

# NORTH HERTFORDSHIRE DISTRICT COUNCIL



20 January 2023

Our Ref Cabinet/31 January 2023  
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To: Members of the Cabinet:

Councillor Elizabeth Dennis-Harburg (Chair)  
Councillor Ruth Brown  
Councillor Ian Albert  
Councillor Keith Hoskins MBE  
Councillor Amy Allen  
Councillor Steve Jarvis  
Councillor Sean Prendergast

Deputy Executive Members: Councillor Ian Mantle, Councillor Sam North, Councillor Chris Lucas, Councillor Tom Plater, Councillor Tom Tyson, Councillor James Denselow and Councillor Alistair Willoughby

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

to be held in the

**COUNCIL CHAMBERS, DISTRICT COUNCIL OFFICES,  
GERNON ROAD, LETCHWORTH GARDEN CITY, SG6 3JF**

On

**TUESDAY, 31ST JANUARY, 2023 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**

<b>Item</b>		<b>Page</b>
<b>1.</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>2.</b>	<b>MINUTES - 13 DECEMBER 2022</b> To take as read and approve as a true record the minutes of the meeting of the Committee held on the 13 December 2022.	(Pages 5 - 20)
<b>3.</b>	<b>NOTIFICATION OF OTHER BUSINESS</b> 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.	
<b>4.</b>	<b>CHAIR'S ANNOUNCEMENTS</b> <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. ITEMS REFERRED FROM OTHER COMMITTEES**

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

**7. DEVELOPER CONTRIBUTIONS SPD**

REPORT OF THE SERVICE DIRECTOR – REGULATORY

(Pages  
21 - 148)

The Developer Contributions SPD is the first of the proposed Supplementary Planning Documents supporting the Local Plan. A consultation draft was approved by Cabinet in September 2022 and Cabinet is asked to adopt the final version of the SPD (as updated).

**8. STRATEGIC PLANNING MATTERS**

REPORT OF THE SERVICE DIRECTOR – REGULATORY

(Pages  
149 -  
182)

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

**9. THE ALLOCATION OF DLUHC HOMELESSNESS GRANT**

REPORT OF THE SERVICE DIRECTOR – REGULATORY

(Pages  
183 -  
192)

This report details proposals for the remaining allocation of this funding and provides updates on other relevant DLUHC funding opportunities.

**10. REVENUE BUDGET 2023/24**

REPORT OF THE SERVICE DIRECTOR – RESOURCES

(Pages  
193 -  
230)

For Cabinet to recommend a budget for 2023/24 to Full Council for their consideration and approval.

**11. INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)**

REPORT OF THE SERVICE DIRECTOR - RESOURCES

(Pages  
231 -  
286)

To consider the Investment Strategy and recommend to Council the adoption of the Investment Strategy

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# Public Document Pack Agenda Item 2

## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### CABINET

MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, GERNOON ROAD, LETCHWORTH

ON TUESDAY, 13TH DECEMBER, 2022 AT 7.30 PM

### MINUTES

**Present:** *Councillors: Councillor Elizabeth Dennis-Harburg (Chair), (Vice-Chair), Ruth Brown, Ian Albert, Keith Hoskins, Amy Allen, Steve Jarvis and Sean Prendergast*

**In Attendance:** *James Lovegrove (Committee, Member and Scrutiny Manager), Anthony Roche (Managing Director), Ian Fullstone (Service Director - Regulatory), Jeanette Thompson (Service Director - Legal and Community), Ian Couper (Service Director - Resources), Jo Dufficy (Service Director - Customers), Anne Banner (Benefits Manager), Geraldine Goodwin (Revenues Manager), David Martins Hesp (Assistive Technology Manager), Martin Lawrence (Strategic Housing Manager) and Robert Orchard (Operations and Facilities Manager)*

**Also Present:** *At the commencement of the meeting there were no members of the public present.*

#### 135 APOLOGIES FOR ABSENCE

*Audio recording – 30 seconds*

Before the meeting proceeded, the Chair paid tribute to Councillor Judi Billing MBE following her death on the 24 November 2022. Councillor Ian Albert also provided a tribute. Following this, the Chair requested that Members present join in a minute silence in remembrance.

There were no apologies for absence received.

#### 136 MINUTES - 13 SEPTEMBER, 25 OCTOBER AND 2 NOVEMBER 2022

*Audio Recording – 6 minutes 06 seconds*

Councillor Elizabeth Dennis-Harburg, as Chair, proposed and Councillor Ian Albert seconded and, following a vote, it was:

**RESOLVED:** That the Minutes of the meeting held on the 13 September 2022, 25 October 2022 and 2 November 2022 were approved as a true record of the meeting and signed by the Chair.

#### 137 NOTIFICATION OF OTHER BUSINESS

*Audio recording – 7 minutes 10 seconds*

There was no other business notified.

#### 138 CHAIR'S ANNOUNCEMENTS

*Audio recording – 7 minutes 40 seconds*

- (1) The Chair advised that, in accordance with Council Policy, the meeting would be audio recorded.
- (2) 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.
- (3) 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.
- (4) A comfort break would be taken at a suitable time in proceedings, if required.

### **139 PUBLIC PARTICIPATION**

*Audio recording – 8 minutes 33 seconds*

There was no public participation.

### **140 ITEMS REFERRED FROM OTHER COMMITTEES**

*Audio recording – 8 minutes 39 seconds*

The Chair advised that the items referred from Finance, Audit and Risk Committee and the Overview and Scrutiny Committee would be taken with the respective items on the agenda.

### **141 COUNCIL TAX REDUCTION SCHEME 2023/2024**

*Audio recording – 8 minutes 57 seconds*

The Executive Member for Finance and IT presented the report entitled 'Council Tax Reduction Scheme 2023/2024' and advised of the following:

- Thanked the relevant Officers at the Council who had put work into this scheme.
- It proposed to increase the entitlement to over 1500 people, particularly those in the most vulnerable groups.
- There had been comments and input provided by Citizens Advice and residents during consultation.
- The important aspect would be managing the transition to the new scheme.
- Would continue to look at the discretionary support scheme for individual residents on a case by case basis.

David Airey, a consultant from ACS, advised that:

- ACS provided support to local authorities and the main areas of this was Council Tax reduction.
- Council Tax reduction was introduced in 2013 and all schemes run by local authorities needed to be updated due to the rollout of Universal Credit.
- This proposal would simplify the working age scheme and offer further support to residents.
- By 2023/24 it was expected that the majority of local authorities would be transferred across to a similar working age scheme.

- The pension age scheme is prescribed by the government and therefore cannot be changed.

The Chair of Finance, Audit and Risk Committee, Councillor Terry Tyler, presented the referral on this item and noted that there was some debate at the meeting, specifically with some concerns being raised about the transition. However, overall the Committee was content with the proposal and supportive of the scheme and approved the recommendations.

In response to a question from Councillor Ruth Brown, the Revenues Manager advised that this scheme would have a bearing on Parish Councils, but this would only be a small amount. Councillor Ian Albert noted that £38k had been allocated to support Parish Councils in the budget.

Councillor Ian Albert proposed and Councillor Elizabeth Dennis-Harburg seconded and, following a vote, it was:

**RESOLVED:** That Cabinet

- (1) Noted that a full review of the Council Tax Reduction Scheme had taken place and that consultation with the public and Major Precepting Authorities had taken place.
- (2) Noted the aim of the review had been to introduce a new scheme that will:
  - a. enable us to increase the overall level of support for the lowest income households;
  - b. reduce the administrative burden placed on the Council following the introduction of Universal Credit and;
  - c. make the scheme easier for our customers to understand and calculate entitlement.
- (3) Noted that the new scheme may increase the costs from those of the current scheme, any increase will be split between the Council and its Major Precepting Authorities. The Council's share is expected to be around 12.5%.

**REFERRED TO COUNCIL:** That Cabinet

- (1) Recommended to Council that a new banded scheme for working age applicants is adopted from 01 April 2023.
- (2) Recommended to Council the use of the Council Tax Hardship Grant to fund a discretionary scheme to provide additional transitional support where appropriate and that decisions regarding Discretionary support are delegated to the Service Director Customers in consultation with the Executive Member for Finance and IT.

**REASON FOR DECISIONS:** To ensure that the Council has a fit for purpose Council Tax Reduction Scheme that:

- Provides the greatest support to the lowest income households;
- Reduces the administrative burden that has been placed on the Council since the introduction of Universal Credit (UC);
- Is simple to understand, meaning that customers will be able to calculate entitlement and assess the impact of potential changes in circumstances.

## 142 CLIMATE CHANGE STRATEGY 2022-2027

*Audio recording – 16 minutes 58 seconds*

The Executive Member for the Environment and Leisure presented the report entitled 'Climate Change strategy 2022-2027' and advised of the following:

- This was an update to the previous strategy, taking into account changes in policy locally and nationally.
- There were no changes to the objectives within the report and it did not change the actions to be taken to find savings on emissions.
- The report had been updated to highlight the progress made and what had been achieved. It also added further requirements on the Council as technology, policy and requirements change.

The Chair of Overview and Scrutiny Committee presented the referral on this item and noted:

- There had been a good level of debate and discussion on this item, with lots of information provided by the Executive Member.
- It was interesting to see that the emissions of the main Council contractors would be included as part of our targets and this was felt to be a positive concept, as it would have been easy to omit these from the calculations to reduce the emissions of the Council.
- The recommendations in the report were approved, with an additional recommendation included to request that Cabinet reflect this policy when revising and updating the Contract Procurement Policy at a later Cabinet meeting.

In response to a comment from Councillor Ruth Brown that this policy felt more ambitious than the previous version, the Executive Member noted that good progress had been made on assessing the current situation and what needed to be done to achieve goals. This means that areas to target for offsetting emissions had been identified and it just left questions as to when and how these would be achieved. The report offered a comprehensive overview of the progress made to date.

Councillor Steve Jarvis proposed and Councillor Elizabeth Dennis-Harburg seconded and, following a vote, it was:

**RESOLVED:** That Cabinet

(1) Adopted the following documents, taking into consideration the additional actions proposed under each priority area:

- Appendix 1 Climate Change Strategy 2022-2027
- Appendix A Proposed Actions
- Appendix B Achievements

(2) Reflects on the Climate Change Strategy for contracted services when considering the revision of the Procurement Policy.

**REASON FOR DECISION:** In 2019, the Council passed a motion to declare a Climate Emergency. In this motion the Council pledged their commitment to do everything within their power to become carbon neutral by 2030. This iteration of the Strategy has been revised to reflect the latest legislation, research, and best practice; and includes additional proposed actions under each priority area to respond to gaps we have identified. Appendix B Achievements lays out progress against each action.

## **143 EQUALITY, DIVERSITY AND INCLUSION STRATEGY 2022-27**

*Audio recording – 21 minutes 45 seconds*

The Chair noted that the introductory foreword to the report should stand as the last piece of work of the late Councillor Judi Billing MBC. It was noted that some Councillors around the country did not want policies like this adopted, as it was deemed 'woke', but this was about a duty of care towards communities represented.

The Service Director – Legal and Community presented the report entitled 'Equality, Diversity and Inclusion Strategy 2022-27' and advised of the following:

- There had been concerns raised at Overview and Scrutiny Committee about certain terms included within the glossary.
- Officers had included the glossary as a helpful document to understand terms around the topic and it was not meant to cause offence.
- In order to prevent it becoming a live document to be managed by Officers, it would be better to remove the glossary completely from the strategy.

The Chair of Overview and Scrutiny Committee presented the referral on this item and noted:

- The Committee was overall supportive, but there were concerns raised about terms included, specifically regarding the use of 'people of colour' in relation to BME/BAME without explanation.
- Some Members felt this inclusion on the glossary was not appropriate.
- The Committee made an amendment to recommendations that would have made the glossary a live document to be updated as terminology changed, but the suggested removal by the Service Director would be more suitable, as it would be difficult to maintain a live glossary.

The Chair thanked the Overview and Scrutiny Chair for his comments and agreed that the removal of the glossary from the strategy would be best.

In response to a question from Councillor Ruth Brown, the Service Director advised that she was unsure whether a named lead Officer had been included within the strategy, but the Policy and Community Engagement Manager would be the main point of contact for dealing with this policy.

Councillor Elizabeth Dennis-Harburg, as Chair, proposed and Councillor Keith Hoskins seconded and, following a vote, it was:

**RESOLVED:** That Cabinet

- (1) Approved the Council's Equality, Diversity and Inclusion Strategy 2022-2027 as attached at Appendix A, with the removal of the Glossary document attached as Appendix C in the report.
- (2) Approved the Equality objectives as set out below:
  1. Work with young people through youth engagement to make it easier for them to have their voices heard in local decision-making and democracy.
  2. Improve our engagement with marginalised, seldom heard, and new communities to make it easier for them to participate in local decision-making and democracy, and to have their views and experiences heard by the council.
  3. Improve our understanding of broader EDI issues and their impacts, such as neurodiversity and economic disadvantage; as well as the intersections between inequalities, using our Inclusion Group as a channel.
  4. Achieve consistency in measuring the likely equality impacts of our emerging policies and services.

**REASON FOR DECISIONS:** The previous Corporate Equality Strategy (2017) was revised to ensure consistency with the latest public sector equality legislation and obligations. The refresh of the Strategy reflects the Council's ongoing commitment to fulfil our legal obligations as set out in the Equality Act and to set out the new equality objectives.

## 144 ALLOCATION OF DLUHC HOMELESSNESS GRANT

*Audio recording – 29 minutes 08 seconds*

The Executive Member for Housing and Environmental Health presented the report entitled 'Allocation of DLUHC Homelessness Grant' and advised of the following:

- An addendum to the report had been circulated, which updated on the Metropolitan Thames Valley Homes scheme and the subsidy loss regarding Lord Lister.
- This would allow Cabinet to approve funding in principle for this type of accommodation and then consider the details of the scheme at a later date. .
- Keystage have confirmed that they are evaluating their position which is hoped would reduce the subsidy loss to the Council.
- The report details the allocation of funding to specialist services to support single homeless people, and specifically those with complex needs which had risen over recent years.
- This funding would help to address issues faced by homeless people.
- It would help to support residents to live independently, end homelessness and was in line with Council strategies for homelessness.

Councillor Sean Prendergast proposed and Councillor Ruth Brown seconded and, following a vote, it was:

**RESOLVED:** That Cabinet

(1) Approved the allocation of Homelessness Prevention Grant funding (2022/23) as follows:

- a) Metropolitan Thames Valley Housing (in principle, up to 73k, with the Cabinet being asked to consider the details of the scheme at the appropriate time);
- b) To offset Department of Work and Pensions Housing Benefit subsidy loss incurred between April 2022 and the end of January 2023 (and officers be asked to return to the Cabinet on 31 January 2023 to confirm this amount and the options for the management of subsidy loss going forward);
- c) To secure hotel provision over the winter months (£36k).

(2) Approved the allocation of Rough Sleeping Initiative funding for the financial years 2022/23, 2023/24 and 2024/25 as follows:

- a) Haven First (£78k, £77.4k and £68.2k);
- b) Keystage Housing (£86.2k, £85.6k and £75.4k).

### **REASONS FOR DECISIONS:**

- (1) There is an urgent need for high quality accommodation-based support services for single homeless people in the district. Adopting the recommendations would secure the provision of these services for the next few years, which is in line with the priorities set out in the Council's Homelessness and Rough Sleeping Strategy, contained within the Council's Housing Strategy 2019-2024.
- (2) The support services outlined in this report are crucial to enable single homeless people with complex needs to have the opportunity to live independent lives and ending the cycle of repeated homelessness.

**145 INFORMATION NOTE - UPDATE ON REFUGEE RESETTLEMENT**

*Audio recording – 32 minutes 10 seconds*

The Executive Member for Housing and Environmental Health presented the Information Note entitled 'Update on Refugee Resettlements', and advised of the following:

- Council had successfully resettled 10 Syrian families, supporting 50 people to relocate within the district.
- The Syrian scheme had been paused during the pandemic, but it had now restarted and the Council had acquired housing association houses to support two families of five.
- However, only one Syrian family could be identified by the Home Office and therefore the other home would be provided to an Afghan family.
- The Council was working with others to ensure pressures from Ukrainian refugees are alleviated as far as possible.
- Overall there was a lot of support given by the Council to refugees and Members should be proud.

**146 NORTH HERTS MUSEUM STRATEGY 2022-2026**

*Audio recording – 33 minutes 57 seconds*

The Executive Member for Enterprise and Arts presented the report entitled 'North Herts Museum Strategy 2022-2026' and advised of the following:

- This was the first Museum Strategy update for 10 years, since the reorganisation of museum services in North Herts.
- It sets out the four aims the museum hoped to achieve.
- Commended Officers for the work put into the strategy.

The Chair of Overview and Scrutiny presented the referral on this item and advised that the Committee had approved the recommendations. He also noted that the number of responses to the consultation on this strategy had been very good.

The Chair noted that the positive level of engagement on this strategy could form a learning point for future consultation and communication.

Councillor Keith Hoskins proposed and Councillor Ian Albert seconded and, following a vote, it was:

**RESOLVED:**

- (1) That the current draft of the Museum Strategy 2022 - 2026 was approved.
- (2) That Cabinet adopted the strategy for the years 2022 – 2026.

**REASON FOR DECISIONS:** The previous Arts, Museums and Heritage Strategy expired some years ago and a new strategy will guide the ambitions of the museum service in the years ahead.

**147 HALF YEARLY REPORT ON RISK MANAGEMENT**

*Audio recording – 35 minutes 57 seconds*

The Executive Member for Finance and IT presented the report entitled 'Half Yearly Report on Risk Management' and advised of the following:

- The comments made at Finance, Audit and Risk on this item had been noted and the Overview and Scrutiny Committee consider risk as part of the Council Delivery Plan.
- The aim of this was to ensure that the Council was managing risk effectively.
- It was important that all Members were given suitable risk management training.

The Chair of Finance, Audit and Risk Committee presented the referral on this item and noted:

- There was a good debate on this at the meeting and overall the Committee were supportive.
- Members of the Committee would be receiving training on Pentana and it was hoped this could be extended to all Members.
- Finance, Audit and Risk and Overview and Scrutiny Committee Members could attend the quarterly risk management group, which took place during the daytime.
- There was concern raised to the why the risk for the Empty House strategy had decreased in likelihood but has increased impact. The Service Director – Resources would investigate and confirm with the Committee, as it was expected this was an error.

Councillor Ian Albert proposed and Councillor Steve Jarvis seconded and, following a vote, it was:

**RESOLVED:** That Cabinet

- (1) Noted the update and any recommendations from FARC on the Half Yearly Risk Management update.
- (2) Approved the changes and any associated recommendations from FARC on the review of the Risk Management Framework.
- (3) Commented on and noted recommendations from FARC on the type of Risk Management Training they would like to see going forward.

**REASONS FOR DECISIONS:**

- (1) The responsibility for ensuring the management of risks is that of Cabinet.
- (2) This Committee has responsibility to monitor the effective development and operation of Risk Management.

**148 DRAFT BUDGET 2023/24**

*Audio recording – 39 minutes 50 seconds*

The Executive Member for Finance and IT presented the report entitled 'Draft Budget 2023/23' and advised of the following:

- Thanked Officers for the work put into this and to Members for the suggestions and comments made at the workshops.
- There had been consideration given to the rise in Council Tax, following the confirmation in the Autumn Statement that it would be increased by 3% without a referendum.
- Therefore it had been agreed to raise Council Tax by 3% in order to protect services offered.
- The Council Tax Reduction Scheme would mean that vulnerable residents were protected from this rise.
- Government had confirmed that this rise could take place for two years, 2023/24 and 2024/25, and this had been proposed.



- There had been no new funding formula or business rate reset planned for the next two years. Overall this was good news for the Council who could continue to collect pooled business rates.
- All councils would see at least a 3% increase in core spending power, before Council Tax rises.
- Ultimately, with the increased grants and Council Tax, the Council would be able to offer more flexibility which could be controlled by the Council.
- Whilst the increase in Council Tax is welcome in terms of income to Council, it was important to recognise the impact this would have on some residents. In spite of the proposed rises, the Council was still predicted to spend around £1m of its reserves.
- The Council will need to look at how best to use the money to support and help residents through schemes and services offered.
- Despite the difficult times for residents, the services provided by the Council, such as waste, leisure, recycling and community grants, offer good value for money.
- Further detail would be provided to Cabinet when the final government grant amounts had been confirmed.

