enabling every department to have access to I@W as this compliments Home Working. CBP UPDATE 2022/23: Removal of earmarked allocations of £25k in 2025/26 and £20k in 2028/29.
ECP27	Service Director - Customers	Alternative to safeword tokens for staff/members working remotely	30	-	5	0	3	0	3	19	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. The move across to Microsoft Cloud has allowed IT to enhance security and passwords by moving to MS Authenticator. This means there is a reduced amount of physical tokens required going forward. Requested resource over the next ten years has therefore reduced from a total of £63k to £30k.
ECP28	Service Director - Customers	PC Refresh Programme	69	-	8	7	13	7	8	26	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.
ECP29	Service Director - Customers	Laptops - Refresh Programme	334	-	15	10	15	294	0	0	As part of the Business Transformation changes, the strategy 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 proposal is now for all Officer laptop purchases, which had previously been across 2 budget lines. Profile of spend amended in line with the assumption that laptops purchased in the current year will remain in operation for five years (previously estimated to have a useful life of three years).
ECP30	Service Director - Customers	Member Laptops - Refresh Programme	90	-	0	30	0	0	30	30	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. CBP UPDATE 2022/23: Existing capital allocations of £60k in 2023/24, 2026/27 and 2029/30 proposed to reduce to £30k in each year.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP31	Service Director - Customers	DR Hardware Refresh Inc UPS Battery Pk (Unit 3)	55	-	0	0	0	55	0	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. CBP UPDATE 2022/23: Capital allocations of £55k in 2023/24 and £60k in 2026/27 replaced by single £55k allocation in 2025/26.
ECP32	Service Director - Customers	Back-up Diesel 40 KVA Generator (DCO)	25	-	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. Expected to be with a non-diesel alternative.
ECP33	Service Director - Customers	CCTV at DCO & Hitchin Town Hall	5	-	5	0	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. The requested allocation is for installation of CCTV to cover bar facilities, roof area and the balcony at Hitchin Town Hall.
ECP34	Service Director - Customers	40 KVA UPS Device or Battery Replacement	42	-	0	12	0	14	0	16	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.
ECP35	Service Director - Customers	Replacement SAN	115	-	0	0	115	0	0	0	The Storage Area Network (SAN) is used to compliment the data storage and backups across the infrastructure estate. These are a critical element of the data infrastructure network as they also move the data traffic around the servers. The authority replaced the current SAN in 2015/16 and the life of this hardware is 5 years. UPDATE CBP 2022/23: Earmarked allocation of £120k in 2028/29 removed from proposed programme.
ECP36	Service Director - Customers	Dell Servers	145	-	0	0	70	0	0	75	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.
ECP38	Service Director - Customers	New Blade Enclosure	92	-	0	0	40	0	0	52	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.
ECP39	Service Director - Customers	Core Backbone Switch	75	-	0	0	35	0	0	40	Dual processor switch, which links the virtual servers to the SAN.
ECP40	Service Director - Customers	Cabinet Switches - 4 Floors	36	-	0	0	18	0	0	18	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.