The Chair of Finance, Audit and Risk Committee presented the referral on this item and noted:

- The Committee had overall supported the recommendations on the draft budget as presented.
- There had been lots of debate on this and information had been provided by the Service Director – Resources to support this.
- The latest funding forecasts highlighted that some uncertainty remained.
- The Committee had confirmed the requirement to raise Council Tax by 3%, the maximum amount allowed.
- They noted the comments made by Members at the budget workshops.

Councillor Steve Jarvis noted that he was pleased to see funding allocated to extend the opening times of the Letchworth Outdoor pool, following the successful extension this year. He also commented that, while no one wanted to pay more Council Tax, it was important to recognise the situation of those Councils who had not done this and are now in trouble and unable to provide services to residents and it was the most vulnerable most affected by this.

The Chair confirmed that without raising Council Tax the Council would have to draw on reserves and it was wrong that Local Authorities were put in this position by government. It was positive to see that Members and Officers looked at ways to increase and support community benefit schemes as part of the draft budget.

Councillor Ian Albert proposed and Councillor Elizabeth Dennis-Harburg seconded and, following a vote, it was:

**RESOLVED:** That Cabinet

- (1) Noted the latest funding forecasts for 2023/24 onwards and the significant uncertainty that still remains.
- (2) Confirmed that it is necessary to increase Council Tax by 3% (the maximum amount now allowed without a local referendum) as this is what will be assumed by Government in determining the Business Rates that the Council can retain.
- (3) Confirmed that the Council should be part of a Business Rate pool in 2023/24, but delegates to the Service Director: Resources, in consultation with the Executive Member for Finance and IT, authority to withdraw from the pooling arrangement if there are significant changes that would make it likely that the Council would suffer a financial loss from pooling.

- (4) Noted the comments made at the budget workshops, and comment on the inclusion of the revenue savings and investments in the budget to be brought back for consideration in January, for referral on to Council in February.
- (5) Noted the comments made at the budget workshops, and comment on the inclusion of the capital investments in the Investment Strategy to be brought back for consideration in January, for referral on to Council in February.

**REASON FOR DECISIONS:** To ensure that all relevant factors are considered in arriving at a proposed budget, Investment Strategy and Council Tax level for 2023/24, to be considered by Full Council on 23 February 2022.

#### 149 COMPLIANCE CONTRACT - COMMUNITY BUILDINGS

*Audio recording – 52 minutes 50 seconds*

The Executive Member for Finance and IT presented the report entitled 'Compliance Contract – Community Buildings' and advised of the following:

- Across the district there were a number of Council buildings leased out to be used by the community.
- The Council currently provided maintenance at these sites, and in some cases these were charged back to the user, but the Council was not required to do this.
- Some tasks required a professional to complete these, but a series of monthly checks had been identified that could be carried out without professional knowledge or equipment.
- It was proposed that these tasks be removed from the responsibility of the Council, except those areas which required professional support.
- Training would be provided where required.

Councillor Ruth Brown noted that the community centres were consulted and there were some concerns raised, but following discussions these have been mostly resolved.

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

**RESOLVED:** That Cabinet

- (1) Agreed that the Council will stop providing the monthly property compliance tasks (as detailed in paragraph 8.1) to community groups/ buildings (as detailed in paragraph 8.3).
- (2) Agreed that the Council should continue to fund low value repairs in such a way so that community groups/ buildings do not lose out from changes to the way that the compliance contract is expected to operate from February 2023.

**REASON FOR DECISIONS:** The decision helps the Council keep under control the cost of providing property compliance contract. It also leads to reduced vehicle travel and associated environmental benefits. It also reflects that the Council will focus its support (and resources) on providing those property compliance services that require specialist knowledge and training.

#### 150 COMPLIANCE CONTRACT - SINGLE TENDER

*Audio recording – 56 minutes 13 seconds*

The Executive Member for Finance and IT presented the report entitled 'Compliance Contract – Single Tender' and advised of the following:

- Building works were currently contracted out by Council are varied.
- The revised contract would look at building works, such as repairs and maintenance.
- There was a market engagement activity carried out, however there were few contractors who saw this as an attractive contract.
- Ultimately this led to discussion with HCS, a company wholly owned by Harlow Council. This led to ongoing negotiations of what a contract would look like and ensuring this offered value for money.
- The proposals were expected to provide incentives for both the Council and HCS, in accordance with the financial regulations of the Council, but had been referred to Cabinet due to the value of the contract.

Councillor Ian Albert proposed and Councillor Sean Prendergast seconded and, following a vote, it was:

**RESOLVED:** That Cabinet agrees to the use of a single tender (under the Council's Contract Procurement Rules) for the award of a contract to HTS Property and Environmental Limited Ltd, for a property compliance contract.

**REASONS FOR DECISION:** It is expected that working with HTS will deliver the following benefits:

- The proposal is to form a collaborative working partnership that is focused on excellent service delivery and cost control, whilst ensuring the arrangement is sustainable for both parties over the longer term. This should avoid a repeat of the contract failures that have been what has transpired over the last two contracts.
- HTS have a large directly employed workforce of trade operatives, administration and management staff, who have the skills, knowledge and ability to deliver the works, and already provide similar services to Harlow Council.
- Elements of the way that the contract is delivered can be developed collaboratively by both parties to ensure the most efficient and cost effective approach.
- HTS have a supply chain with access to both materials and sub-contractors to support delivery.
- Whilst not a local North Herts based supplier, HTS' values are aligned to the North Herts Council's values, as demonstrated by their social and environmental activities. (see sections 13 and 14 below).
- Being wholly owned by Harlow Council, any profits that HTS generate are ultimately fed back into providing public services.

## 151 CCTV CAMERA LOCATION REVIEW

*Audio recording – 58 minutes 49 seconds*

The Executive Member for Finance and IT presented the report entitled 'CCTV Camera Location Review' and advised of the following:

- A lot of work had gone into this review following the budget review.
- The Letchworth Garden City Heritage Foundation were stopping their support of CCTV cameras and so the review had been expanded to take these additional cameras on board.
- It was hoped that as technology evolved the costs of this would be reduced, but this ultimately was dependent on technological advancements and also the performance of CCTV partners.
- It was important to have a stock of mobile cameras, which provided additional flexibility not provided by static cameras.

Councillor Ian Albert proposed and Councillor Keith Hoskins seconded and, following a vote, it was:

**RESOLVED:** That Cabinet

- (1) Noted that Letchworth Garden City Heritage Foundation are looking to withdraw from the funding of CCTV cameras in Letchworth. That Cabinet agree in principle to the taking on of Letchworth cameras (and the costs involved), but seek a continuing contribution from the Letchworth Garden City Heritage Foundation.
- (2) Agreed to the retention, removal and addition of CCTV cameras as set out in Table 1 of this report.
- (3) Delegated to the Service Director: Resources, in consultation with the Executive Member for Finance and IT, a decision on the number of new mobile CCTV cameras that can be afforded within the existing overall revenue budget (making an allowance for monitoring costs and the costs of moving cameras).
- (4) Noted that additional capital investment in CCTV cameras will be needed and that this will be added to the capital budget for 2023/24 (subject to agreement by Full Council in February).

**REASON FOR DECISIONS:** The Council has chosen to provide CCTV cameras to help make the District a safer place to live and work. It also supports the Council's Community Safety role, although the primary role sits with the police. This report therefore considers the optimum location for CCTV cameras based on evidence and professional knowledge.

## 152 SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2022/23

*Audio recording – 61 minutes 23 seconds*

The Executive Member for Finance and IT presented the report entitled 'Second Quarter Investment Strategy (Capital and Treasury) Review 2022/23' and advised of the following:

- This was the mid-year report, which included a referral onto Council in January.
- Table 2 in the report detailed the capital schemes to be moved to the next financial year and Table 3 highlighted the emerging picture on building works regarding inflation.
- The delay on some capital schemes to next year and increases in interest rates meant that the Council was earning extra returns on its surplus cash.

The Chair of Finance, Audit and Risk Committee presented the referral on this item and noted that the Committee had approved the recommendations in the report, including the referral onto Council.

Councillor Ian Albert proposed and Councillor Elizabeth Dennis-Harburg seconded and, following a vote, it was:

**RESOLVED:** That Cabinet:

- (1) Noted the forecast expenditure of £9.815M in 2022/23 on the capital programme, paragraph 8.3 refers.
- (2) Approved the adjustments to the capital programme for 2022/23 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, increasing the estimated spend in 2023/24 by £0.861M and £2.0M in 2024/25.

- (3) Noted the position of the availability of capital resources, as detailed in table 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.

**REFERRAL TO COUNCIL:** That Cabinet recommended to Council that it notes the position of Treasury Management activity as at the end of September 2022.

**REASONS FOR DECISIONS:**

- (1) Cabinet is required to approve adjustments to the capital programme and ensure the capital programme is fully funded.
- (2) To ensure the Council's continued compliance with CIPFA's code of practice on Treasury Management and the Local Government Act 2003 and that the Council manages its exposure to interest and capital risk.

**153 Q2 UPDATE ON THE COUNCIL DELIVERY PLAN**

*Audio recording – 64 minutes 52 seconds*

The Executive Member for Finance and IT presented the report entitled 'Q2 Update on the Council Delivery Plan' and advised of the following:

- This was an important document and it was important that all Councillor understood the role and benefit of this report. It allowed Members to see how projects were progressing and what was being done.
- This version of the report now included further details on project milestones, as had been requested by Overview and Scrutiny Members.
- Cabinet Members were encouraged to comment and add views on projects in their relevant service area, as it was important for Cabinet to take ownership of this report.

The Chair of Overview and Scrutiny Committee presented the referral on this item and noted:

- The additional tweaks to the report had made the report more accessible and useful for understanding the progression on projects.
- The Committee noted that the Local Plan had finally been adopted and that further risks would develop with regard to the Local Plan following the completion of the 6-week judicial review period.
- One potential risk identified by the Committee was the developments outside of sites not included within the adopted Local Plan.

Councillor Ian Albert proposed and Councillor Amy Allen seconded and, following a vote, it was:

**RESOLVED:** That Cabinet

- (1) Noted the progress against Council projects as set out in the Council Delivery Plan (Appendix A) including changes to milestone dates and risks.
- (2) Noted the completion of the Local Plan milestones for this year.

**REASON FOR DECISIONS:** The Council Delivery Plan (CDP) monitoring reports provide Cabinet with an opportunity to monitor progress against the key Council projects, and understand any new issues, risks or opportunities.

**154 SECOND QUARTER REVENUE BUDGET MONITORING 2022/23**

*Audio recording – 69 minutes 55 seconds*

The Executive Member for Finance and IT presented the report entitled 'Second Quarter Revenue Budget Monitoring 2022/23' and advised of the following:

- Table 3 in the report highlighted the main changes since the last quarter. The main positive movement was the increase in treasury investment income and the continued recovery of leisure centres.
- The increase in treasury investment income was due to the current inflation rates.
- The main negative movement was with regard to forecast planning income drop.
- Table 8 detailed the debts over £10k to be written off by Cabinet and the reasons for this.

The Chair of Finance, Audit and Risk Committee presented the referral on this item and noted that the Committee had approved the recommendations in the report.

Councillor Ian Albert proposed and Councillor Steve Jarvis seconded and, following a vote, it was:

**RESOLVED:** That Cabinet

- (1) Noted this report.
- (2) Approved the changes to the 2022/23 General Fund budget, as identified in table 3 and paragraph 8.2, a £270k decrease in net expenditure.
- (3) Noted the changes to the 2023/24 General Fund budget, as identified in table 3 and paragraph 8.2, a total £69k increase in net expenditure. These will be incorporated in the draft revenue budget for 2023/24.
- (4) Approved the debt write-offs detailed in table 8.

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

**155 EXCLUSION OF PRESS AND PUBLIC**

*Audio recording – 72 minutes 43 seconds*

Councillor Elizabeth Dennis-Harburg proposed, as Chair, and Councillor Ruth Brown seconded and, following a vote, it was:

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

**156 CARELINE - IN-HOUSE PROVISION FOR COMPLEX INSTALLATION AND MAINTENANCE - PART 2**

Details of 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 200A(4) of the Local Government Act 1972.

157 CARELINE - IN-HOUSE PROVISION FOR COMPLEX INSTALLATION AND MAINTENANCE - PART 1

*Audio recording – 82 minutes 04 seconds*

The Chair presented the report entitled 'Careline – In House Provision for Complex Installation and Maintenance' and noted that the in-house service provision was a sensible progression.

Councillor Elizabeth Dennis-Harburg, as Chair, proposed and Councillor Ian Albert seconded and, following a vote, it was:

**RESOLVED:** That Cabinet approved the addition of complex installations and maintenance to Carelines in-house service from 01 April 2023.

The meeting closed at 8.54 pm

Chair

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**CABINET**  
**31 January 2023**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: DRAFT DEVELOPER CONTRIBUTIONS SPD**

REPORT OF: IAN FULLSTONE, SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: CLLR. RUTH BROWN, EXECUTIVE MEMBER FOR PLANNING & TRANSPORT

COUNCIL PRIORITY: PEOPLE FIRST / SUSTAINABILITY / A BRIGHTER FUTURE TOGETHER

**1. EXECUTIVE SUMMARY**

- 1.1 The Council has adopted a new Local Plan which shapes development in the District to 2031. To provide additional detail on planning policies and sites, the Council can produce Supplementary Planning Documents (SPD) to provide clarity to applicants and case officers when determining planning applications.
- 1.2 Cabinet has previously made decisions relating to
  - i) the nature of the SPDs that shall be produced to support the new Local Plan; and
  - ii) the future approach to seeking developer contributions from new developments towards affordable housing, infrastructure and other matters.
- 1.3 The Developer Contributions SPD is the first of the proposed SPDs supporting the Local Plan. A consultation draft was approved by Cabinet in September 2022. Cabinet is asked to adopt the final version of the SPD (as updated).

**2. RECOMMENDATIONS**

- 2.1. That the Developer Contributions SPD, attached as Appendix A to this report, be adopted.
- 2.2 That the 2006 Planning Obligations SPD be revoked.
- 2.3 That delegated authority is granted to the Service Director – Regulatory in consultation with the Executive Member for Planning and Transport to make any minor non-material corrections (including but not limited to cosmetic additions or presentational alterations) to the adopted Developer Contributions SPD as considered necessary for publication and publicity in accordance with the relevant regulations.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. To allow the Developer Contributions SPD to be adopted so that it can support the delivery of the policies in the recently adopted Local Plan and ensure an efficient process to securing developer contributions across the District.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. None. The SPD has been consulted upon following Cabinet's September 2022 resolution, amended where appropriate in response and is ready for adoption in line with the relevant regulations.

#### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1. The Executive Member and Deputy for Planning and Transport has been briefed on the matters set out above.
- 5.3. Internal and external consultation with relevant officers across Council departments, Hertfordshire County Council and the NHS have been involved in developing the SPD, including in relation to the most recent updates.
- 5.4. An initial public consultation on the SPD was carried out between February and March 2020, followed by a further consultation between October and November 2022.

#### **6. FORWARD PLAN**

- 6.1. This report relates to a key decision that was first notified to the public in the Forward Plan on 7 October 2022.

#### **7. BACKGROUND**

- 7.1. The background and timeframe for the production of the Developer Contributions SPD was set out in the 13 September 2022 Cabinet report (please see link to this report at Section 18 of this report).
- 7.2. In 2022, the SPD was updated, which involved liaison with internal and external stakeholders and the key changes comprised the following:
- Inclusion of the Council's position on the delivery of First Homes as agreed at Cabinet in March 2022;
  - Reference to the ongoing update to the Strategic Housing Market Assessment Volume II;
  - The use of the Fields in Trust Standards to determine open space requirements;
  - Updates to the approach to the management and maintenance of open space to reflect the most recent Green Spaces Strategy ;
  - Updates to the biodiversity section due to the increased prominence of Biodiversity Net Gain;
  - Updated procedural guidance; and
  - Wider updates to reflect changes in national planning policy and guidance as well as the Levelling-up and Regeneration Bill.
- 7.3. The SPD was consulted upon again between 13 October and 16 November 2022. Any necessary updates to the SPD following this latest consultation have been incorporated. It is proposed that the SPD will now be adopted.

## **8. RELEVANT CONSIDERATIONS**

- 8.1. The Local Plan contains a series of policies with implications for affordable housing and other infrastructure requirements, which will be secured via planning conditions or legal agreements. The main policy 'hook' that links to the ability for the Council to seek developer contributions is in Local Plan Policy SP7: Infrastructure requirements and developer contributions.
- 8.2. The consultation held between 13 October and 16 November 2022 yielded responses from 24 consultees. These responses have been carefully considered and the decision on whether to incorporate changes can be found in the Regulation 12 Consultation Statement, attached as Appendix C. The main issues raised during the consultation were as follows:
- Requests for greater clarification/certainty/transparency over the scale of contributions required and dependent on the type/size of development.
  - Impact of contributions on viability and deliverability.
  - Level of detail on biodiversity net gain with some messages of support, however many suggest that the level of detail at present is too great and should be slimmed down. It was also raised that a balance needs to be struck in filling the policy void until the formal enactment of legislation.
  - Comments relating to the delivery of affordable housing for sites East of Luton
  - Request for further detail on contributions towards heritage assets.
  - Need for updated Town Strategies to be taken forward/ indication of scale of contributions sought for Town Centres would be beneficial.
  - Impact of market downturns should be acknowledged.
  - Signatories to S106 agreements and the potential risk of delays/unnecessary signatories
  - Suggestion for use of a standard toolkit for viability appraisals
  - Minor contextual references, additions for consistency, clarifications and to reflect that the Local Plan has been adopted since the consultation on the SPD was launched
- 8.3. The document has also undergone Strategic Environmental Assessment (SEA) Screening and the relevant statutory consultees (Natural England, Historic England and Environment Agency) have concurred that an SEA is not required.
- 8.4. The SPD is attached at Appendix A and the accompanying SEA Screening Determination at Appendix B.
- 8.5. Subject to approval by Cabinet, the SPD will be adopted, the existing Planning Obligations SPD from 2006 revoked and the Council's webpage updated accordingly.

## **9. LEGAL IMPLICATIONS**

- 9.1. Under the Terms of Reference for Cabinet, Paragraph 5.6.18 of the Constitution states that the Cabinet should exercise the Council's functions as Local Planning Authority except where functions are reserved by law to the responsibility of the Council or delegated to the Service Director: Regulatory. Unlike the Local Plan, SPDs are not part of the Policy Framework which must be adopted by Full Council

- 9.2. The statutory basis for Supplementary Planning Documents and their preparation is set out by a range of acts and associated regulations including the Planning and Compulsory Purchase Act 2004 (as amended) and the Localism Act 2011. Detailed requirements for the preparation of SPDs, including requirements for consultation, are stipulated in the Town and Country Planning (Local Planning) (England) Regulations 2012) (as amended).
- 9.3. The provisions for planning obligations are set out under Section 106 of the Town and Country Planning Act 1990. Detailed requirements are contained in the Community Infrastructure Levy (CIL) Regulations 2010 (as amended).

## **10. FINANCIAL IMPLICATIONS**

- 10.1. The general costs of preparing Supplementary Planning Documents are met through existing revenue budgets.
- 10.2. The SPD will ensure that developers make a fair contribution to infrastructure costs that would otherwise fall wholly on the public sector, including North Hertfordshire Council.

## **11. RISK IMPLICATIONS**

- 11.1. The adoption of the Developer Contributions SPD will manage a number of risks to the Council. These risks include:
- lack of clarity and uncertainty to case officers and applicants when negotiating and determining planning applications;
  - lack of consistency with the Local Plan as well as national planning policy and guidance; and
  - a risk of not securing the maximum range and / or amount of contributions possible within the parameters of the CIL regulations.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are not considered to be any direct equality issues arising from this report. Future individual schemes or considerations may well be subject to appropriate review to ensure they comply with latest equality legislative need. Any risks and opportunities identified will also be subject to assessment for impact on those that share a protected characteristic.

## **13. SOCIAL VALUE IMPLICATIONS**

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

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. The SPD will have positive environmental implications, securing contributions for a range of measures including, but not limited to:
- biodiversity net gain,
  - sustainable travel,
  - renewable energy and
  - climate change adaptations and mitigations.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 There are no new human resource implications arising from the contents of this report.

## **16. APPENDICES**

- 16.1 Appendix A – Developer Contributions SPD
- 16.2 Appendix B – SEA Screening Determination
- 16.3 Appendix C – Regulation 12 Consultation Statement

## **17. CONTACT OFFICERS**

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## **18. BACKGROUND PAPERS**

- [18.1 Draft Developer Contributions SPD report to Cabinet, 13 September 2022](#)

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## **Developer Contributions**

## **Supplementary Planning Document**

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## 1 INTRODUCTION

### 1.1 Overview

- 1.1.1 North Herts Council (NHC) is committed to ensuring that the necessary infrastructure, services and facilities are provided to support growth and development in the District.
- 1.1.2 This Supplementary Planning Document (SPD) sets out detailed guidance on the type and scale of developer contributions that will be sought to support new development in our area.
- 1.1.3 The aim of the document is to assist Council Officers, applicants, agents and Members through the planning application process in a fair, transparent and consistent way.

### 1.2 Background and status of the SPD

- 1.2.1 This document has been produced by NHC to provide further information on requirements set out in our Local Plan. In particular, it expands upon Local Plan Policy SP7: Infrastructure Requirements and Developer Contributions.
- 1.2.2 This SPD has been widely consulted upon, including with developers and members of the public.
- 1.2.3 This SPD is a material consideration when determining planning applications in the District and will be used when securing obligations, whether by Section 106 agreements or unilateral undertakings.

### 1.3 Legislative context

- 1.3.1 SPDs are documents which add further details to policies in a Local Plan. They can be used to provide further guidance on particular issues, but they cannot introduce new policies. SPDs are a form of Local Development Document produced under the 2004 Planning and Compulsory Purchase Act (as amended). Government regulations set out the requirements for producing SPDs<sup>1</sup>.
- 1.3.2 Section 106 of the Town and Country Planning Act 1990 allows Local Planning Authorities (LPA's) to enter into agreements with persons with an interest in land. These agreements can be used (but are not necessarily limited) to:
- Restrict the development or use of the land;
  - Require (parts of) the land to be used in a specific way;
  - Require the payment of a sum to the local authority.

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<sup>1</sup> The Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended)

- 1.3.3 The Community Infrastructure Levy Regulations 2010 (as amended) set out the requirements that planning obligations must fulfil. Planning obligations can only be used:
- To make the development acceptable in planning terms
  - Where they are directly related to the development; and
  - Are fairly and reasonably related in scale and kind to the development.
- 1.3.4 Paragraph: 4, reference ID: 23b-004-20190901 of the National Planning Practice Guidance (NPPG) makes clear that it is not appropriate for plan-makers to set out new formulaic approaches to planning obligations in SPD's or supporting evidence base documents, as these would not be subject to examination. Whether or not an obligation meets the test of fairly and reasonably related in scale and kind to the development will be assessed on a case-by-case basis considering the project, harm or stress added to such facilities (in the round) from the development proposed and considering the residual S106 figures arising from the viability evidence supporting the Local Plan<sup>2</sup>.
- 1.3.5 The pooling limits previously imposed by regulation 123 of the above Regulations have been omitted by way of regulation 11 of The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019. This omission now allows more than five obligations to fund a single infrastructure project where the contribution meets the three tests set out in paragraph 1.3.3 of this document.

## 1.4 National policy context

- 1.4.1 The National Planning Policy Framework (NPPF) says that Local Plans should set out the contributions expected from development. This should include the levels and types of affordable housing and other infrastructure requirements. These policies should not undermine the deliverability of the Local Plan.<sup>3</sup>
- 1.4.2 LPA's should consider whether otherwise unacceptable development can be made acceptable through the use of conditions or planning obligations. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition<sup>4</sup>.
- 1.4.3 Where up-to-date policies set out the contributions expected from development, planning applications that comply with them should be assumed to be viable<sup>5</sup>.
- 1.4.4 The Government sets out requirements for considering viability in the NPPF and in associated NPPG. Local Plans should clearly set out the contributions that

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<sup>2</sup> DSP – North Hertfordshire District Council – Local Plan Viability Assessment – Update – Final Report (August 2016); DSP – North Hertfordshire District Council – Local Plan Examination Addendum (Viability) (Proposed policies HS4 and HS5) (January 2018)

<sup>3</sup> NPPF Paragraph 34

<sup>4</sup> NPPF Paragraph 55

<sup>5</sup> NPPF Paragraph 58

developers are expected to make towards infrastructure and affordable housing; there should be a standard approach to establishing land value; transparency and accountability through the publication of viability assessments and through improvements to the monitoring and reporting of Section 106 planning obligations<sup>6</sup>.

## 1.5 The Local Plan and Neighbourhood Plans

1.5.1 The North Hertfordshire Local Plan was adopted in November 2022. Policy SP7 of the Local Plan provides the main policy 'hook' for this SPD while other Local Plan policies have further requirements for developer contributions. This Policy is shown below.

### Policy SP7: Infrastructure requirements and developer contributions

The Council will require development proposals to make provision for infrastructure that is necessary in order to accommodate additional demands resulting from the development. We will:

- a) Require developers to provide, finance and / or contribute towards provision which is fairly and reasonably related in scale and kind to the development, including:
  - i. on-site and/or off-site improvements and infrastructure necessary as a result of the development in order to:
    - ensure appropriate provision of facilities and infrastructure for new residents;
    - contribute toward addressing cumulative impacts that might arise across multiple developments;
    - avoid placing unreasonable additional burdens on the existing community or existing infrastructure;
    - mitigate adverse impacts where appropriate; and/or
    - enhance critical assets or make good their loss or damage; and
  - ii. maintenance and/or operating costs of any such new provision;
- b) Ensure essential new infrastructure to support new development is will be operational no later than the completion of development or during the phase in which it is needed, whichever is earliest;
- c) Refuse planning permission where appropriate agreements or processes ensuring criteria (a) and (b) can be met are not in place;
- d) Have regard to relevant national guidance or requirements in relation to planning obligations and any Community Infrastructure Levy or successor funding tariff which may be introduced by the Council;
- e) Work with landowners, developers and other agencies in facilitating the delivery of sites identified in the Local Plan and associated infrastructure and seek to overcome known obstacles; and
- f) Need robust evidence to be provided where developers consider that viability issues impact upon the delivery of key infrastructure and/or mitigation measures. This evidence will be used to determine whether an appropriate and acceptable level of contribution and / or mitigation can be secured.

<sup>6</sup> <https://www.gov.uk/guidance/viability>

1.5.2 This document has been structured to broadly follow the chapters and topics set out in the Local Plan.

1.5.3 Developer contributions may also be required by policies set out in Neighbourhood Plans and applicants should have regard to such policies when formulating development proposals.

## **1.6 Developer contributions, planning obligations, S106 and Community Infrastructure Levy (CIL)**

1.6.1 Developer contributions are normally secured through planning obligation agreements under Section 106 of the Town and Country Planning Act 1990.

1.6.2 The terms ‘developer contributions’, ‘planning obligations’ and ‘Section 106’ (s106) are used interchangeably but generally refer to the same things. Agreements may be used to ensure that the impacts arising as a result of a new development can be addressed. They are also a valuable way of ensuring that a development complies with planning policies contained in the Local Plan and any Neighbourhood Plans.

1.6.3 Planning obligations may be set out in a Section 106 agreement between the Council and the developer (and any other relevant parties) or in a unilateral undertaking offered by the developer. Section 106 agreements and unilateral undertakings are individual, scheme-specific, legal documents. Such agreements or undertakings can contain a number of planning covenants which can relate to both financial and non-financial obligations. For further information on the instances where contributions may be sought, please refer to paragraph 2.1.3 below.

1.6.4 The Government has set out the intention to introduce a new Infrastructure Levy (IL) in the Levelling-up and Regeneration Bill. The IL would be charged on the value of the property when it is sold and applied above a minimum threshold, with levy rates and minimum thresholds set by local authorities. A consultation on the IL is expected in the coming months. We do not yet know the precise nature of, or timetable for, any IL and the information to date suggests that site-specific obligations will continue to have some role. It is likely that elements of this document and the guidance contained within will remain a material planning consideration in the assessment of future planning applications if an IL is subsequently introduced.

## **1.7 Sustainability Appraisal**

1.7.1 This SPD has been reviewed against the Environmental Assessment of Plans and Programmes Regulations 2004 (commonly referred to as the ‘Strategic Environmental Assessment Regulations’). This scoping exercise has shown that this SPD does not require an SEA to be undertaken.

## **1.8 Cross-boundary issues**

- 1.8.1 There may be instances where the impacts of development that lie within other local authority areas may affect areas within the District. When notified of developments that could potentially affect the delivery of services by NHC, the authority will discuss these with the relevant local authority and seek obligations from the developer accordingly. In these cases, the Council would expect a clause enabling money to be transferred for spending in the District if necessary.
- 1.8.2 The Council will make reciprocal arrangements to those set out above should a development falling within the NHC administrative boundary have cross-boundary impacts affecting another authority area(s).
- 1.8.3 The above approaches will also apply, having regard to the general principles in this document, in relation to any Nationally Significant Infrastructure projects (NSIPs) in or affecting the District.

## **1.9 Other providers that may seek S106 contributions**

- 1.9.1 A range of infrastructure providers may seek contributions from new development. This includes, but is not limited to, Hertfordshire County Council, the NHS, the Police and Crime Commissioner for Hertfordshire and local Parish, Town or Community Councils. These are indicated under the relevant topic areas below. Guidance should also be taken from programmes from these other authorities, such as the Hertfordshire County Council Guide to Developer Infrastructure Contributions document<sup>7</sup> (or any such subsequent Hertfordshire County Council document), or neighbourhood development plans from local Councils.
- 1.9.2 Hertfordshire County Council will normally be signatories where contributions are required for services they provide. Other providers may also be required to be signatories to the S106 agreement. The decision to make any other provider a signatory will be based on the level of financial contribution sought by the other provider.

## **1.10 Infrastructure Planning and Funding**

- 1.10.1 Any provider (other than NHC, Hertfordshire County Council and any Parish or Town Council) seeking a financial contribution in excess of £250,000 will, on a case-by-case basis, be requested to be a third-party signatory to the Section 106 agreement. This threshold has been set as holding funds in excess of this figure for third parties or transferring monies without adequate safeguards represents an unacceptable financial and audit risk for NHC. The need for third parties to become signatories will be considered having regard to, but not limited to, the level of contributions anticipated, the matters they relate to, the number of

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<sup>7</sup> Hertfordshire County Council Guide to Developer Infrastructure Contributions, [Planning obligations and developer infrastructure contributions | Hertfordshire County Council](#)

signatories involved and any bearing on the timescales for the delivery of the development.

- 1.10.2 An Infrastructure Delivery Plan (IDP)<sup>8</sup> is part of the Local Plan evidence base and sets out the requirements for infrastructure over the plan period. The IDP will need to be updated regularly to take into account the infrastructure needs of the District, including any updating of costs that is required.
- 1.10.3 The IDP examines the supply and demand for infrastructure based on forecasts of population growth.
- 1.10.4 Individual Council departments have priority projects that are set out in relevant strategies and action plans. These are identified under specific topics elsewhere in this SPD. Applicants should also have regard to other plans and strategies prepared by other service providers.
- 1.10.5 In addition to updating the IDP, Annual Infrastructure Funding Statements are a requirement of Regulation 121A of the Community Infrastructure Levy Regulations 2010 as amended by Regulation 9 of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019.

## 1.11 Strategic sites and masterplanning

- 1.11.1 Policy SP9 of the Local Plan requires the masterplanning of strategic and significant development sites, generally defined as developments of 100 or more homes. The Council has published detailed guidance on the masterplanning process and the expected contents of masterplans<sup>9</sup>. This includes an IDP allowing for early identification of strategic infrastructure requirements. This would involve a high-level indication of the key items of infrastructure required by the development, which would be linked to the phasing of the scheme. It would also set out the mechanisms required for management and maintenance. The Local Plan identifies six Strategic Sites, for which there are detailed policies. For these sites a strategic masterplan should be provided for the whole allocation to ensure that infrastructure provision fully meets the demands arising from development. The Strategic Sites are:
- Policy SP14: Site BA1 – North of Baldock
  - Policy SP15: Site LG1 – North of Letchworth Garden City
  - Policy SP16: Site NS1 - North of Stevenage
  - Policy SP17: Site HT1 - Highover Farm, Hitchin
  - Policy SP18: Site GA2 - Land off Mendip Way, Great Ashby
  - Policy SP19: Sites EL1, EL2 & EL3 - East of Luton
- 1.11.2 The Strategic Sites will need to address any specific contribution requirements set out in their individual policies, other relevant policies in the Plan and in this document. Developers should be aware that non-financial obligations may be

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<sup>8</sup> Infrastructure Delivery Plan to support the North Hertfordshire Local Plan 2011-2031 (2016) - [T11 Infrastructure Delivery Plan.pdf \(north-herts.gov.uk\)](#)

<sup>9</sup> <https://www.north-herts.gov.uk/approach-masterplanning>

required to secure details outside of the scope of this document, such as securing a masterplan, the final location and use splits of local neighbourhood centres, or management plans for the maintenance and sustainability of any new neighbourhood centres required as a result of the development.

- 1.11.3 For sites of between 100 and 500 homes (or as otherwise captured by Policy SP9), the Council's masterplanning requirements will be applied in a proportionate manner having regard to the nature of the scheme proposed and the key issues.
- 1.11.4 The Council encourages the production of masterplans prior to the submission of a planning application. Detailed Section 106 discussions will not normally take place at this stage. However, it is anticipated that the masterplan process will normally 'dovetail' into a bespoke pre-application and / or a planning application where more detailed information may be sought or provided in line with this SPD.

## **1.12 Nationally Significant Infrastructure Projects (NSIPs)**

- 1.12.1 Since the production of the Local Plan, work to expand Luton Airport has commenced. The Council has been involved in ongoing engagement regarding this project. The project has been registered with the National Infrastructure Commission and a Development Consent Order application is anticipated in 2023. The expansion of Luton Airport and any further NSIPs will be dealt with by the Planning Inspectorate, as set out in the Planning Act 2008.
- 1.12.2 The Council may seek appropriate contributions from any part of any NSIP in or affecting the District, in line with the advice and principles in this document.



## **2 PROCESS, PROCEDURE & MANAGEMENT**

### **2.1 Pre-application stage**

- 2.1.1 Pre-application discussions offer the opportunity for the council to clarify the planning policies and material considerations that will be relevant to determining an application, as well as enabling issues to be resolved through a collaborative process.
- 2.1.2 NPPF paragraph 96 sets out that engagement between local authorities and promoters, delivery partners and statutory bodies before applications are submitted can ensure the faster delivery of public service infrastructure.
- 2.1.3 Discussions regarding the type and level of developer contributions should take place at the pre-application stage. Draft S106 Heads of Terms will be considered at this stage. The Council will accept the submission of and develop a draft Heads of Terms as part of any pre-application advice for housing developments expected to exceed 10 units or 0.5 hectares, or any other form of development for which an obligation may be expected. The level of detail included will depend on the specific issues relating to the proposed development, as well as whether an Outline or Full planning permission to be is sought. Where proposals are general in nature, for instance unit mixes are not yet specified, indicative S106 contributions will be calculated on the assumption that any future scheme would be fully policy- compliant.
- 2.1.4 Where an application requires developer contributions that would be delivered by an organisation other than the Council or the applicant, pre-application discussions may be encouraged with that organisation also. This may include, but is not limited to, discussions with: Registered Providers, Hertfordshire County Council, the Police and Crime Commissioner on behalf of Hertfordshire Constabulary, utility providers and the NHS. The Council will approach most organisations which will be engaged in the forming of the S106 obligations document. The above organisations are recommended as they provide independent, chargeable, pre-application advice services, or have particular requirements which may require further, independent engagement.
- 2.1.5 For schemes where viability is raised as an issue by the applicant, a draft viability appraisal will be required at pre-application stage if comments from the Council are required on this matter. For further advice, please see section 2.3 of this document.

### **2.2 Application stage**

- 2.2.1 Where pre-application discussions have identified that developer contributions will be required, applicants should submit heads of terms with their planning application.
- 2.2.2 Any developer contributions required will be considered at application stage by the case officer, other Council directorates, Hertfordshire County Council and

any other external service providers and statutory consultees as relevant to the application. All developer contribution requests and requirements will be coordinated by the relevant NHC case officer. This is to ensure that:

- correct processes are followed;
- applications can be dealt with in a fair and consistent way having regard to all relevant policy requirements; and
- all requests for contributions are assessed to meet the relevant regulatory and policy tests.

- 2.2.3 This holistic approach may require compromise between competing interests (for example the preferred approach of the highway authority vs urban design and place-making considerations). Whilst applicants are encouraged to engage in pre-application discussions with certain organisations, no obligation should be agreed in principle independently of the case officer representing the Council to ensure that competing demands can be appropriately balanced.
- 2.2.4 The case officer will discuss the required developer contributions with the applicant, ensuring conformity with CIL Regulations 2010 (as amended). Where agreement cannot be reached between the applicant and the Council regarding the required obligations, or the applicant does not sign the S106 legal agreement within the required timescales, the planning application may be refused by the Council<sup>10</sup>. For this reason, close dialogue between case officers and specific Council service areas and applicants is recommended from an early stage.
- 2.2.5 Planning applications that require obligations and that are determined by the Council's Planning Control Committee will not normally be recommended favourably to the Planning Control Committee until all parties to the agreement have agreed the content of the document. The legal documents which secure the obligations, whether via section 106 or unilateral undertaking, must be agreed with regard to wording of definitions, scale, phasing of delivery and trigger points of any obligations prior to the deadline for draft reports for the targeted Committee date.
- 2.2.6 Standard templates for legal agreements and Unilateral Undertakings can be found on the Council's webpage at: <https://www.north-herts.gov.uk/home/planning/apply-planning-permission/planning-obligations/>.
- 2.2.7 Developers / applicants will need to produce satisfactory proof of title for their particular site and all persons with an interest in the development site including owners, mortgagees, tenants and option holders must be party to the agreement.

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<sup>10</sup> Where planning applications are refused in this way on the advice of a consultee, that consultee will be responsible for defending their advice to the Council at any future appeal by the applicant. Consultees can have costs awarded against them at appeal in specified circumstances. See <https://www.gov.uk/guidance/appeals>

- 2.2.8 Applicants will be required to pay the Council's legal costs as well as their own for drafting and checking legal agreements and will need to provide a solicitor's undertaking to do so. Applicants should also be aware that a solicitor's undertaking to cover the County Councils legal costs for negotiating and checking of the legal agreement as well as proof of title will be required by Hertfordshire County Council where applicable.
- 2.2.9 Where an applicant challenges the contributions required at application stage on viability grounds, a viability appraisal will be required. For further advice, please see section 2.3 of this guidance document.

## 2.3 Viability

- 2.3.1 Applicants should ensure that development proposals adhere to Local Plan and Neighbourhood Plan policies and that these requirements are factored into land value. The Local Plan should be treated as the starting point, with the underlying viability evidence demonstrating overall viability<sup>11</sup>. This reflects NPPG, which states that where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is therefore up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage and where needed, provide evidence of what has changed since then.
- 2.3.2 Overpayment for land will not be accepted as a reason for reducing contributions.
- 2.3.3 A viability appraisal should cover and consider whether viability enhancements could improve the situation, for example deferring triggers for contribution payments. It should be an 'open book' assessment which should include information covering (but not necessarily limited to) the following:
- Existing use values;
  - Proposed use values (sales and rental);
  - Demolition and construction costs;
  - Finance and marketing costs;
  - Assumed yield;
  - Construction site abnormalities;
  - Development phasing/timetable.
- 2.3.4 A viability appraisal should be submitted at application stage for any planning application where viability is a factor in determining the application. The viability appraisal will be independently assessed by consultants acting on behalf of the Council and the cost of this will be covered by the applicant.

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<sup>11</sup> DSP – North Hertfordshire District Council – Local Plan Viability Assessment – Update – Final Report (August 2016)  
DSP – North Hertfordshire District Council – Local Plan Examination Addendum (Viability) (Proposed policies HS4 and HS5) (January 2018)

- 2.3.5 A revised viability appraisal will be required where material changes are made following the submission of the planning application, or where there are delays where issues have not been resolved within the timescales originally envisaged.
- 2.3.6 NPPG provides further information on the expected requirements in relation to viability appraisals, including but not limited to: assessment of land value, inputs and assumptions as well as an open book approach and ensuring accountability. The viability assessment shall be treated as a public document and made available on the Council's planning portal in line with national policy.