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ECP41	Service Director - Customers	WiFi Upgrade	40	-	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.
Sub-Total: IT			3,457	-	722	94	371	1,099	87	1,084	
Leisure Related Proposals											
NCP11	Service Director - Place	Environmental Improvements	115	-	115	0	0	0	0	0	Various works required to deliver the environmental enhancements highlighted within the North Herts Greenhouse Gas Reduction Report to reduce energy consumption and carbon emissions at the three main Council leisure facilities. Works include the installation of Variable Speed Drives at Hitchin Swim Centre (HSC) and North Herts Leisure Centre (NHLC) and a Variable Frequency Drive at NHLC to control the frequency of electrical power supplied to pumps or fans; replacement of Air Handling Units Fans with direct drive Electrically Commutated fans at Royston Leisure Centre; cavity wall insulation at NHLC and HSC; the review and update of the Building Management Systems across all sites; insulation to pipework across all sites and burner optimisation to reduce fuel use at all sites. The financial saving from the reduction in energy consumption is expected to accrue to the Council, rather than the Leisure contractor, but the saving may not be realised until after the management contract(s) is re-tendered and a new contract is awarded.
ECP42	Service Director - Place	Leisure Condition Survey Enhancements	80	-	0	80	0	0	0	0	A physical condition survey was carried out at all four leisure facilities in 2018. This funding is to deliver the remainder of the works that are needed from that survey.
New	Service Director - Place	New Mausoleum	250	-	250	0	0	0	0	0	The current Mausoleum is almost full. The building of a new Mausoleum should generate £22K of net income annually from 23/24.
Sub-Total: Leisure			445	-	365	80	-	-	-	-	
Leisure - Hitchin Swim Centre											
NCP12	Service Director - Place	Solar PV installation at Hitchin Swim Centre	115	-	0	115	0	0	0	0	The installation of solar arrays at the leisure facility would provide significant environmental benefits. Consideration to be given to any Government funding that can contribute toward the capital cost. The resulting saving in ongoing energy costs will accrue to the Council, rather than the Leisure contractor, but this saving may not be realised until after the management contract is re-tendered and a new contract is awarded.
ECP43	Service Director - Place	Hitchin Swim Centre Reception Toilet Refurbishment	30	-	0	30	0	0	0	0	To ensure customer satisfaction is maintained, a project to fully refurbish the male, female and disabled toilets in the reception area is proposed. The current condition of the reception toilets is considered acceptable. It is therefore proposed to defer the investment from 2022/23 to 2023/24.
ECP44	Service Director - Place	Hitchin Swim Centre Outdoor Pool Boiler Replacement	40	-	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.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP45	Service Director - Place	HSC: Boiler Replacement	200	-	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.
ECP46	Service Director - Place	HSC: Archers Member Change and Relaxation Area Refurbishment	300	-	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.
ECP47	Service Director - Place	HSC: Change Village Refurbishment	225	-	0	0	0	0	225	0	Full refurbishment of the change village, which has not been refurbished since 2005.
ECP48	Service Director - Place	HSC: Fitness Equipment Replacement	300	-	0	0	0	0	300	0	Replacement of the cardio and resistance fitness equipment to maintain membership levels and ensure customer satisfaction.
ECP49	Service Director - Place	HSC: Fitness Facility Refurbishment	50	-	0	0	0	0	50	0	Refurbishment of the gym area in preparation for the new cardio and resistance fitness equipment
ECP50	Service Director - Place	HSC: Outdoor Pool Cover Replacement	30	-	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.
Sub-Total: Leisure - Hitchin Swim Centre			1,290	-	-	185	200	300	605	-	
Leisure - Letchworth											
NCP13	Service Director - Place	Solar PV installation at North Herts Leisure Centre	260	-	0	260	0	0	0	0	The installation of solar arrays at the leisure facility would provide significant environmental benefits. Consideration to be given to any Government funding that can contribute toward the capital cost. The resulting saving in ongoing energy costs will accrue to the Council, rather than the Leisure contractor, but this saving may not be realised until after the management contract is re-tendered and a new contract is awarded.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP51	Service Director - Place	NHLC Boiler Replacement	200	-	0	200	0	0	0	0	<p>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. The installation of a Combined Heat Power (CHP) unit in 2020 has however reduced pressure on the boilers. Officers have since reviewed the Capital replacement project on an annual basis.</p> <p>Due to the pandemic, the demand on the boilers has been low, while the recently installed new CHP (Combined heat and power unit) continues to reduce pressure on the boilers. Some general maintenance repair works have been required however a full replacement project can be reviewed again next year. The investment planned for 2022/23 is therefore now earmarked in 2023/24.</p>
ECP52	Service Director - Place	NHLC Dryside Changing Area	100	-	0	100	0	0	0	0	<p>To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled dry side changing areas is proposed.</p> <p>Trend in recent years has been a significant reduction in the demand for dry side change facilities. Consideration will therefore be given to an alternative use of this area if this trend continues. On this basis, it is recommended to defer existing allocation in 2022/23 to 2023/24.</p>
ECP53	Service Director - Place	NHLC: Sauna Steam Refurbishment	150	-	150	0	0	0	0	0	<p>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.</p>
ECP55	Service Director - Place	Letchworth Outdoor Pool Boiler Replacement	40	-	0	40	0	0	0	0	<p>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.</p>
ECP56	Service Director - Place	NHLC: Interactive Water Feature	120	-	0	0	0	0	0	120	<p>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.</p>
ECP57	Service Director - Place	NHLC: Pool Flume Replacement	150	-	0	0	0	0	0	150	<p>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.</p>
Sub-Total: Leisure - Letchworth			1,020	-	150	600	-	-	-	270	

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Leisure - Royston Leisure Centre											
NCP14	Service Director - Place	Solar PV installation at Royston Leisure Centre	185	-	0	185	0	0	0	0	The installation of solar arrays at the leisure facility would provide significant environmental benefits. Consideration to be given to any Government funding that can contribute toward the capital cost. The resulting saving in ongoing energy costs will accrue to the Council, rather than the Leisure contractor, but this saving may not be realised until after the management contract is re-tendered and a new contract is awarded.
ECP58	Service Director - Place	Royston Leisure Centre extension	1,000	170	0	1,000	0	0	0	0	To extend the front of the Royston Leisure Centre. This will provide a new multi functional room and increase the size of the fitness room. The gym membership at Royston Leisure Centre is close to capacity and a recent latent demand survey demonstrated there is a demand to increase the size of this facility. By undertaking the capital work the Council will renegotiate the Leisure Management contract and SLL would increase their management fee to the Council. With operations at the leisure centre continuing to recover from the pandemic, it is proposed that this development project is deferred from 2022/23 to 2023/24, when the situation can be reviewed again. Consideration needs to be given to the next contract change during 2024.
ECP59	Service Director - Place	Royston Leisure Centre Changing Village Refurbishment	225	-	0	225	0	0	0	0	The change village is over 17 years old and has not been refurbished since opening in 2005. A full refurbishment of the change village is proposed to ensure customer satisfaction is maintained. The current condition of the Changing Village is considered acceptable. It is therefore proposed to defer the investment from 2022/23 to 2023/24.
ECP60	Service Director - Place	Royston Leisure Centre Dry Side Toilet Refurbishment	30	-	0	0	0	30	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled dry side toilet areas is proposed. The current condition of the dry side toilets is considered acceptable. It is therefore proposed to defer the investment from 2022/23 to 2025/26 .
ECP61	Service Director - Place	RLC: Members Change Refurbishment	150	-	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.
ECP62	Service Director - Place	RLC: Fitness Equipment Replacement	150	-	0	0	0	0	150	0	Replacement of the cardio and resistance fitness equipment to maintain membership levels and customer satisfaction.
ECP63	Service Director - Place	RLC: Fitness Facility Refurbishment	50	-	0	0	0	0	50	0	Refurbishment of the gym area in preparation for new cardio and resistance fitness equipment.
ECP64	Service Director - Place	RLC: Boiler Replacement	100	-	0	0	0	0	0	100	Investment earmarked in 2027/28. Boilers will be 20+ years old and will be 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.
Sub-Total: Leisure - Royston Leisure Centre			1,890	170	-	1,410	150	30	200	100	