## **2.4 Viability review mechanisms**

- 2.4.1 The Council will consider using a viability review mechanism where obligations or covenants are agreed at lower than policy compliant levels on viability grounds. A viability review mechanism can trigger a review of the originally agreed contributions where there is an improvement in viability and/or broader economic conditions since the original viability appraisal was undertaken.
- 2.4.2 A viability review mechanism may be used for multi-phased or long-term development schemes. Viability review mechanisms may also be appropriate whereby there are large scale, estimates or bespoke costs which may be subject to change or further surety upon investigation. The trigger point(s) for review will be set out at application stage and be relevant to the reason for the inclusion of the viability review mechanism. Further developer contributions will only be required if a surplus is identified during the review over and above the returns necessary to be deemed viable.
- 2.4.3 The applicant will be expected to pay for the full cost of a viability appraisal required by a viability review mechanism. The appraisal should meet the requirements set out above. The viability review mechanism would be included in the S106 agreement, and will, as is necessary, be bespoke based on the facts of the case and reasons for its inclusion in the first place.

## **2.5 Policy priorities and planning obligations**

- 2.5.1 This SPD outlines in further detail the type of planning obligations that may be required. The coverage of likely obligations is not exhaustive, and each application will be considered on its merits on a case-by-case basis. Nonetheless, in every instance, the obligations sought will be in line with the CIL Regulations 2010 (as amended or subsequently replaced).
- 2.5.2 Paragraph 4.90 of the Local Plan identifies that there may be instances whereby policy requirements are prioritised. Where an agreed viability study has been produced in accordance with relevant policies, the Council will consider the requirements most critical to securing development and meeting the overall objectives of the Local Plan.
- 2.5.3 The Council will normally prioritise those contributions that have been properly tested through the Local Plan, in accordance with NPPG. The Council will have

regard to potential alternative sources of funding and / or the likelihood of direct funding (in whole or part) of infrastructure for which S106 requests have been received.

- 2.5.4 Whether contributions have been subject to appropriate levels of consultation, examination and / or testing, is a significant factor in the viability of a scheme. The Council reserves the right to continue to require fully policy-compliant affordable housing provision (and other forms of properly tested contributions) at the expense of other requests.
- 2.5.5 The Council will seek to work with the relevant infrastructure provider to understand other potential forms of funding to fill any shortfall and negotiate an appropriately reduced level of contribution from the applicant.

## **2.6 Deeds of variation**

- 2.6.1 In some cases, it may be necessary to change the contents of an agreement after it has been completed and signed. In such instances, the variation would need to be agreed by all parties affected by the variation prior to the submission of any application under Section 106B of the Town and Country Planning Act 1990 (as amended). This will result in additional costs to the applicant to take into account the negotiation, preparation and drafting of the variation. These costs include the costs of the applicant's legal representation, the reasonable costs of any signatories' legal representation as well as the costs of the application to vary or modify an obligation in of itself.

## **2.7 Monitoring, enforcement and allocation**

- 2.7.1 The Council monitors all agreements, taking into account the trigger points and the different obligations included. Monitoring fees will be sought through S106 agreements and will meet the requirements of Part 11 Regulation 122 of the Community Infrastructure Levy Regulations 2010 as amended by Regulation 10 of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019. Those requirements are that the sum to be paid fairly and reasonable relates in scale and kind to the development and does not exceed the authority's estimate of its costs. Fees may be required to cover the cost of land transfer, where applicable.
- 2.7.2 The authority's estimate of costs for monitoring of obligations will, necessarily, be bespoke and context dependent. The estimated costs may include the monitoring costs of other departments in and or outside of the Council. Fees for monitoring will be negotiated by the case officer.
- 2.7.3 The Council may additionally seek contributions to cover reasonable legal costs, such as for the transfer of land for open space.
- 2.7.4 The Town and Country Planning Act 1990 (as amended) outlines provisions for local authorities to enforce planning obligations. Due to this, the applicant may

be required to provide evidence as the development progresses that all financial and non-financial obligations have been met.

- 2.7.5 The Council will charge interest on any payment that is paid late, and this will be payable from the date that the payment was due to the date of payment. Interest will be applied at two percentage points above the base lending rate of Lloyds Bank, as varied from time to time.
- 2.7.6 A S106 agreement and Unilateral Undertaking report is produced by the Planning Department and the information is reported to the Area Committees annually. This information can be found on the following webpage:  
<https://democracy.north-herts.gov.uk/mgListCommittees.aspx?bcr=1>
- 2.7.7 The Council will comply with the requirements of Part 10A, Regulation 121A of the Community Infrastructure Levy Regulations 2010 as amended by Regulation 9 of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 in so far as it relates to planning obligations. The Council also produces an annual Infrastructure Funding Statement.

## 2.8 Indexation

- 2.8.1 Commuted sums will be indexed linked from the date of the agreement to the date when the contribution is requested. Where the contribution relates to a commuted maintenance payment, this will be index linked from when maintenance costs are agreed. The Retail Price Index (RPI) will be used for ongoing revenue costs, and PubSec for all capital costs. This is to ensure that the value of an obligation does not reduce over time. This information is subject to change.
- 2.8.2 For contributions required by Hertfordshire County Council, indexation will be calculated having regard to any relevant requirements in their own planning obligations guidance<sup>12</sup>.

## 2.9 Bonds

- 2.9.1 A bond may be used in cases where a developer will be delivering the work or where payments are phased. For instance, where the contribution relates to Highway infrastructure works, a bond may be used to provide a guarantee to the Council that the infrastructure can be delivered and to required standards.
- 2.9.2 Bonds may also be requested by the Council to hold for future decommissioning works, such as a solar farm subject to a temporary planning permission or in other circumstances deemed appropriate.

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<sup>12</sup> Hertfordshire County Council Guide to Developer Infrastructure Contributions, [Planning obligations and developer infrastructure contributions | Hertfordshire County Council](#)

### 3 ECONOMY AND TOWN CENTRES

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> <li>• SP3: Employment</li> <li>• SP4: Town Centres, Local Centres and Community Shops</li> <li>• SP9: Design and sustainability</li> <li>• ETC3: New retail, leisure and other main town centre development</li> <li>• ETC6: Local Centres</li> <li>• D1: Sustainable design</li> <li>• Site-specific policy criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Hertfordshire LEP Strategic Economic Plan</li> <li>• Hertfordshire Skills Strategy</li> <li>• NHDC Economic Development Strategy</li> <li>• Town Centre Strategies for Baldock, Hitchin, Letchworth Garden City and Royston</li> <li>• Hertfordshire Growth Board Strategies</li> </ul>

#### 3.1 Policy context

- 3.1.1 The NPPF seeks to support economic growth and support the role that town centres play at the heart of local communities<sup>13</sup>.
- 3.1.2 The Local Plan sets out our aspiration to provide an appropriate balance between skills, housing, and economic development. It recognises the contribution of ‘footloose’ careers in sectors such as construction and the trades in the overall employment balance of the District.
- 3.1.3 The retail policies of the Plan seek to maintain the vibrancy and vitality of key centres within the District. This includes the main town centres of our largest settlements as well as smaller parades of shops serving a local function.
- 3.1.4 The Hertfordshire Local Enterprise Partnership (LEP) provides the strategic framework for economic growth within the county. This is supported by local strategies for economic development in the District and our town centres.

#### 3.2 Business, economic development, local employment and training

- 3.2.1 We will support and promote the use of local people and businesses through the construction and delivery phases of new developments. We will particularly encourage these on our larger and strategic sites. These will have build-out periods lasting a number of years and will deliver significant employment and supply-chain opportunities over a prolonged period. Once implemented they will

<sup>13</sup> NPPF Paragraphs 86



provide ongoing employment opportunities in shops, schools, and other facilities. On longer-running schemes we will also encourage the creation of apprenticeship programmes providing the opportunity for local people to develop skills and put these into practice. These approaches will help to deliver social value through the planning system.

- 3.2.2 Where these measures are pursued, we will incorporate a (commitment to the production of a) Local Labour Agreement within the S106 agreement. The detail of the Local Labour Agreement should be informed having regard to recognised resources and toolkits such as the Construction Industry Training Board's client-based approach<sup>14</sup>. The Hertfordshire Opportunities Portal ([HOP](http://hopinto.co.uk)) ([hopinto.co.uk](http://hopinto.co.uk)) and the North Herts College will be encouraged for training, apprenticeships and employment opportunities.
- 3.2.3 Any specific requirements relating to built development for employment uses are set out in relevant policies and site criteria. Where appropriate and necessary, relevant measures may be secured in any legal agreement relating to the relevant planning application(s) for those schemes.

### 3.3 Regeneration, town centres and streetscapes

- 3.3.1 Each of the District's four main towns has a recognisable town centre. Over time a range of enhancement works have been carried out to maintain their distinctive characters and vibrancy. A range of organisations may be involved in projects in the town centres, including but not limited to, the Business Improvement Districts (BIDs) and the Letchworth Garden City Heritage Foundation. Contributions towards future town centre public realm enhancements will be sought from relevant major development schemes potentially including (but not necessarily limited to):
- Schemes for development within existing town centres;
  - Schemes for out-of-centre development where such contributions may help preserve the vitality and / or viability of the existing centre(s); and
  - Schemes elsewhere that may result in a substantive increase in footfall in existing town centres.
- 3.3.2 Major residential or non-residential development schemes near town centres have the potential to drive substantive increases in footfall in town centres. Schemes for out-of-centre development will have to meet the necessary policy tests with regard to the sequential and impact tests. It may be that within the impact tests, contributions could be nominated or sought to mitigate harm to the vitality or viability of an existing town centre to an acceptable level.
- 3.3.3 Contributions may be sought for improvements to the wider public realm, the installation of specific facilities such as bike racks or street furniture or features such as public art. Specific projects for which contributions may be sought will be

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<sup>14</sup> [National Skills Academy for Construction \(NSAfc\) - CITB](http://www.nsa.gov.uk)



identified in an updated suite of Town Centre Strategies. Work on these is due to commence now the Local Plan has been adopted.

- 3.3.4 Where potential improvements are identified adjacent or otherwise in close proximity to a development site it may be appropriate for the applicant to carry out works directly with the approval of any other relevant bodies (such as the freeholder of the land affected). Such an agreement will be on a case-by-case basis, and if not feasible, financial contributions may be sought.
- 3.3.5 Improvements to public realm will not necessarily be confined to the main town centres. Where appropriate, we will seek contributions towards public realm improvements in smaller centres and other areas which play an important role in defining place and supporting the day-to-day function of the built environment. Priorities for public realm enhancements may be identified in Neighbourhood Plans or other locally led strategies or initiatives, such as Parish Plans. Applicants should have regard to any relevant policies or requirements applicable to their scheme.
- 3.3.6 The Council may seek contributions towards the ongoing maintenance of any public realm improvements to be provided.

## 4 TRANSPORT

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> <li>• SP6: Sustainable transport</li> <li>• SP9: Design and sustainability</li> <li>• SP10: Healthy communities</li> <li>• T1: Assessment of transport matters</li> <li>• T2: Parking</li> <li>• D1: Sustainable design</li> <li>• D4: Air quality</li> <li>• Site-specific policy criteria</li> <li>• Appendix 4: Car Parking Standards</li> </ul>	<ul style="list-style-type: none"> <li>• Vehicle Parking at New Developments SPD</li> <li>• Design SPD</li> <li>• NHDC Transport Strategy</li> <li>• NHDC Local Cycling and Walking Infrastructure Plan (LCWIP)</li> <li>• NHDC Parking Strategy</li> <li>• Hertfordshire County Council Guide to Developer Infrastructure Contributions<sup>15</sup></li> <li>• Hertfordshire Local Transport Plan and supporting strategies</li> <li>• The North Central Hertfordshire Growth &amp; Transport Plan</li> <li>• Hertfordshire County Council's Highways Design Guide</li> <li>• Department for Transport (DfT) Circular 02/2013<sup>16</sup></li> </ul>

### 4.1 Policy context

- 4.1.1 The levels of growth and development envisaged in the plan will place additional demands on transport and highway networks and planning obligations can be used to mitigate against these effects.
- 4.1.2 The NPPF asks that transport issues be considered from the earliest stages to allow development impacts to be addressed and so that opportunities to promote more sustainable modes of travel can be identified and pursued.<sup>17</sup>
- 4.1.3 Hertfordshire County Council is the local highway authority and has the primary responsibility for providing and maintaining transport infrastructure and some bus services in the District. As a statutory consultee, it is consulted on all applications

<sup>15</sup> Hertfordshire County Council Guide to Developer Infrastructure Contributions, [Planning obligations and developer infrastructure contributions | Hertfordshire County Council](#)

<sup>16</sup> Currently being updated

<sup>17</sup> NPPF Paragraph 104

for which S106, S278 or S38 works or contributions may be required (please see also paragraph 4.2.3 below).

- 4.1.4 The County Council's Local Transport Plan (LTP4) states that sustainable transport modes such as walking, cycling, and improving access to public transport are to be prioritised while working to reduce need for journeys overall. LTP4 is supported by a range of strategies. These are both topic-specific (e.g. rail strategy) and geographically based (e.g. area growth and transport plans). In particular, regard should be had to promoting modal shift as endorsed in LTP4, the Hertfordshire County Council's Highways Design Guide, as well as the management of highway impacts arising from the Local Plan where those impacts would be directly related to the development proposed.
- 4.1.5 The Local Plan sets out policies that align with LTP4 to ensure that transport provision across the District is sustainable and safe and that negative environmental impacts, such as noise and air pollution, can be avoided or mitigated.
- 4.1.6 Local Plan Policy T1: Assessment of transport matters, requires Transport Statements, Transport Assessments and/or Travel Plans depending on the development type and size. These documents provide an assessment of the likely transport impacts of the development in question. Where impacts cannot be fully mitigated, sustainable transport and highways planning obligations will be sought. This may include contributions towards more strategic projects in accordance with the CIL Regulations.
- 4.1.7 The Plan is supported by a proposed Transport Strategy. This identifies areas for intervention, recognising that these will be reviewed and refined on an on-going basis.
- 4.1.8 National Highways is responsible for the Strategic Road Network (i.e. in North Hertfordshire the A1(M)).
- 4.1.9 It is worth noting that in some instances, private landowners may be responsible where the provision is not on public highway.

## **4.2 Financial and non-financial obligations**

- 4.2.1 The Council will be guided by the response(s) of Hertfordshire County Council in determining measures required to mitigate transport impacts. The County Council's Guide to Developer Infrastructure Contributions provides an indication of the scale of requests they are likely to make in response to planning application consultations.
- 4.2.2 (Prospective) applicants should review the relevant strategies and guidance documents, including those listed above, to identify potentially relevant and suitable projects for which contributions may reasonably be sought.

- 4.2.3 In addition to S106 agreements, Section 278 (S278) agreements can be used as a mechanism to secure highway measures that cannot be addressed through the design of the proposed development. S278 agreements are used when the proposed works relate to the existing highway network, and Section 38 of the Highways Act is used where new highways are to be created and this can be provided by way of commuted sum where necessary. On occasions where the developer is solely responsible for delivering works, a S278 agreement may be used in place of S106, secured by way of Grampian condition. This will only apply to matters relating to timing and delivery, rather than the detail of the works.
- 4.2.4 Section 278 agreements, Creation Agreements (under S.25 of the Highways Act 1990), Creation Orders (under S.26 of the Highways Act 1990) or whereby landowners expressly dedicate under common law are methods by which Public Rights of Way can be delivered.
- 4.2.5 The applicant should discuss with the Council and other relevant service providers whether the developer is best placed to deliver the works on-site, or to provide a financial contribution for another party to deliver the infrastructure required.
- 4.2.6 The cumulative transport impact of development proposals will also be taken into account as set out in the Local Plan, which may mean that smaller schemes may be requested to make appropriate contributions towards schemes which are required to address the combined impacts of future growth.
- 4.2.7 Non-financial contributions towards sustainable transport may also be required and may include establishing car clubs, providing electric vehicle charging infrastructure, land for Rights of Way improvements, and safe cycle storage. This may be particularly important at transport hubs and interchanges.
- 4.2.8 Where Travel Plans are required for a development, contributions may be sought for monitoring.

## 5 HOUSING

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> <li>• SP8: Housing</li> <li>• HS2: Affordable housing</li> <li>• HS3: Housing mix</li> <li>• HS4: Supported, sheltered and older persons housing</li> <li>• HS5: Accessible and adaptable housing</li> <li>• Site-specific development criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Strategy</li> <li>• Homelessness Strategy</li> <li>• Tenancy Strategy</li> <li>• North Hertfordshire District Council Self-build and Custom House Building Guidance</li> </ul>

### 5.1 Policy context

- 5.1.1 The NPPF stresses the importance of addressing the needs of groups with specific requirements for housing<sup>18</sup>.
- 5.1.2 The Council's overall planning approach to Affordable Housing is set out in Policy HS2 of the Local Plan and supporting text. This section of the SPD provides additional information to aid interpretation of these requirements.
- 5.1.3 Further information on the Council's approach to Affordable Housing is set out in our Housing Strategy and Tenancy Strategy. These, and other relevant documents, including the latest Strategic Housing Market Assessment, are provided on our website. Where relevant, this section of the SPD makes reference to the latest findings from these reports. However, these documents may be updated over the lifetime of this SPD and should always be referred to for the most up-to-date information.
- 5.1.4 Policies HS4 and HS5 contain specific requirements relating to housing for older persons and accessibility respectively.

### 5.2 Affordable Housing

#### Demonstrating compliance with Affordable Housing requirements

- 5.2.1 We encourage the submission of an Affordable Housing Statement alongside any relevant planning applications to demonstrate how the requirements of the Local Plan and this SPD have been met. Alternately, the approach to Affordable Housing should be clearly set out as a distinct section within one or more of the following documents (as applicable):

<sup>18</sup> NPPF Paragraph 60

- Design & Access Statement
- Planning Statement
- Environmental Statement

5.2.2 The following details set out the Council's expectations in line with policy HS2 of the Local Plan. All expectations set out below will be secured in a legal agreement in any potential approval of a relevant application. In the event of an outline planning application with all or most matters reserved, these matters will remain secured in a legal agreement, up to, including and not limited to amount, tenure, mix and design.

#### **Calculating the Affordable Housing requirement (Policy HS2(a)(i))**

5.2.3 Policy HS2 sets the following target percentages of dwellings to be affordable:

<b>Size of site (gross dwellings)</b>	<b>Target % of Affordable Housing</b>
11-14 dwellings	25%
15-24 dwellings	35%
25+	40%

5.2.4 When calculating the number of affordable units, the general approach will be to round the requirement to the nearest whole number. Where the requirement is subject to rounding up, the target levels of Policy HS2 may be slightly exceeded. As a general principle, and having regard to the findings of our evidence<sup>19</sup>, this approach is unlikely to affect scheme viability. Subject to the exceptions below, the Council will not entertain viability appraisals or attempts to reduce the Affordable Housing contribution on this ground alone.

5.2.5 The impact of rounding the requirement can be more significant for smaller sites given the low numbers of units involved. We specifically recognise the potential impact upon schemes of 11, 14, 16 and 19 units. In these instances, we will determine the most appropriate approach having regard to:

- The nature of the scheme;
- The tenure of any proposed Affordable Housing products; and
- The proposed / potential Affordable Housing floorspace as a proportion of the overall development, particularly where larger units are proposed for private sale with smaller units proposed as the Affordable Housing contribution.

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<sup>19</sup> North Hertfordshire District Council Local Plan Viability Assessment Update 2016 (Dixon Searle Partnership (DSP))

- 5.2.6 These factors will also be considered in other instances where the proposed Affordable Housing contribution does not comply with policy.

Off-site provision of Affordable Housing

- 5.2.7 Where the off-site provision of Affordable Housing or a financial contribution is agreed in principle (see below), the requirements of Policy HS2 should be met when viewing the application site and the 'donor' site(s) (or other agreed alternate form(s) of contribution) as a single entity.
- 5.2.8 A scheme for 100 units would normally generate an on-site requirement for 40 affordable homes, with the remaining 60 homes available for market sale ( $40 / 100 = 40\%$ ).
- 5.2.9 However, a scheme of 100 market sale homes with no on-site Affordable Housing would require off-site provision or a financial contribution equivalent to 67 affordable units to make the same contribution:  $(67 / (67+100) = 40\%)$ .
- 5.2.10 The table below summarises the equivalent percentages required to meet the targets in Policy HS2 where fully off-site provision or a commuted payment is to be made.

Size of site (gross dwellings)	Target % of Affordable Housing (on-site)	Off-site equivalent
11-14 dwellings	25% of all dwellings	33% of market homes
15-24 dwellings	35% of all dwellings	54% of market homes
25+	40% of all dwellings	67% of market homes

- 5.2.11 We will use bespoke calculations where it is agreed that the Affordable Housing is to be split between on-site and off-site provision.

Provision involving existing Affordable Housing

- 5.2.12 Where existing Affordable Housing is to be demolished or otherwise lost, we will normally expect that existing units will be replaced on a one-for-one basis with the targets of Policy HS2 then applied to any net additional units.
- 5.2.13 Exceptions to this approach will be considered on a case-by-case basis, for example when a scheme proposes replacement units that better meet identified Affordable Housing needs or where private sale units will cross-subsidise the scheme.

Vacant Building Credit

- 5.2.14 National policy provides an incentive for brownfield development on sites containing vacant buildings. This requires Affordable Housing requirements to be

reduced based on the quantity of floorspace being brought back into use or replaced.

- 5.2.15 Vacant Building Credit is intended to incentivise the re-use of buildings or sites that would otherwise remain vacant or become derelict. It is not intended as a back-door means of reducing Affordable Housing contributions on otherwise viable sites.
- 5.2.16 Where Vacant Building Credit is applied for, the applicant should follow the principles set out for employment uses in Local Plan Policy ETC2 and provide evidence that the building has been actively marketed for its current use for a period of at least twelve months without success prior to submission of a planning application. This should demonstrate that the marketing has been conducted appropriately given the terms and rental / sales values compared to other similar properties.
- 5.2.17 Vacant Building Credit will not be applied where the above conditions are not met.

### **Viability**

- 5.2.18 Our overall approach to viability is set out in Policy SP7 of the Local Plan and Section 2.3 of this SPD. Where a developer seeks to reduce Affordable Housing below target levels on viability grounds, the appraisal should demonstrate the impact of full compliance with the Affordable Housing Requirements in the Local Plan and this SPD on a 'nil grant' basis.
- 5.2.19 Any departure from policy compliant Affordable Housing provision on viability grounds will be negotiated on a case-by-case basis having regards to the findings of the viability study, scheme-specific circumstances and the potential for any alternate and / or reduced forms of contribution towards Affordable Housing.

### **On-site vs. off-site provision (Policy HS2(a)(ii))**

- 5.2.20 Affordable Housing is normally delivered in partnership with Registered Providers and can include schemes built through Community Land Trusts or other forms of co-operative provision. Our presumption is strongly in favour of Affordable Housing provision being made on site. Although some sites will deliver relatively low numbers of affordable homes, Registered Providers operating in the District are normally willing to take these on as part of their wider portfolio.
- 5.2.21 We recognise that there can be specific circumstances where it is not possible or appropriate to make Affordable Housing provision on site. This might include in some smaller flatted developments or where specialised accommodation within Use Class C3 is being provided.



- 5.2.22 Any (proposed) departures from on-site provision will be considered on a case-by-case basis. Where it is accepted that on-site provision is not feasible, we will first seek provision on an alternate site. If this is not possible, we will seek a commuted sum in lieu of provision.

#### **Approach to off-site provision**

- 5.2.23 Off-site provision may be an appropriate alternative where an alternate site is in possession of, or can be reasonably acquired or otherwise accessed by, the applicant who can then deliver affordable homes upon it in partnership with a Registered Provider in the normal way. The Affordable Housing provision on the 'donor' site will need to comply with relevant planning policies and the requirements of this SPD. It will normally be secured with an appropriate clause(s) in the legal agreement and / or Grampian condition on the principal site to ensure delivery of both schemes.
- 5.2.24 The 'donor' site should be reasonably related to the application site. In considering the acceptability of potential alternate sites, we will have regard to the approach taken by the Local Plan to Rural Exception sites. Alternate sites should normally be located within both a 15-minute drive time and a 30-minute journey time using passenger transport of the principal application site.

#### **Commuted sums**

- 5.2.25 Where it is accepted that a commuted sum is required, the starting point for negotiation will be an equivalent payment sufficient to deliver the Affordable Housing requirement on an alternate site:
- The Affordable Housing requirement will be calculated in line with the requirements set out in this section of the SPD;
  - The cost per required affordable unit (the unit cost) will be based upon the provision of a 2-bed house (including land);
  - The unit cost will be derived from the costs set out in the Council's most recent District-wide viability assessment.
- 5.2.26 At the time of writing this approach gives a unit cost of £123,000.<sup>20</sup>

#### **C2 Uses and affordable housing**

- 5.2.27 For the purposes of the new Plan, the Council has treated the need for and provision of housing within use-class C3 separately from the need for and provision of more specialist accommodation within use-class C2. The overall

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<sup>20</sup> Taken from North Hertfordshire District Council Local Plan Viability Assessment Update 2016 (DSP). Figure based upon: a base build cost for a 79m<sup>2</sup> 2-bed home at £1,190/m<sup>2</sup>; £4,500 site prep and survey costs; a 17% uplift on the base build cost for contingencies, fees and sustainable design & construction standards; £2,447 to achieve M4(2) accessibility compliance; and £9,250 to purchase 1/40<sup>th</sup> hectare of land at assumed greenfield enhancement value of £370,000 per hectare. Total rounded to nearest £1,000.

housing requirement and references to dwelling estimates for the Strategic Housing Sites and Local Housing Allocations are for C3 uses only. The Plan relies on delivery of the housing allocations with policy-compliant affordable housing to meet future market and affordable housing needs in full.

5.2.28 Requirements for C2 uses are set out separately and in addition. A minimum target for the overall provision of C2 bedspaces is set in Policy SP8(g).

5.2.29 The Council will not normally seek the provision of affordable housing or affordable housing contributions from:

- C2 uses where they satisfy a specific policy requirement on Strategic Sites; or
- C2 uses on windfall sites not identified in the Plan

5.2.30 However, where a C2 use is otherwise proposed on a site allocated in the Plan for housing, the Council will seek a commuted sum for affordable housing that compensates for any loss of affordable housing units that might otherwise have been provided if the site had been fully developed for C3 use in accordance with the Plan.

5.2.31 The relevant sum will be calculated on a case-by-case basis using the dwelling estimate and affordable housing policies in the Plan and the guidance above on commuted sums.

#### **Expenditure of commuted sums for Affordable Housing**

5.2.32 Any specific provisions relating to the expenditure of the commuted sum, including time limits, will be set out in the S106 agreement. In general terms, commuted sums for Affordable Housing might reasonably be spent upon (but is not necessarily limited to):

- The delivery of additional affordable units on other S106 schemes;
- The provision of new affordable homes on (up to) 100% Affordable Housing schemes by the Council or a Registered Provider;
- The acquisition of (serviced) land to facilitate such schemes;
- The adaptation or modification of existing stock to meet standards and / or specific identified housing needs;
- The acquisition of homes on the open market for Affordable Housing; or
- The provision of other forms of housing providing homeless or temporary accommodation;

5.2.33 Specific projects may be identified in our Housing Strategy or other relevant documents and expenditure can take place anywhere in the District regardless of the location of the development to which the commuted sum relates. The Council will endeavour to locate commuted sum expenditure close to sites where the sum has been contributed, however, this may not always be viable or appropriate.

### Ensuring affordability (Policy HS2(a)(iii))

- 5.2.34 Housing affordability is a significant issue in the District. The ratios of house prices to earnings are at the highest levels ever recorded. Even with discounts applied, rents and purchase requirements for intermediate products remain difficult to afford for many households.
- 5.2.35 The Local Plan recognises that it will be necessary to introduce rental caps at below 80% of market rates to ensure affordability, particularly for larger units. Our approach to rents, and seeking to ensure the affordability of all Affordable Housing products, is set out in our Housing Strategy and Tenancy Strategy. We currently require the following rental levels:
- 1 & 2 bed properties: 80% of market rents
  - 3 bed properties: 70% of market rents
  - 4 bed properties: social rents
- 5.2.36 All rents are to be within Local Housing Allowance Rates. Rents for 1-, 2- and 3-bed properties should achieve the percentages above inclusive of any service charges, management fees or similar.
- 5.2.37 The requirements in the Plan are based upon households allocating 35% of their gross income to housing. Applicants should demonstrate that any intermediate products, including the initial purchase percentage(s), will be affordable on this basis having regard to local income and house price data. House prices vary significantly across North Hertfordshire and district-wide price averages will generally not be considered an appropriate basis for making these calculations. In determining the affordability of products, any service charges, management fees or similar which may be applied should be included.
- 5.2.38 For shared ownership units, applicants should be able to purchase an initial equity share in the property of between 25% and 75%. The rent on unsold equity will be capped at 2.75% in accordance with Homes England requirements.
- 5.2.39 Due to the high cost of housing throughout the District, some forms of intermediate tenure products are considered unlikely to meet the affordability requirements of the Plan. This includes, but is not necessarily limited to, discounted market sales housing.
- 5.2.40 The Government recognises that shared ownership products can be hard to replace, particularly in rural areas. To address this issue, regulations identify Designated Protection Areas<sup>21</sup>. Within these, any shared ownership products will

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<sup>21</sup> Designated Protected Area status only applies to parishes with populations of 3,000 or less. This is in accordance with The Housing (Shared Ownership Leases) (Exclusion from Leasehold Reform Act 1967) (England) Regulations 2009, which came into force on 07 September 2009. These regulations included the introduction of Protected Area Status for settlements exempt from the Right to Acquire (i.e. those with populations of less than 3,000).

be required to restrict ‘staircasing’ to a maximum 80% equity share in the property.

5.2.41 Where applicable, these requirements will be incorporated into the legal agreement. The following parishes within North Hertfordshire are currently Designated Protection Areas:

- |                |                   |
|----------------|-------------------|
| • Ashwell      | • Lilley          |
| • Barkway      | • Newnham         |
| • Barley       | • Nuthampstead    |
| • Bygrave      | • Offley          |
| • Caldecote    | • Pirton          |
| • Clothall     | • Preston         |
| • Codicote     | • Radwell         |
| • Graveley     | • Reed            |
| • Hexton       | • Rushden         |
| • Hinxworth    | • Sandon          |
| • Holwell      | • St Pauls Walden |
| • Ickleford    | • Therfield       |
| • Kelshall     | • Wallington      |
| • Kimpton      | • Weston          |
| • Kings Walden | • Wymondley       |
| • Langley      |                   |

#### **Affordable Housing tenures (Policy HS2(b)(i))**

5.2.42 Local Plan policy expects 65% of Affordable Housing units to be for rent with the remaining 35% other forms of Affordable Housing. The definition of the various housing types considered to be Affordable Housing is set out in Annex 2 of the NPPF.

5.2.43 When calculating the required tenure split, the number of rented units will normally be rounded to the nearest whole number. The number of intermediate units will normally represent the balance of the overall requirement.

- 5.2.44 On schemes of 25 units or more it should be possible to deliver the tenure split required by Policy HS2.
- 5.2.45 On schemes of less than 25 units, or in other instances where less than 10 Affordable Housing units are proposed or agreed, we will consider the most appropriate approach to tenure mix on a case-by-case basis having regard to the above advice. It may not, for example, be desirable for a scheme to deliver a single intermediate unit. Equally, it may not be practical to deliver affordable rented units within a small block of flats.
- 5.2.46 The most appropriate mix of intermediate products will be negotiated on a case-by-case basis having regard to relevant evidence (including upon affordability) and the type and size of Affordable Housing product(s) proposed by the applicant or otherwise considered realistic in the context of the site and overall scheme.
- 5.2.47 The NPPF allows for self-build housing to be Affordable Housing. For this to be the case, the self-build must fall within one of the Affordable Housing types contained in the NPPF definition. Where any self-build housing is accepted as being a form of Affordable Housing (and vice versa) it will count towards any relevant policy targets or requirements for both forms of provision. Self-build not falling within the NPPF definition of Affordable Housing will not count towards, or otherwise be offset against, the Affordable Housing requirement.

### **First Homes**

- 5.2.48 First Homes were introduced by government in June 2021 as an additional affordable housing product. Given the timing of the introduction of First Homes, the Local Plan does not account for First Homes in its housing policies. The housing policies contained in the Local Plan have been developed in line with the associated evidence base, which includes the Strategic Housing Market Assessment undertaken in 2016.
- 5.2.49 The Council is currently in the process of updating its Strategic Housing Market Assessment Volume II to include the implications of First Homes.<sup>22</sup> Once complete, this evidence base document will inform the approach to First Homes when determining planning applications.
- 5.2.50 Under transitional arrangements, once the Council has an up to date adopted Local Plan, there is not an automatic need to reflect the requirement for First Homes when considering planning applications.<sup>23</sup>
- 5.2.51 In addition, the Council has concerns over the operation of First Homes, including the following:

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<sup>22</sup> As agreed at Cabinet held on 22 March 2022

<sup>23</sup> [First Homes - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/first-homes) Paragraph: 018 Reference ID: 70-018-20210524

- The genuine affordability of this product to local residents that require assistance with their housing needs;
- The potential ‘displacement’ of other forms of affordable housing; the combination of the 30% discount and £250,000 price cap means that smaller (1- and 2-bed) units are likely to be the most attractive option for developers to provide as First Homes but these are the unit types where there is the most pressing need to secure affordable homes for rent;
- The potential impacts upon the viability of schemes to the detriment of affordable housing provision or other policy requirements or contributions; and
- The potential administrative burdens on the Council, particularly in relation to monitoring and enforcement, given any First Homes would not be transferred to a Registered Provider.

5.2.52 Given these concerns and the transitional arrangements, the Council will not normally support the provision of First Homes as part of the affordable housing mix. Nonetheless, the Council do recognise that National Planning Practice Guidance recommends a flexible approach to the delivery of First Homes<sup>24</sup> and, on occasion, there may be specific circumstances where it is necessary to consider their inclusion as an affordable housing product. The appropriateness of any First Homes will be considered on a case-by-case basis.

5.2.53 When assessing planning applications, First Homes will normally only be supported where it would not adversely impact upon:

- the overall proportion of affordable housing that can be achieved on site having regard to the targets in Policy HS2 of the Local Plan and the guidance in this SPD;
- the proportion of rented housing that can be achieved on site having regard to the Local Plan requirement for 65% of affordable homes to be rented;
- the mix of rented housing indicated as being required by the Council's Strategic Housing Market Assessment or other relevant evidence (e.g. local needs assessments or the housing waiting list); and
- any other policy requirements or contributions that have been properly tested through the Local Plan examination

5.2.54 Furthermore, given that First Homes will not be transferred to a Registered Provider there are potentially significant administrative implications for the

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<sup>24</sup> [First Homes - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/first-homes)

Council. Due to this, the Council reserves the right to require contributions towards monitoring and enforcement.

#### **Evidence of housing need (Policy HS2(b)(ii))**

- 5.2.55 The starting point for evidencing Affordable Housing need is the Council's latest Strategic Housing Market Assessment (SHMA). This provides advice on overall requirements and advised tenure and mix requirements for the whole District. The SHMA Volume II is currently being updated. We supplement data from district-wide studies, with more localised information.
- 5.2.56 Prospective applicants should contact the Council's Housing team for up-to-date housing register data. We work with Hertfordshire County Council's Adults Supported Accommodation Strategic Board to identify and address specific housing needs. Surveys for individual parishes are conducted in partnership with Parish Councils and Community Development Action's Rural Housing Enabler. Applicants should have regard to the findings for any up-to-date Parish surveys relevant to their site. Where a prospective applicant is considering bringing forward a significant scheme in a parish where there is no survey, or the survey is out of date, they should liaise with the Council at the earliest opportunity to determine whether it is practicable to produce or update a survey in advance of the submission of an application.
- 5.2.57 Where an applicant is considering gathering their own evidence to inform the assessment of housing needs for their own project(s), we encourage early engagement with the Council's Housing Team to ensure any survey is appropriately defined.
- 5.2.58 Any findings from the above will help inform whether there is justification to depart from the general tenure and mix requirements set out in the Local Plan and this SPD on a case-by-case basis.
- 5.2.59 Applicants will need to demonstrate compliance with any additional or alternate requirements in Neighbourhood Plans that are brought forward following adoption of the Local Plan<sup>25</sup>.

#### **Affordable Housing Mix (Policy HS2(b)(v))**

- 5.2.60 The aim of the Plan is to meet assessed district-wide needs for Affordable Housing over the period to 2031. The starting point for consideration of appropriate housing mix will therefore be our most recent Strategic Housing Market Assessment. This document is currently being updated.
- 5.2.61 The current SHMA concludes that the requirements for Affordable Housing are split on an almost 50% / 50% basis between smaller (1- and 2-bed) and larger (3+bed) units. However, in calculating these requirements, it is assumed that

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<sup>25</sup> If policies in an adopted Local Plan conflict with policies in an adopted Neighbourhood Plan (or vice versa) the most recent plan policy takes precedence.



current patterns of occupation will continue. Our Housing Strategy recognises there is evidence of 'under-occupation' of the existing Affordable Housing stock within the District. This is a particular issue with 3-bed homes given their prevalence across North Hertfordshire. The Local Plan recognises that increasing the proportion of smaller homes may, in particular, provide additional opportunities for older households to downsize. Most households in the top preference bands of the Council's Housing Register require smaller homes.

- 5.2.62 The above shows how the SHMA is the starting point for consideration of affordable housing mix and split. Other existing evidence shows the Council may seek a slightly higher proportion of smaller units. The Council may seek a differing proportion of unit sizes for affordable housing than that suggested by a straight reading of the SHMA based on all available evidence.
- 5.2.63 As set out above, we will consider whether any specific, local evidence justifies a departure from this general guidance on a case-by-case basis.
- 5.2.64 In considering the suitability of the proposed Affordable Housing mix, we will also have regard to other relevant policies of the Plan. Please refer to the following sections of this chapter in relation to self-build, older persons housing and housing accessibility.

### **Affordable Housing Design**

- 5.2.65 Wherever practicable, affordable housing design should be tenure blind. It should be physically indistinguishable from the market housing and on larger sites be distributed across the site in small clusters, rather than concentrated on one of two parts of the site. Affordable Housing should be distributed in a way which ensures that access to key facilities such as schools, local shops and open space is equivalent to that provided for market homes.
- 5.2.66 Policy D1 of the Local Plan states that new homes must meet the Government's minimum nationally described space standards. In some instances, space requirements for Affordable Housing may be set at a higher level. Where there is conflict between two (or more) standards, the highest (most spacious) will be applied to the Affordable Housing.
- 5.2.67 The Local Plan requires that, where more than 10 Affordable Housing units are to be provided, 10% of these should be to the higher M4(3) wheelchair user standard. The 10% requirement will be rounded to the nearest whole number based upon the Affordable Housing requirement. These should be provided within rented tenure units and to wheelchair accessible standards wherever possible. Where this approach is not considered viable (and subject to the general guidance on viability in the Local Plan and this SPD), we will consider whether provision of units to the wheelchair adaptable standard is an appropriate alternative.



### Registered Providers

- 5.2.68 There are a large number of Registered Providers operating within the District. We do not have a preferred partner, nor do we recommend partners. We are able to provide contacts and facilitate introductions where required. The transfer of the Affordable Housing to the Registered Provider will normally be subject to a separate agreement with the applicant / developer. The Registered Provider will not normally be a signatory to the legal agreement.
- 5.2.69 Some forms of Affordable Housing do not need to be delivered by a Registered Provider. Where this is the case, we will consider whether it is appropriate to secure a bond or other form of guarantee in the legal agreement. Where the Council cannot secure nomination rights in accordance with the guidance below, we may request that the legal agreement restricts occupancy to households who cannot compete in the housing market.

### Content of the legal agreement in relation to Affordable Housing

- 5.2.70 The Council fully expects affordable housing to be secured via Section 106 agreements. Any divergence from this approach to use planning conditions would only be considered in rare and exceptional cases, for instance where the applicant is a Registered Provider. This is due to the inherent risk to the delivery of affordable housing in the context of Section 73 applications.
- 5.2.71 The key provisions relating to Affordable Housing will be secured through the S106 legal agreement and, to the extent that is appropriate, any associated Nomination Agreement. It is expected that the legal agreement will normally contain (but is not necessarily limited to) the following information:
- The overall amount of Affordable Housing to be provided;
  - Details of the tenure and type of Affordable Housing to be provided;
  - Details of any specific standards to be met by the Affordable Housing
  - Details of any trigger points for the construction and / or transfer of the Affordable Housing;
  - Any Mortgagee in possession (or other similar) clauses to safeguard the provision of Affordable Housing;
  - Any specific requirements in relation to nomination rights, lettings and cascades including qualifying persons and local connection criteria (see below); and
  - Details of any applicable staircasing restrictions.
- 5.2.72 Where development is anticipated to occur over a number of phases, the provision of Affordable Housing should not normally be backloaded into later phases, but should be equally distributed among the phased development. This will be addressed through the inclusion of appropriate trigger points in the legal agreement.
- 5.2.73 Where outline permission is sought on an “up to...” basis, we may seek to secure a guaranteed minimum number of Affordable Housing units within the

legal agreement. This is to ensure that the anticipated provision of Affordable Housing is not subsequently undermined (for example by submission of a detailed application for an alternate use on part of the same site).