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Museum and Arts Development											
NCP15	Service Director - Commercialisation	Museum and Commercial Storage Facility at Burymead Hitchin	4,000	-	2,000	2,000	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 completion of this work would see the former Hitchin Museum and Letchworth Museum sites be completely cleared of museum storage. This new Capital request replaces the existing £1.2million capital allocation for this project in 2021/22 approved by Council last February, which was based on the best estimate at that time. It also includes an allocation for building a commercial storage venture on this site alongside the museum storage facility. Officers continue to seek grant funding towards the museum element of the project but applications made to date have not been successful. There is already a basic revenue budget for the Burymead site however this may need to be reviewed and increased to cover the upkeep and operation of a new, larger facility. See revenue investment bid (R29) for an estimate of the linked temporary storage costs.
Sub-Total: Museum and Arts Development			4,000	-	2,000	2,000	-	-	-	-	
Parking Related Proposals											
ECP65	Service Director - Resources	Off Street Car Parks resurfacing and enhancement	194	-	186	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.
ECP66	Service Director - Resources	Lairage Multi-Storey Car Park - Structural wall repairs	107	-	107	0	0	0	0	0	Works to preserve this income generating asset in usable condition. Works are necessary to protect surface following experience at Letchworth Multi-Storey Car Park.
ECP67	Service Director - Resources	Hitchin Lairage car park - cosmetic coating to four stairwells and replacement windows and doors.	75	-	75	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.
ECP68	Service Director - Regulatory	Parking Machines Upgrade - Contactless Payment Facility Installation	20	7	20	0	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.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP69	Service Director - Regulatory	Parking Machines Replacement	300	-	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 an 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.
Sub-Total: Parking			696	7	388	8	-	150	150	-	
Waste Collection											
NCP16	Service Director - Place	Bury Mead Road Transfer Facility	30	-	30	0	0	-	0	0	Reinforcement of the push walls at Bury Mead Road to ensure the site is safe and fit for purpose to at least 2026.
NCP139	Service Director - Place	Refuse and Recycling Bins	900	-	90	90	90	90	90	450	Wheeled bins are considered to have on average a 10-12 year life. The bin replacement cycle for the purple residual waste bins means we are likely to see increased bin purchases over the coming years.
ECP70	Service Director - Place	Recyclable material transfer facility, vehicle depot and offer facility co-located with a residual waste transfer facility	6,000	-	0	0	3,000	3,000	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. The existing NHDC depot is leased by our contractor and will not be fit for purpose within the next 5 years due to it's limited size and current buildings. The proposal is to build a purpose built depot and sub station co-located with HCC transfer facilities to provide operational efficiencies and support the aim of fleet decarbonisation. It is expected that the facility will use the latest PV technology to support the decarbonisation of the fleet. Estimated capital resource required increased from £1.6million in 2024/25 to a total of £6million over 2024/25 and 2025/26. This reflects the latest cost estimates for the facilities required, which has been subject to review and challenge.
ECP71	Service Director - Place	Vehicle fleet replacement program (Waste and Recycling)	4,000	3,200	0	0	0	4,000	0	0	The Council is committed to responding to the climate change emergency and will be looking at options for lower emission vehicles when the current vehicles need replacing at the start of the new contract period. At this stage it is not possible to know what will be the most appropriate options at the time and the cost of those options. Therefore the costs at this stage reflect a broadly equivalent replacement. The estimates will be updated in future years. 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			10,930	3,200	120	90	3,090	7,090	90	450	
TOTAL			29,190	3,964	6,357	5,522	4,136	8,909	1,402	2,864	

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
TOTAL CONSISTS OF:											
PROPOSALS ALREADY IN THE CAPITAL PROGRAMME:			22,421	3,934	3,208	2,622	4,046	8,819	1,312	2,414	
NET CHANGE IN THE 2022/23 PROCESS			6,769	30	3,149	2,900	90	90	90	450	
Slippage from 2021/22					1,339	0	0	0	0	0	
					7,696	5,522	4,136	8,909	1,402	2,864	

These totals exclude those capital projects planned to complete in 2021/22.