### **Nomination rights, lettings and cascades**

5.2.74 The Council will normally seek to secure 100% of initial nomination rights and at least 75% of nomination rights for subsequent re-lets. Nominations will be made in accordance with the Common Housing Allocations Scheme or any successor.

5.2.75 In the rural Designated Protection Areas, we normally operate the following cascade to prioritise the allocation of affordable housing:

- Applicants from within the Parish;
- Applicants from adjoining Parishes;
- Applicants from other rural parishes in North Hertfordshire;
- Applicants from elsewhere in the District.

5.2.76 This approach will normally be continued on smaller rural sites. However, some rural parishes have significant development allocations in the new Local Plan – either because they physically adjoin larger towns or because they have been identified as locations capable of meeting a wider-than-local need. In the following parishes and for the following developments we will determine the most appropriate cascade mechanism on a case-by-case basis:

- Barkway – Site BK3
- Bygrave – Site BA1
- Clothall – Sites BA2 and BA3
- Graveley – Site NS1
- Ickleford – Site IC3
- Offley – Sites EL1, EL2 & EL3
- Weston – Site GA2
- Wymondley – Site WY1

### **Subsequent occupiers**

5.2.77 The measures above will normally secure the Affordable Housing provision on new development sites for subsequent occupiers. However, it is recognised that some units may eventually be lost from the Affordable Housing stock through Right to Buy, by achieving 100% ownership of intermediate products through ‘staircasing’ or through any additional or successor arrangements.

5.2.78 Presently, these rights and the recycling of monies received through these events are subject to their own regulation and will not normally need to be reflected in the legal agreement.

***East of Luton***

The East of Luton sites allocated in the Local Plan (Policy SP19) are identified, in large part, to meet unmet housing needs arising from Luton Borough. Affordable Housing is a particularly important element of this unmet need.

A proportion of the development (150 homes) is to meet North Hertfordshire's own housing needs. The District Council will secure appropriate access to Affordable Housing in line with the policies of the Local Plan and the advice in this SPD. This will be calculated as follows:

- Agreed allocation-wide Affordable Housing provision (%) x 150

For the balance of the secured Affordable Housing, the Council will have regard to the additional considerations below:

- The policies of the Luton Local Plan, monitoring information collected by Luton Borough Council and the findings of the Strategic Housing Market Assessment (SHMA) for the Borough will be considered as 'relevant' evidence under Policies HS2 and HS3 of the Local Plan.
- Any off-site provision or commuted sums in lieu of on-site provision should be directed to Luton Borough.
- Initial nomination rights will be reserved for applicants on Luton Borough Council's Housing Register or joint housing register as may be agreed. The approach to subsequent re-lets will be negotiated in advance of, or through, the site-specific S106 agreement(s) having regard (but not necessarily limited) to:
  - The fact that first occupiers will become residents of North Hertfordshire, with the District Council becoming responsible for their future housing needs;
  - The phasing schedule(s) for completion and occupation of the Affordable Housing that are anticipated in any relevant planning permission(s), including any post-permission amendment(s);
  - The current development plan policies in the Luton Local Plan 2011-2031 and the North Hertfordshire Local Plan 2011-2031, and specifically, North Hertfordshire's agreement to assist with Luton's unmet housing needs via its Local Plan policy and residential land allocations;
  - The stage of the planned reviews of the Luton and North Hertfordshire's Local Plans, and their associated evidence base(s) on housing supply, needs and requirements (including information on house types/ sizes);
  - Any findings or contents of statutory examinations, agreements or equivalent in relation to the above;
  - The geographical reach of the nominated Registered Provider(s) and the % of re-let nominations rights to which they will be entitled;
  - Agreeing a reciprocal approach that allows access to re-lets in the event that either authority is unable to nominate to any homes within a prescribed period.

### **Deeds of variation**

- 5.2.79 We sometimes receive applications to vary the conditions of the legal agreement following completion of the scheme and / or its transfer to the Registered Provider. In the past, these have mainly related to shared ownership units and / or the cascade mechanism where it has not been possible to allocate the Affordable Housing within the terms of the original agreement. In turn, this is often linked to the (un)affordability of the products.
- 5.2.80 By following the requirements of our Local Plan policies and the guidance in this SPD and other relevant strategies, the need to vary the legal agreement should only arise in exceptional circumstances.
- 5.2.81 Any Deed of Variation applications should be accompanied by robust evidence, including upon viability where relevant and follow the principles set out Section 2 of this document.

### **Review mechanisms (Policy HS2(c)(ii))**

- 5.2.82 The general approach to review mechanisms for legal agreements is set out in Section 2 of this SPD. Where viability improves such as to trigger a review, we will take a fair and proportionate approach. Affordable Housing targets will be applied to the remaining phases or quanta of development at the point of review in line with the requirements of Policy HS2 and this SPD. We will not normally use review mechanisms to seek above target levels of Affordable Housing provision on future phases of development in order to make up for previous shortfalls.

## **5.3 Self-build**

- 5.3.1 Our policies require that 1% of plots on Strategic Housing Sites are reserved for self-build. We will have regard to the self-build register and encourage the provision of self-build plots on other sites where there is proven evidence of demand. Neighbourhood Plans may set requirements for self-build. Councils may additionally need to have regard to statutory requirements relating to self-build in other, non-planning functions such as land disposal.
- 5.3.2 The delivery of self-build sites, or proportion of sites as self-build opportunities, brings complexities, as detailed below. Considering the depth of considerations for the appropriate delivery of self-build housing, it is highly likely that any approval of such housing will require planning obligations, rather than conditions, to secure the details of delivery. As a result, guidance in what is required to be considered in delivery of self-build housing is set out below to inform heads of terms and eventual agreed obligations.
- 5.3.3 For the purposes of planning policy, Custom and Self-build dwellings share the same definition and the terms can be used interchangeably. Custom Build is where a person appoints a specialist developer to help build their own home.

Self-build is where a person is more directly involved in organising and constructing their own home.

- 5.3.4 Where self-build plots are to be delivered we will secure, by legal agreement or condition as appropriate in each instance:
- The number and location of plots to be delivered for self-build;
  - The trigger point(s) for the provision and / or marketing of the serviced plots;
  - The transfer of the plots where the developer does not wish to retain or market them for self-build;
  - The means by which detailed permission(s) for the self-build plots shall be obtained;
  - Reversion clauses or similar allowing for the return of the plot to the developer and / or the use of any unsold self-build plots for other forms of housing; and / or
  - Time limits for the commencement and / or completion of development on any self-build plots.
- 5.3.5 The Council maintains a Self-Build and Custom Housebuilding Register in accordance with relevant regulations. This contains details of persons interested in acquiring plots of land for self-build.
- 5.3.6 Where relevant developments come forward, the Council will notify those on the Self-Build and Custom Housebuilding Register of any upcoming opportunities.
- 5.3.7 Where the developer does not wish to market self-build plots themselves, the freehold of the area that will contain the serviced plots should be transferred to the Council for a nominal sum. This sum may include the recovery of a reasonable proportion of the S106 costs attached to the site as a whole and / or the costs of providing services to those plots where this occurs prior to, or as a condition of, the transfer. The Council will then undertake the marketing and sale of the plots.
- 5.3.8 Prior to the marketing of any self-build plots, the body responsible for their disposal shall secure an appropriate permission or planning framework for the whole of the self-build area detailing:
- The highway layout
  - The provision of services;
  - Any incidental or communal landscaping, open space or similar;
  - The extent of the individual self-build plots
  - The unit type of the individual self-build plots
  - Vehicular access and parking provision
  - Key design parameters including
    - Fixed positions or zones for front and rear facades
    - Maximum building heights
    - Maximum internal floor areas

- A palette of materials

- 5.3.9 This approach strikes a reasonable balance between individuality and ensuring the site as a whole remains coherent in design terms. The permission should be sufficiently flexible to allow for innovative design and methods of construction. It should also ensure sufficient scope remains for future plot owners to have a meaningful input into the final design of their home. The factors above may be identified and / or secured through a design code (or similar) attached to a hybrid application<sup>26</sup>.
- 5.3.10 The Council will consider whether it is expedient to introduce a Local Development Order, or other form of simplified planning framework, for self-build areas on a case-by-case basis.
- 5.3.11 Any marketing period should be of sufficient length to give interested parties reasonable opportunity to investigate likely acquisition and build costs and draw together appropriate funding. This may include securing in principle agreements for finance and / or quotes or expressions of interest from builders or developers to deliver the scheme where they will seek assistance in building their home. Plots should be made available at a reasonable market value so as to encourage, rather than deter, their uptake.
- 5.3.12 Our expectation is that any reversion clause will allow for a minimum two-year marketing period for self-build. Shorter periods will only be entertained when the applicant expects the remainder of the site to be completed more quickly. On Strategic sites, or other schemes where development is to be phased, it may be appropriate to seek longer clauses to maximise the opportunity for self-build plots to be taken up.
- 5.3.13 In all instances, self-build plots should be delivered in a timeframe that is compatible with the delivery of the site as a whole. Equally it is necessary to ensure that the site can be fully built out in the absence of interest in (all of) the self-build plots; unbuilt or incomplete plots on an otherwise completed scheme would detract from the Government's aim to create high quality places.

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<sup>26</sup> In this instance, the final, detailed design of individual homes may be secured through a discharge of condition application (or similar) by the intended occupier upon, or prior to, acquisition of the plot.

## 6 DESIGN

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> <li>• SP9: Design and sustainability</li> <li>• D1: Sustainable Design</li> <li>• D3: Protecting living conditions</li> <li>• D4: Air quality</li> </ul>	<ul style="list-style-type: none"> <li>• Design SPD</li> <li>• Baldock Air Quality Paper</li> <li>• NHDC Note to Local Plan Inspector on Air Quality</li> <li>• Hertfordshire Waste Strategy 2002-2024</li> <li>• HCC Guide to Developer Infrastructure Contributions</li> <li>• Sustainability Principles 2022</li> <li>• Design Review Protocol 2022</li> </ul>

### 6.1 Policy context

- 6.1.1 National policy recognises that good design is a key aspect of sustainable development<sup>27</sup>. The Local Plan contains policies focused on ensuring that design responds positively to local context and that suitable mitigation measures can be delivered through the planning process.

### 6.2 Design

- 6.2.1 The general design requirements of the Plan will normally be met through consideration of planning applications and, where appropriate, the use of planning conditions. However, there may be some instances where contributions are sought towards schemes which delivery upon the design aspirations of the Plan (see, for example, Section 7.6 on public realm).

### 6.3 Sustainable construction methods

- 6.3.1 Local Plan Policy D1 Sustainable design outlines that development proposals are required to consider the potential to minimise the impact on the environment during both construction and throughout the lifetime of the development. The Council may require planning conditions and/or legal agreements, such as sustainable material sourcing, to achieve this.

<sup>27</sup> NPPF Paragraph 126



## **6.4 Protecting living conditions**

- 6.4.1 Policy D3 seeks to secure protection against potential statutory nuisances and other impacts which may adversely impact upon living conditions.
- 6.4.2 There may be requirement for reciprocal measures to be secured from proposed development in adjoining authorities under the arrangements set out in Section 1.8. This may include, but is not necessarily limited to, any future schemes at London Luton Airport.

## **6.5 Air quality monitoring**

- 6.5.1 Legal agreements may be used to ensure that there are appropriate levels of monitoring and mitigation to minimise development impacts in line with Local Plan Policy D4 Air quality. This is particularly relevant where development proposals are likely to create additional road traffic.
- 6.5.2 Policy D4 sets out the circumstances in which an air quality impact assessment will be required. Strategic Housing Sites in particular will be expected to carry out or otherwise fund ongoing air quality monitoring before, during and after construction of their schemes. This may also be required of other significant or sensitive developments within the District or where the cumulative impacts of development may lead to an air quality issue.
- 6.5.3 The Council's own monitoring will be used to provide a baseline of data across the District against which applicant's data can be benchmarked and calibrated. The Council may require contributions towards equipment.
- 6.5.4 Methods to reduce emissions may include: design of development, encouraging the use of public transport and car sharing, promoting low emission vehicle use, road and traffic management schemes as well as appropriate parking standards. These methods may be secured at planning application stage via planning conditions and/ or legal agreement.
- 6.5.5 Where air quality impact assessments are required and where those assessments predict that an adverse impact on local air quality will occur there will be a requirement for the Defra 'air pollution damage costs' approach to be applied. This air pollution economic analysis damage costs approach is founded upon the application of Defra's Emissions Factors Toolkit and Central Government's Interdepartmental Group on Costs and Benefits (IGCB) guidance. Further information can be found in the NHDC Air Quality Planning Guidance Document.
- 6.5.6 The financial contributions calculated by the 'air pollution damage costs' approach will need to be targeted to air pollution mitigation measures that are relevant to the development in question and of specific benefit to the local areas that have been identified as being adversely impacted by that development.



- 6.5.7 Identified measures or contributions will be secured by condition or legal agreement as appropriate in each instance.

## **6.6 Waste collection and recycling**

- 6.6.1 A waste collection and recycling programme for North Hertfordshire is contained within the Hertfordshire Joint Municipal Waste Management Strategy 2007<sup>28</sup>. This has been modified since it was published and in September 2005 the Council agreed a programme that would ensure additional kerbside recycling facilities for all properties by September 2007.
- 6.6.2 Properties with no immediate access to the rear, together with flats may have no obvious means for storage of waste and recycling containers. This results in containers being permanently left in front gardens or by the roadside. Therefore, development schemes will be required to ensure appropriate arrangement for the storage of waste collection and recycling containers at the outset. This may be through communal shelters. This is to ensure conformity with Local Plan Policy D1 Sustainable design to reduce waste and consider the visual impacts of a development.
- 6.6.3 The revenue costs of waste collection are covered through Council Tax. However, in the case of large-scale residential development, implementation costs may be required to cover the purchase of additional vehicles and setting up new or extended rounds. Contributions towards the provision of recycling banks and land to accommodate these will also be required for large development schemes.
- 6.6.4 Under the Environmental Protection Act 1990, Hertfordshire County Council is required to perform the statutory functions of the Waste Disposal Authority (WDA) for Hertfordshire. The WDA is also required to provide facilities in its area where residents may deposit their own household waste free of charge. In Hertfordshire, these facilities are known as Recycling Centres (RCs).
- 6.6.5 As WDA, Hertfordshire County Council is responsible for the disposal of Local Authority Collected Waste (LACW) arising in the county. LACW consists of household waste and commercial waste collected by the ten Borough and District Councils in their role as the Waste Collection Authorities (WCA's) for Hertfordshire and waste collected at the county's RCs. Much of this waste is bulked in Waste Transfer Stations ready for onward transport to the point of disposal or treatment.
- 6.6.6 The WDA achieves this via a network of waste transfer stations and recycling centres. An increase in population within Hertfordshire as a result of new residential development is likely to require increased investment in waste disposal infrastructure.

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28 Hertfordshire Joint Municipal Waste Management Strategy 2007

- 6.6.7 The impact of additional dwellings on waste management infrastructure will vary depending on the size of the development and its location. Therefore, it may be necessary to develop new infrastructure or improve existing infrastructure. For example, should an existing RC be identified as having insufficient capacity to accommodate increased usage due to additional dwellings, financial contributions will be identified towards increasing the capacity of the local service provision such as through improvements to existing facilities or the development of a new RC. The HCC Guide to Developer Infrastructure Contributions provides information on how contributions will be calculated.

## 7 HEALTHY COMMUNITIES

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> <li>• SP4: Town Centres, Local Centres and Community Shops</li> <li>• SP10: Healthy communities</li> <li>• ETC3: New retail, leisure and other main town centre development</li> <li>• ETC8: Tourism</li> <li>• CGB2b: Community facilities, services and affordable housing in the Rural Area beyond the Green Belt</li> <li>• HE1: Designated Heritage Assets</li> <li>• HE2: Heritage at Risk</li> <li>• HE3: Non-designated heritage assets</li> <li>• HE4: Archaeology</li> <li>• Site-specific policy criteria</li> </ul>	<ul style="list-style-type: none"> <li>• North Hertfordshire Indoor Sports Facilities Strategy and Action Plan</li> <li>• Community Halls Strategy for North Hertfordshire</li> <li>• Hertfordshire County Council Guide to Developer Infrastructure Contributions<sup>29</sup></li> </ul>

### 7.1 Policy context

- 7.1.1 The NPPF requires us to plan positively for the provision and use of shared spaces, community facilities and other local services to enhance the sustainability of communities and residential environments<sup>30</sup>.
- 7.1.2 The Local Plan recognises that the provision of adequate social infrastructure is essential to the successful delivery of the levels of growth over the plan period. Social infrastructure encompasses a range of facilities, including but not limited to: health services, educational facilities, libraries, arts and cultural facilities, community facilities, and indoor sports and leisure facilities.
- 7.1.3 Local Plan Policy SP10 Healthy Communities states that the Council will work with:
- Hertfordshire County Council as the Local Education Authority, as well as other education providers to ensure the planning system contributes to the provision of sufficient school places and facilitates the provision of new or expanded schools in appropriate and accessible locations.

<sup>29</sup> Hertfordshire County Council Guide to Developer Infrastructure Contributions, [Planning obligations and developer infrastructure contributions | Hertfordshire County Council](#)

<sup>30</sup> NPPF Paragraph 93

- the NHS Trust and Clinical Commissioning Groups (CCGs) and other relevant providers to ensure that appropriate coverage of healthcare facilities across the District and
- Other providers to deliver appropriate levels of new community, cultural, leisure and built sport and recreational facilities.

7.1.4 Policy ETC8 Tourism sets out that planning permission will be granted where development increases attractiveness of the District as a tourist destination and delivers sustainable tourist and visitor attractions in appropriate locations.

7.1.5 Hertfordshire County Council is responsible for collecting contributions towards a number of the facilities identified in this section. The Council will be guided by their response(s) in determining measures required to mitigate impacts upon relevant social infrastructure. Hertfordshire County Council Guide to Developer Infrastructure Contributions<sup>31</sup> provides an indication of the scale of requests they are likely to make in response to planning application consultations, along with the associated justification.

7.1.6 Taken together, requests for social infrastructure are normally the largest single ‘ask’ of applicants on new development schemes. We will have regard to these requests in accordance with the general approach set out in Section 2 of this document. The Council will consider potential for other sources of funding, such as direct funding from Government departments or agencies, when planning new social infrastructure provision.

## 7.2 Education and early years

7.2.1 Planning applications, especially those relating to the largest developments will be expected to contribute to education provision serving the development. This may include serviced land as well as financial contributions. Discussions should be undertaken at an early stage with Hertfordshire County Council to ensure appropriate and well-located facilities<sup>32</sup> can be delivered in a timely way. This includes having regard to the Hertfordshire County Council Guide to Developer Infrastructure Contributions<sup>33</sup> to determine the demand for mainstream education, Special Educational Needs and Disabilities (SEND) and early years places based on forecasted child yield.

7.2.2 Where education mitigation is required, the financial contributions from the development will be based on the proposed education project. In some cases, this may require contributions from smaller-scale developments towards new

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<sup>31</sup> Hertfordshire County Council Guide to Developer Infrastructure Contributions, [Planning obligations and developer infrastructure contributions | Hertfordshire County Council](#)

<sup>32</sup> Hertfordshire County Council will require a full consideration of the land needed for any proposed school provision, taking into account a range of criteria including flood risk and the gradient of the development site.

<sup>33</sup> Hertfordshire County Council Guide to Developer Infrastructure Contributions, [Planning obligations and developer infrastructure contributions | Hertfordshire County Council](#)

school provision, which will be based on the costs of new school provision. Where a development site includes new education provision on-site, be it expansion to an existing school or a new school, then the provision of, and/or contributions towards, serviced land will also be required. Hertfordshire County Council have a land specification which should be adhered to wherever practicable.

- 7.2.3 A number of sites in the Local Plan contain policy requirements to provide land for education requirements arising from (planned developments in) the wider area. In these instances, requests for financial contributions towards the construction of built facilities on this land will be proportionate having regard to the likely pupil yield of the individual development(s). The balance of funding to deliver the facilities will be derived from other developments in the area or other sources.
- 7.2.4 Discussions should be undertaken at an early stage with Hertfordshire County Council to ensure that there is sufficient capacity of Early Years facilities to mitigate the implications of the proposed development. This includes having regard to the Hertfordshire County Council Guide to Developer Infrastructure Contributions to determine the level of contributions and/or facilities expected to be provided from the proposed development.

## **7.3 Youth Provision**

- 7.3.1 Given that youth work provided by YC Hertfordshire is predominantly delivered from locally accessible buildings and tailored to youth projects, developments may be required to contribute to increasing the services and capacity to accommodate the needs of any additional young people brought about through housing development. This is most likely to create a need for additional buildings or enhancing / improving / developing an existing centre or space.
- 7.3.2 Discussions should be undertaken at an early stage with Hertfordshire County Council to ensure that there is sufficient capacity of youth facilities to mitigate the implications of the proposed development. This includes having regard to the Hertfordshire County Council Guide to Developer Infrastructure Contributions to determine the level of contributions expected to be provided from the proposed development.

## **7.4 Health**

- 7.4.1 The largest development sites should make provision for new, on-site healthcare facilities and this will be secured through legal agreements.
- 7.4.2 Where land is transferred to the NHS this will be provided as freehold transfer or rent free.
- 7.4.3 The threshold for on-site provision is set out in the table below. The East and North Hertfordshire NHS Trust deliver hospital services and GP surgeries and

other secondary facilities are primarily managed by the East and North Hertfordshire Clinical Commissioning Group.

- 7.4.4 Requests for health contributions are normally based upon the following standard formula. Please note that the figures below are subject to change over time and may be index linked to reflect this.

<b>Acute healthcare</b>	£2,214.46 per residential unit
<b>Mental healthcare</b>	£194.46 per residential unit
<b>Community healthcare</b>	£182.03 per residential unit
<b>GP / GMS costs</b>	<ul style="list-style-type: none"> <li>• Multiply number of residential units by 2.4 to calculate number of new patients;</li> <li>• Divide number of patients by 2000 to determine number of GPs required;</li> <li>• Multiply number of GPs required by 199 to determine m<sup>2</sup> of additional space required</li> <li>• Require m<sup>2</sup> of additional space required by £2,964 to calculate build cost including fit out and fees</li> </ul>

- 7.4.5 Providers have identified that many practices still retain extensive paper records at their premises. This is space which could, subject to various considerations, be used to help provide additional patient capacity. Contributions may therefore be sought in future towards the digitising of records and / or offsite storage as a means of releasing additional capacity to meet demands generated by new development. It must however be demonstrated that the space saved can be meaningfully used as additional clinical space and how this new space can be secured through the digitisation project. If internal or external physical alterations are also required it would be more appropriate for S106 contributions to fund the building works rather than the digitisation project itself provided that in both cases the reasoning and costs are fully justified in the context of the CIL Regulations.

- 7.4.6 For health contributions of less than £250,000 the Council will not require the NHS to be signatories to planning obligations. For strategic sites and any contributions greater than £250,000 the Council will require the NHS to be direct recipients of any funds from developers at payment stage, either as signatories to associated legal agreements or recipients of funds from unilateral undertakings from developers.

## **7.5 Indoor sports facilities**

- 7.5.1 In line with Local Plan policy SP10: Healthy communities the Council will support the retention of existing leisure facilities and require appropriate levels of leisure and sport and recreation facilities to be provided in new development. Where replacement facilities are required by Policy HC1: Community facilities, these will be secured by legal agreement and / or Grampian condition upon the site which is to be redeveloped.
- 7.5.2 New developments will be expected to contribute proportionately towards the provision of additional facilities to meet future demands. The Council will use the Sport England Sport Facility calculator to inform calculations for the level of S106 to be sought for indoor sports and leisure facilities. It will identify relevant and appropriate projects to which contributions will be used in consultation with Sport England and by referring to the most up to date Indoor Sports Facilities Strategy and Action Plan.

## **7.6 Arts, culture and public realm**

- 7.6.1 Arts and culture contributions may relate to museums, arts or heritage assets. Contributions may also be sought for public realm improvements that improve the attractiveness and character of the District.
- 7.6.2 It is recognised that a number of the proposed allocations in the Local Plan are extensive greenfield sites. These may yield a significant quantity of archaeological material when they are explored in compliance with Policy HE4 of the plan. This is particularly the case in areas of known historic importance such as the land around Baldock.
- 7.6.3 Contributions may be sought towards new public facilities that allow the preservation and display of archaeological remains; to enhance and/or expand existing facilities; or to deliver improvements to a heritage asset in situ.
- 7.6.4 Depending on the scale and nature of the scheme and to support the delivery of the Plan's heritage strategy the following contributions may be sought:
- Repair, restoration and maintenance of heritage asset(s) and their setting;
  - Increased public access and improved signage to and from heritage assets;
  - Interpretation panels / historical information and public open days;
  - Production and implementation of up to date Conservation Area management plans and appraisals;
  - Measures for investigation, preservation and display of archaeological remains and sites;
  - Provision of local capacity for the storage of, and public access to, archives resulting from archaeological and/or historical investigation;

- Dissemination of historic environment information for public/school education and research, including museum displays for popularisation of archaeological discoveries;
- Sustainability improvements (such as loft insulation) for historic buildings;
- Public realm obligations, including enhancement of historic squares and spaces, registered parks and gardens, historic pavement materials, street furniture, removal of street clutter and installation of sympathetic lighting etc.

7.6.5 The Council will seek contributions towards other public realm and public facilities, including public conveniences, where necessary and reasonable. This is underpinned by policy D1 Sustainable Design that seeks to create or enhance public realm and design-out opportunities for crime and anti-social behaviour.

## **7.7 Libraries**

7.7.1 Library provision can range from large central libraries within towns to community libraries, resource centres providing electronic access to services within multi-use buildings and mobile facilities.

7.7.2 Hertfordshire County Council has a statutory duty to provide a library service and applicants should have regard to Hertfordshire County Council Guide to Developer Infrastructure Contributions <sup>34</sup> to inform the contributions required.

## **7.8 Community facilities including Town and Village Halls**

7.8.1 The Plan's policies require that appropriate community hall facilities are available and that new facilities are provided where needed as a result of development proposals.

7.8.2 The Council will encourage the development and use of such facilities as multi-functional community centres. These can act as 'hubs', offering a range of facilities to support the creation of sustainable communities.

7.8.3 The most up to date Community Halls Strategy for North Hertfordshire includes an Action Plan that can be used to inform required developer contributions. Further projects may be set out in Neighbourhood Plans, Parish Council strategies or similar. Engagement with the appropriate Parish, Town or Community Councils should be undertaken.

7.8.4 Where new community centres are to be provided within new development, the Council will expect, in most instances, the freehold of the new centre to be transferred to the Council, Town or Parish Councils for a nominal fee and for appropriate ongoing management arrangements to be demonstrated. It will be incumbent on the developer to evidence the proposed management

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<sup>34</sup> Hertfordshire County Council Guide to Developer Infrastructure Contributions, [Planning obligations and developer infrastructure contributions | Hertfordshire County Council](#)



arrangements and potential contributions towards on-going management to be proportionate and sustainable.

## **7.9 Fire and rescue services and community safety**

- 7.9.1 Hertfordshire County Council is the Fire Authority and has a statutory duty to ensure that all developments are provided with adequate water supplies for fire-fighting as well as provision is made for emergency response arrangements under the Fire and Rescue Services Act 2004<sup>35</sup>.
- 7.9.2 Conditions will be used to ensure that the developer provides fire hydrants based on one hydrant within 90 metres of each property. The Hertfordshire County Council Guide for Developer Contributions contains technical advice and recommended wording for planning conditions for fire hydrants.
- 7.9.3 The provision of adequate water supplies for firefighting purposes e.g. suitable and sufficient water mains and hydrants should be determined at the same time as the water services are planned in detail. This is usually following planning consent.
- 7.9.4 The ability for large-scale developments to be adequately served by fire and rescue services will be assessed on an individual basis. Any impacts will need to be addressed through planning conditions and/ or obligations. This may be through the provision a new fire station or an extension to an existing facility.
- 7.9.5 Hertfordshire Fire & Rescue Service on behalf of the Fire Authority would always recommend consideration for the placement of sprinkler systems in all buildings and new developments to form part of an integrated fire safety provision.
- 7.9.6 Contributions may be sought from development schemes which have the potential to increase the demand on the Hertfordshire Fire and Rescue Service (HFRS) as currently provided across the respective Council area. In those cases, HFRS may seek planning obligations towards fire and rescue services. Discussions should be undertaken at an early stage with Hertfordshire County Council to ensure that there is sufficient capacity of HFRS facilities to mitigate the implication of the proposed development. This includes having regard to the Hertfordshire County Council Guide to Developer Infrastructure Contributions to determine the level of contributions expected to be provided from the proposed development.
- 7.9.7 Police services are provided through the Office of The Police and Crime Commissioner for Hertfordshire and contribute to the overall well-being of local communities. Police infrastructure comprises fixed property and technology assets; and human resources, which includes Local Community Policing, victim support, and crime reduction initiatives such as use of CCTV. These can arise either locally, or as a result of cross – boundary considerations where scale and efficiency of operation require policing facilities to be located out with the

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<sup>35</sup> Fire and Rescue Services Act 2004

boundaries of the local authority. The Council will therefore require development, where required and appropriate, to contribute towards the delivery of policing infrastructure to serve new developments and mitigate against their impact upon existing police resources.

- 7.9.8 In line with Local Plan Policy D1 Sustainable Design applicants, should demonstrate that opportunities for crime and anti-social behaviour have been designed-out. Hertfordshire Constabulary will be consulted on planning applications where it is considered that there may be an impact in terms of community safety.
- 7.9.9 Where it is expected that the proposed development will generate a need for extra policing, resources and extensions to or new police buildings, this will be sought through legal agreements.
- 7.9.10 Contributions towards CCTV will be sought on a case-by-case basis where needed to cover the cost of equipment, installation, maintenance and running costs.

## **7.10 Information Technology**

- 7.10.1 Internet and mobile coverage across the District are generally quite good, though there are pockets where this is not the case, particularly in more rural areas.
- 7.10.2 All new developments should be able to plan-in the provision of high quality (superfast) communication infrastructure in consultation with providers. Early engagement is recommended. This avoids the need to retrofit cabling or other required facilities in recently completed schemes. It also increases the saleability of new properties. Where appropriate, we will secure the provision of high-speed connectivity with new development, normally by condition.
- 7.10.3 This approach supports the rise in homeworking and the need to manage private vehicle use in accordance with local and county transport policy.

## 8 NATURAL ENVIRONMENT

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> <li>• SP11: Natural resources and sustainability</li> <li>• SP12: Green Infrastructure, landscape and biodiversity</li> <li>• D1: Sustainable design</li> <li>• NE1: Strategic green infrastructure</li> <li>• NE4: Biodiversity and geological sites</li> <li>• NE5: Protecting open space</li> <li>• NE6: New and improved open space</li> <li>• NE7: Reducing flood risk</li> <li>• NE8: Sustainable drainage systems</li> <li>• NE9: Water quality and environment</li> <li>• NE10: Water conservation and wastewater infrastructure</li> <li>• NE11: Contaminated land</li> <li>• NE12: Renewable and low carbon energy development</li> <li>• Site-specific policy criteria</li> </ul>	<ul style="list-style-type: none"> <li>• North Hertfordshire Council's Climate Change Strategy</li> <li>• North Hertfordshire Playing Pitch Strategy and Action Plan 2018</li> <li>• A Green Space Management Strategy for North Hertfordshire 2021</li> <li>• Open Space Review 2016</li> <li>• Hertfordshire Rights of Way Improvement Plan</li> <li>• NHDC Local Cycling and Walking Infrastructure Plan (LCWIP)*</li> <li>• Planning for biodiversity and the natural environment in Hertfordshire: guiding principles</li> <li>• Hertfordshire Biodiversity Action Plan</li> <li>• Biodiversity Strategic Action Plan (BSAP) from the Hertfordshire Climate Change and Sustainability Partnership (HCCSP)</li> <li>• Hertfordshire County Council Guide to Developer Infrastructure Contributions<sup>36</sup></li> <li>• Therfield Heath SSSI Mitigation Strategy</li> <li>• North Hertfordshire Green Infrastructure Strategy 2009</li> <li>• NHDC Green Space Action Plans (various)</li> <li>• Strategic Flood Risk Assessment Update (2016)</li> </ul>

<sup>36</sup> Hertfordshire County Council Guide to Developer Infrastructure Contributions, [Planning obligations and developer infrastructure contributions | Hertfordshire County Council](#)

	<ul style="list-style-type: none"> <li>• Affinity Water Draft Drought Management Plan 2022</li> <li>• Hertfordshire Renewable and Low Carbon Energy Technical Study</li> <li>• Thames and Great Ouse River Basin Management Plan</li> </ul>
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## 8.1 Policy context

- 8.1.1 The NPPF identifies that access to a network of high-quality open spaces is important for the health and well-being of communities<sup>37</sup>. It also seeks to minimise impacts on, and provide net gains for, biodiversity and advocates a proactive approach to mitigating and adapting to climate change<sup>38</sup>.
- 8.1.2 Open spaces are a defining feature of North Hertfordshire and provide a valuable resource for recreation, sports and culture. The quality of the open spaces is critical to ensure that active lifestyles can be promoted.
- 8.1.3 The Local Plan contains a range of policy requirements relating to open space and the natural environment which, collectively, seek the provision and retention of a network of quality spaces.
- 8.1.4 These policy requirements are supported by a breadth of supporting strategies produced by the Council, County Council and other bodies.

## 8.2 Biodiversity

### Policy Background

- 8.2.1 Biodiversity net gain (BNG) is an approach to development, and/or land management, that aims to leave the natural environment in a measurably better state than it was beforehand.
- 8.2.2 The Environment Act 2021 sets out the following key components of mandatory biodiversity gain:
- Amends the Town and Country Planning Act
  - Minimum 10% gain required calculated using the Biodiversity Metric and approval of a biodiversity gain plan
  - Habitat secured for at least 30 years via planning obligations or conservation covenants
  - Delivered on-site, off-site or via a new statutory biodiversity credits scheme; and
  - National register for net gain delivery sites

<sup>37</sup> NPPF Paragraph 98

<sup>38</sup> NPPF Paragraphs 153 and 174

- It does not change the existing legal protections for important habitats and wildlife species. It maintains the mitigation hierarchy of avoid impacts first, then mitigate and only compensate as a last resort.

- 8.2.3 Policy NE4 Biodiversity and Geological Sites states *that planning permission will only be granted for development proposals that appropriately protect, enhance and manage biodiversity in accordance with the hierarchy and status of designations and features listed in policy SP12. All development should deliver measurable net gains for biodiversity and geodiversity, contribute to ecological networks and the water environment and restore degraded or isolated habitats where possible.*
- 8.2.4 The policy also *requires the integration of appropriate buffers of complimentary habitat for designated sites and other connective features, wildlife habitats, priority habitats and species into the ecological mitigation and design. The appropriateness of any buffers will be considered having regard to the status of the relevant habitat. 12 metres of complimentary habitat should be provided around wildlife sites (locally designated sites and above), trees and hedgerows. It may be necessary to exceed this distance for fragile habitats such as ancient woodland or to provide appropriate root protection for mature trees. A long-term management and monitoring plan including mitigation measures as necessary is also required.*
- 8.2.5 In addition, the Local Plan promotes a master plan led approach to deliver a net gain for biodiversity as set out in Policy SP9 Design & Sustainability<sup>39</sup>. Strategic Masterplans where required should *'Create a multi-functional green infrastructure network that provides a high-quality integrated network to support ecological connectivity, biodiversity net gain, climate adaptation and mitigation linking into the wider Ecological Network'*.
- 8.2.6 The Environment Act 2021 introduces a mandatory requirement for new development to deliver a net gain for biodiversity of at least 10% calculated using the DEFRA Biodiversity Metric (latest version 3.1). Once the mandatory requirement for BNG is in place (expected to be Winter 2023), it will be a legislative requirement. The Government's response to the 2018 consultation on net gain set out that there would be a 2 year implementation period for mandatory BNG once the Environment Bill received Royal Assent and became the Act (which happened on 9 November 2021). The Act includes provision for secondary legislation to set a date for the requirement to come into force.
- 8.2.7 Whilst the Local Plan does not specify a target for BNG, the Council are taking a pro-active and masterplan led approach to strongly encouraging new developments to achieve a net gain for biodiversity of at least 10% in advance of the formal enactment of the statutory requirement.

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<sup>39</sup> It is important that councils apply and test the application of BNG prior to the legislative requirements and that BNG is frontloaded into the planning process to ensure effective delivery

### Biodiversity Net Gain and the Biodiversity Metric

- 8.2.8 The Biodiversity Metric 3.0 was launched by DEFRA in July 2021. An update 3.1 was published in April 2022. A consultation on the Biodiversity Metric 3.1 and the Small Sites Metric will conclude in September 2022.
- 8.2.9 The Council will expect applicants to assess BNG using the Biodiversity Metric 3.1 or the most up to date version. The biodiversity metric is a habitat-based approach used to assess an areas value to wildlife. The metric uses habitat features as a proxy to calculate a biodiversity value. The metric is used to assess the biodiversity unit value of an area of land, demonstrate biodiversity net gains or losses in a consistent way, measure and account for direct impacts on biodiversity and to compare proposals for a site, such as creating habitat on site or off site. It can help to design, plan and make land management decisions that take better account of biodiversity. It should be used by a professional qualified and experienced ecologist. To use the metric you need to know, the types of habitat on site, the size of each habitat parcel, the condition of each habitat parcel, whether the sites are in locations identified as local nature priorities.
- 8.2.10 The biodiversity metric calculation tool and user guide are published on Natural England's Access to Evidence website.

### Mitigation Hierarchy

- 8.2.11 Biodiversity Net Gain should be delivered in the context of the following Mitigation Hierarchy:

Avoid: where possible habitat damage should be avoided	Minimise: where possible habitat damage and loss should be minimised	Remediate: where possible any damaged or lost habitat should be restored	Compensate: As a last resort damaged or lost habitat should be compensated for
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- 8.2.12 Applicants will be required to demonstrate to the Council that all methods of avoidance have been fully explored and all new development should seek to deliver BNG on site within the red line application boundary. Where on-site provision is not possible off-site compensation will be required and this approach should be agreed with the LPA (Local Planning Authority). Development proposals must clearly demonstrate that a net gain in biodiversity can be achieved and secured for 30 years.

### Evidence and reporting requirements<sup>40</sup>

- 8.2.13 The Council already require a Preliminary Ecological Appraisal or Ecological Impact Assessment to be submitted with most types of planning applications. These will now be required to contain a specific section entitled ‘Biodiversity Net Gain’ which must clearly show how the site has been assessed using the Biodiversity Metric (latest version). This will demonstrate the baseline habitat value of the site (pre-development) and the post development habitat value.
- 8.2.14 Where it is apparent that the baseline habitat value of the site has been negatively affected prior to assessment, the Council will require an assessment of the site based on the habitat condition prior to any intervention (i.e. removal of vegetation). This could be based on previous aerial photography and environmental records. Any negative habitat modification after January 2020 will refer to the worst case scenario habitat baseline at that date – in accordance with the Environment Act.
- 8.2.15 A habitat baseline plan should be produced using the UK Habitat Classification<sup>41</sup>. This may be produced using information from the PEA Report or EclA Report. This should clearly show the habitat types and area and length of any habitat type or habitat parcel. A reference number for each habitat parcel should cross reference to the metric. Baseline maps showing linear features e.g., hedgerows, rivers and streams should be provided in spatially accurate digital drawings. All habitat types selected must be justified with survey evidence i.e. species lists, relative abundances, community descriptions and photographs. These must correlate with UK Habitat Community descriptions. For the avoidance of doubt, National Vegetation Communities MG1, MG6 and MG10 must be recorded as other neutral grassland, in accordance with UK Habitat Community descriptions. All condition assessments must be supported by condition assessment sheets for each habitat parcel and justified with survey evidence. Unrealistic condition scores in the time available, flagged by the submitted metric, will not be accepted. Habitat enhancement will only be permitted within the same habitat type, e.g. grassland to better quality grassland (improving low value habitats to medium value habitat and above should always be recorded as habitat creation).
- 8.2.16 Following the baseline habitat conditions the report should demonstrate how compliance with the BNG 10 good practice principles<sup>42</sup> has been applied as part of the net gain assessment.
- 8.2.17 A BNG plan (or proposed habitats plan) should be provided that clearly cross references to the individual lines of the metric habitat calculations. It can be based on the site layout plan, illustrative masterplan, strategic masterplan or

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<sup>40</sup> CIEEM have published Biodiversity Net Gain Report and Audit Templates that provide a framework for writing reports for projects aiming to achieve BNG. This should inform the report writing approach.

<sup>41</sup> The UK Habitat Classification avail from [www.ukhab.org](http://www.ukhab.org)

<sup>42</sup> BNG Good Practice Principles for Development 2016 CIEEM, IEMA and CIRIA

green infrastructure parameter plan depending on the nature of the planning application.

- 8.2.18 Habitats should be mapped using the UK Habitat Classification (to allow comparison with the baseline situation). This plan should clearly show what habitats are to be retained and enhanced and what new habitat types will be created through clear colour coding. The area (ha) or length (km) of each habitat type should be quantified with spatially accurate digital drawings. Other proposed biodiversity enhancements should also be described in this section and shown on appropriately scaled plans e.g., bird and bat boxes, hedgehog highways and mitigation for protected/priority species.
- 8.2.19 The completed Excel spreadsheet, including the full calculations that lead to the final biodiversity unit scores must be submitted to the Council to allow the full analysis and scrutiny of the information. The information in the metric should be directly related to the Habitat Baseline Plan and Proposed Habitats Plan. Summary results or extracts of any metric calculation would not be sufficient alone. Where appropriate detailed justifications for the choice of habitat types, distinctiveness and condition should be added to the comments column and explained in the report. All assumptions made in the metric should be clearly identifiable. Different habitat parcels should be individually referenced and identifiable on the relevant drawings so that these can be cross referenced with the Biodiversity Metric.
- 8.2.20 The Council will be seeking to determine if in principle the application has the capacity to comply with relevant Local Plan policies. The BNG plan will be approved as part of the any outline permission.
- 8.2.21 The BNG section of the report should provide sufficient detail that biodiversity gains and anticipated 'condition' of the habitat can be realistically achieved within the site framework. It is important that other land uses and land use budget is considered at outline stage and that there is no double counting (i.e. with recreational, sport and other green space types).
- 8.2.22 The final section should include a Project Implementation and Construction Plan and Management or Monitoring Plan. This should include the required aftercare maintenance and long-term habitat management of habitat features, how management will be implemented for a minimum period of 30 years and what monitoring will be implemented during and after construction. This is to ensure that all on site and off site BNG is delivered to the required state and condition (where appropriate this will be required as a planning condition as part of the Landscape and Ecological Management Plan) for a 30-year lifespan of the project.
- 8.2.23 It is expected that the majority of strategic and phased development will require a re-submission of the BNG Report with each subsequent reserved matter. This would include an updated BNG calculation (balance sheet) and BNG Proposed Habitats Plan so phased implementation can be cross referenced to the BNG



strategy. This is required to co-ordinate the phased delivery of BNG in accordance with approved strategy at outline permission stage. Relevant planning conditions will be applied to secure this delivery, having regard to a site's overarching BNG strategy.

### Design and Landscape-led approach

8.2.24 BNG should be considered at the early stage of a project before the layout and design becomes too fixed. A design team approach should be undertaken with an appointed ecological consultant working closely with the urban designer, landscape architect and arboriculturist for the project to jointly consider which masterplan structure/layout delivers the optimal outcome for biodiversity net gain. A design and landscape-led approach and strategy should be informed by the following objectives:

- Creating a site wide connected and accessible multi-functional green space network that is connected to the strategic green infrastructure network
- Creating an ecological network that seeks to retain and enhance existing wildlife corridors and link up fragmented habitats both outside and within the site boundary. This is to enhance connectivity, functionality and to strengthen wildlife corridors and use this as a component of the landscape structure for the new development
- To ensure existing wildlife sites, priority habitats, hedgerows and trees are appropriately buffered to protect the health and function of the habitat
- To design for sustainable urban drainage through the designing around natural drainage patterns and maximise opportunities for wetland and marginal/aquatic planting in attenuation areas and swales etc
- To design site boundaries, streets, spaces, block and plot boundaries and gardens to incorporate nature-rich habitat, including trees, hedgerow, grassland, scrub and wildflower areas.
- Utilise domestic scale features to support wildlife, such as bat and bird boxes/bricks and invertebrate boxes<sup>43</sup>

### Delivery

8.2.25 The choice of habitat type will be informed by landscape character, what is existing on the site and surroundings, soils drainage and aspect. Examples of the most common habitat types are:

- Trees/woodland
- Hedgerows
- Scrub
- Grassland

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<sup>43</sup> The Biodiversity Metric is a habitat-based approach, using habitat as a proxy for biodiversity. Species-based features such as bird and bat boxes are not included within the metric, instead it focuses on the habitats such species need to forage and complete their life cycles. The provision of such species features within developments will still be encouraged

- Ponds

8.2.26 The consideration of recreational and visitor impact on habitat types proposed will be discussed as required in the consideration of the application of the Biodiversity Metric.

8.2.27 Where sufficient net gain cannot be delivered on site this will need to be evidenced through the illustration of design and layout options. Options for off-site provision are:

- (a) Off-site land in the control of the applicant provided it meets the requirements for off-site provision
- (b) Off-site land under the control of the local authority or a third party who in partnership with the Council agrees the land can be used for net gain provided it meets the requirement for off-site provision

#### **Requirements for off-site provision**

8.2.28 The land should preferably be located adjacent to the site (including within any blue line land). If this is not feasible, then the site should be located within a reasonable distance of the site. If this is not feasible, then the site should be within North Hertfordshire. The off-site provision site will need to be agreed with the LPA using the cascade approach above. The main priority for any off-site provision should be the conservation and enhancement of priority habitats and the Ecological Network as mapped by Hertfordshire County Council and the forthcoming Nature Recovery Network.

8.2.29 The land will be subject to a S106 agreement or similar unilateral undertaking to ensure delivery of the biodiversity management for a minimum period of 30 years. If required, the agreement will include a transfer of an agreed sum alongside a trigger point.

### **8.3 Therfield Heath SSSI Mitigation Strategy**

8.3.1 Therfield Heath is a popular destination for recreational walkers at the west of Royston. This site is also a Site of Special Scientific Interest (SSSI) and is a significant archaeological site comprising prehistoric burial mounds, many of which are Scheduled Ancient Monuments. It is necessary to manage recreational disturbance to protect the notified features of the site, including through the collection of developer contributions.

8.3.2 The Therfield Heath Mitigation Strategy was approved as a material consideration by Cabinet in November 2022. This strategy was developed by the Council along with Natural England and the heath's Conservators and provides a planning mitigation strategy to inform new developments within the SSSI's identified Zone of Influence (ZOI). Sites within the ZOI may be required to make appropriate contributions towards projects or approaches identified in the Strategy, or any other management strategy (or equivalent) produced for this area.

8.3.3 This approach may require schemes to make provision for and / or contributions towards:

- Enhanced open space provision within the development scheme;
- Contributions towards provision or projects within the SSSI to be delivered in agreement with Natural England and / or the Conservators of Therfield Heath;
- Alternate recreation provision or projects within Royston and the surrounding area that provide alternate open space, leisure routes and / or recreational opportunities.

## 8.4 Open Spaces

### Current policy

8.4.1 The importance of good quality green space or ‘green infrastructure’ to where we live has significantly increased over recent years, and this is reflected in the planning system. The climate crisis, biodiversity crisis and health crisis (including Covid-19) mean we all need multi-functional and good quality green space now more than ever to address the challenges of the physical and natural environment we live in.

8.4.2 Residents of new housing developments will generate additional needs and demands for open space, sport and recreation facilities. It is therefore important such facilities are sufficient, accessible, connected and enhance nature and biodiversity. Also critical to this is water management as well as climate mitigation and adaptation. There should also be activities for all to enjoy such as play, food production, recreation and sport so as to encourage physical activity and support good health, social inclusion and well-being.

8.4.3 Policy NE6: New and Improved Open Space states that planning permission will be granted for development proposals that make provision for new and/or improved open space which,

- (a) Meets the needs arising from the development having regard to the Councils open space standards;
- (b) Contribute towards improving the provision, quality and accessibility of open space ; and
- (c) Incorporate any necessary open space buffer (s) for landscape, visual, ecological or air quality reasons

Any on-site provision must include a long-term maintenance and management plan and where required phasing plans to demonstrate delivery. Proposals for new open spaces which meet identified needs will be encouraged in suitable locations served by a choice of sustainable travel options. Financial contributions towards the provision of open space will be considered only where it can be demonstrated that the requirements of Policy NE6 part (b) ii are met. Where a development is phased or a site is either divided into separate parts or otherwise

regarded as part of a larger development, it will be considered as a whole for the purposes of open space provision.

8.4.4 In addition to Policy NE6 above Policy SP9 Design & Sustainability requires Strategic Masterplans to create an accessible multi-functional green infrastructure network that provides:

- A key structuring and functional place-making feature supporting healthy lifestyles, sport, play and recreation linking into the wider green infrastructure network
- A high-quality integrated network to support ecological connectivity, biodiversity net gain, climate adaptation and mitigation linking into the wider Ecological Network.

#### **Evidence Base**

8.4.5 The NPPF advises that access to a network of high-quality open spaces and opportunities for sport and physical activity is important for health and well-being as well as wider benefits for nature and supporting measures to address climate change.

8.4.6 Planning policies should be based on robust and up-to-date assessments of the need for open space, sport and recreation facilities (including quantitative or qualitative deficits or surpluses) and opportunities for new provision. Information gained from the assessments should be used to determine what open space, sport and recreational provision is needed, which plans should then seek to accommodate. The following documents should inform both on-site and any off-site green space provision.

- The Council is updating its Playing Pitch Strategy and Action Plan 2018 which sets out playing pitch needs across the district and will be used to inform new playing pitch provision.
- There are a number of neighbourhood plans across the district that should be referred to for more detailed information on existing open space provision (quantitatively and qualitatively), local open space needs and where new or enhanced open space provision are required in policies and supporting evidence.
- The Council has publicised a number of green space action plans for key green spaces across the district. These set out a series of physical and management requirements to enhance the sustainability of each green space.
- An open space audit was undertaken in 2022 to review the districts' provision against the FIT standards in order to provide a more up-to-date assessment and understanding of open space provision and needs to inform the individual needs of development. This work has not introduced new standards, but provides clarity on typologies, quantitative and spatial provision and where deficiencies are located. The settlement profiles are

available on request and will inform decision-making on masterplanning and planning applications on the form and location of open space.

### Open Space Standards

8.4.7 The Council uses the Fields in Trust Guidance for Outdoor Sport and Play Beyond the Six Acre Standard November 2020 to set baseline requirements for open space in new development. This guidance sets national benchmark guidelines and guidance to ensure that the provision of open spaces is of a sufficient size to ensure its effective use and is located in an accessible location. The open spaces should be in close proximity to dwellings and be of a quality to maintain longevity to encourage its continued use.

8.4.8 These standards are shown below:

#### Open space standards for new development (hectares)

Type	Standard (per 1,000 people)	Walking guideline
Playing pitches	1.2	1,200 m
Other outdoor sports	0.4	1,200 m
Equipped / designated play	0.25	LAPs- 100m LEAPS- 400m NEAPS- 1000 m
MUGAs / skateboard etc	0.3	700m
Parks and Gardens	0.8	710m
Amenity Green Space	0.6	480m
Natural and semi-natural	1.8	720m
Allotments	0.3	800 m <sup>44</sup>

#### Requirements for equipped play

Open Space Typology	Minimum Size and Dimensions	Buffer Zones
LAP	0.01Ha 10x10 metres	5 metre separation distance between activity zone and

<sup>44</sup> This is a locally derived walking guideline

		nearest property containing a dwelling
LEAP	0.04 ha 20x20 metres	20 metre separation distance between activity zone and nearest property containing a dwelling
NEAP	0.1 ha 31.6 x 31.6 metres	30 metre separation distance between activity zone and nearest property containing a dwelling

8.4.9 The table below sets out the application of equipped play standards to the scale of development.

Scale of Development (dwellings)	Local Area of Play (LAP)	Local Equipped Area of Play (LEAPS)	Neighbourhood Equipped Area of Play (NEAP)	Multi-Use Games Area (MUGA)
5-10	✓			
1-200	✓	✓		Contribution
201-500	✓	✓	Contribution	✓
501+	✓	✓	✓	✓

8.4.10 In the calculation of playing pitch/outdoor sports, Sport England's playing pitch calculator should also be used alongside Fields in Trust to estimate demands that will be generated from the new development.<sup>45</sup> This should be used in conjunction with the Councils Playing Pitch Strategy and Action Plan 2018 (or as superseded as this is currently being updated) to identify where the demands should be met in the locality. Consultation with Sport England, Town and Parish Councils and the relevant National Governing Bodies will be required where appropriate<sup>46</sup>.

8.4.11 All schemes should have regard to these standards as a guide when proposals are developed. The standards should not be treated as a cap for open space provision. We will encourage provision at above minimum standards wherever possible. Any discrepancies between the requirements arising from the Fields in

<sup>45</sup> As of May 2020 Sport England limited the use of their Playing Pitch Calculator on the Active Places Power website to local authorities and their consultants. Therefore, developers will need to contact the Council's planning team where required.

<sup>46</sup> Sports England is a non-statutory consultee on residential development of 300 dwellings or more

Trust standards vs the Sport England calculator will be considered on a case-by-case basis having regard to local circumstances, provision and priorities.

- 8.4.12 Pre-application discussions are encouraged with the NHC Green Space Manager and planning officers to select what is appropriate for the site. The Council aim to provide larger play spaces where a LAP could be sensitively integrated into a LEAP (as play for toddlers can sometimes benefit from a buffer/separation area with play for older children). Stand-alone LAPS will in general only be considered on an exceptions basis where there is no appropriate accessible play provision.
  
- 8.4.13 Play areas should be designed using Play England's 10 principles for designing successful play space<sup>47</sup>. Play areas should be located where there is sufficient natural surveillance from the street and neighbouring houses. Successful play spaces are located carefully to where children would play naturally and away from heavily trafficked roads, noise and pollution.
  
- 8.4.14 Children benefit from access to natural environments, features and natural play. In the right location grassy mounds, planting, logs, sand, trees, trunks and boulders can all help make a more attractive and playable setting for equipment where children can play in different ways and nature can also be supported. Play areas located in green space on natural through routes and by well used public footpaths work particularly well. Play can become part of the wider active landscape. Nature play can be introduced into new play spaces or incorporated into established ones. Maintenance and management plans will require a tailored approach, but costs can often be less than traditional play equipment.
  
- 8.4.15 For the avoidance of doubt, open space must be useable and accessible to the public (in perpetuity). SLOAP (space left over after planning) should not be present in a well-designed scheme. Every space should have a clear design function. SLOAP such as roadside verges and small areas of incidental land will not count towards public open space. Structural and peripheral landscaping footpaths and cycleways also will not be included, unless they form an integral part to a large area of open space.
  
- 8.4.16 In relation to sustainable urban drainage these need to be designed according to the latest CIRIA guidance, where possible they should also be a usable and accessible feature of public open space fully integrated into the site layout and green space network with a well-designed interface with the surrounding space. To be considered as such they should bring amenity, landscaping and biodiversity benefits as well as the technical elements required. This would include a naturalistic and landscape-led approach with carefully planted edges with appropriate habitat, shallow gradients and banks/beaches with perimeter pathways for any areas of permanent water. The area of SUDS to be counted as

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<sup>47</sup> Design for Play. A guide to creating successful play spaces Play England June 2008.

‘recreational’ open space should be dry and usable for a significant majority of the time.

### Qualitative provision of open space

8.4.17 Each application (using the relevant evidence base documents) will be considered on its individual merits taking account of the:

- Future demands for open space arising from the development
- Current quantity deficiencies in the area
- The quality of existing open spaces in the area
- Accessibility (distance) to existing open space provision

8.4.18 The table below provides definitions of the open space types.

Open Space Type	Description
Parks and Gardens	Managed and accessible, high public value opportunities for informal recreation and community events (should be designed around community hubs where co-location of facilities is encouraged in accordance with Sport England’s Active Design Guidance). Include Country Parks, urban parks, local recreation grounds, formal gardens and local/neighbourhood pocket parks
Natural and Semi-Natural Green Space	Sites that provide wildlife conservation, biodiversity and a natural capital function (e.g. water management, soil quality, carbon sequestration). This type of greenspace includes local nature reserves, local wildlife sites, woodland, grassland, scrubland, wetlands etc. It also includes agricultural land or grazing land where there are public rights of way.
Amenity Greenspace	Informal recreational ‘doorstep’ spaces located close to people’s homes providing a landscape and visual amenity role and supporting social interaction.
Allotments	Land where vegetables and fruit can be cultivated.
Equipped Play	LAP <ul style="list-style-type: none"> <li>• Small area close to home</li> <li>• Primarily for under-6s</li> <li>• Manufactured or natural play features</li> <li>• Positioned by a pedestrian route that is well used</li> <li>• Well-drained, reasonably flat site surface with grass or a hard surface</li> <li>• Recommended minimum activity zone: 100 sq/m</li> <li>• Buffer zone of 5m minimum depth separates activity zone and nearest dwelling</li> </ul>



	<ul style="list-style-type: none"> <li>• May have a 600mm guard rail to indicate the perimeter</li> <li>• Requires a sign indicating the area is for children's play and dogs are not welcome</li> </ul> <p>LEAP</p> <ul style="list-style-type: none"> <li>• For children who are beginning to go out and play independently</li> <li>• Within five minutes' walking time</li> <li>• Positioned by pedestrian route that is well used</li> <li>• Well-drained, reasonably flat site surfaced with grass or a hard surface, along with appropriate surfacing for play equipment or structures</li> <li>• Recommended minimum activity zone is 400 sq m</li> <li>• Play equipment is an integral part of the LEAP</li> <li>• Buffer zone of 20m minimum separates activity zone and habitable room facade of nearest dwelling</li> <li>• Stimulating, challenging play experience with provision for a minimum number of six play experiences is recommended</li> <li>• Adequate space for active play</li> <li>• Boundaries should be recognisable by landscaping,</li> <li>• Seating and litter bins provided</li> <li>• Requires a sign indicating the area is for children's play and dogs are not welcome</li> </ul> <p>NEAP</p> <ul style="list-style-type: none"> <li>• Mainly for older children but with play opportunities for younger children too</li> <li>• Within 15 minutes' walk from home</li> <li>• Positioned by a pedestrian route that is well used</li> <li>• Well-drained, reasonably flat site surfaced with grass or a hard surface, along with appropriate surfacing for play equipment or structures</li> <li>• Recommended minimum activity zone is 1000 sq m, comprising an area for play equipment and a hard-surfaced area of at least 465 sq m</li> <li>• Buffer zone of 30m minimum depth separates activity zone and the boundary of the nearest property</li> <li>• Stimulating, challenging play experience with provision for a minimum number of nine play experiences is recommended</li> <li>• Adequate space for active play</li> <li>• Boundaries should be recognisable by landscaping</li> <li>• Seating and litter bins provided</li> <li>• Requires a sign indicating the area is for children's play and dogs are not welcome</li> </ul>
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MUGA	Minimum activity zone of 1000 sq m comprising structures and hard surfaced court for sports (court minimum dimensions 40x20 metres) with 30 m separation zone between the activity zone and the boundary of the nearest property containing a dwelling
Outdoor Sports	Natural or artificial playing pitches including for football, rugby, cricket, hockey, tennis, bowling and athletics tracks and other outdoor sport activities.

8.4.19 The Council will encourage new housing developments to follow the 10 principles below aimed at achieving well-designed green space.

- 1) The retention and enhancement of existing green infrastructure (natural features) through the site
- 2) The provision of sufficient landscape, visual, noise, air quality and ecological buffers
- 3) A connected (edge to edge) seamless and accessible network of open spaces linked with pathways and routes within the site and to the surrounding area (including direct utility routes to key destinations and recreational routes to the wider green infrastructure network)
- 4) Centrally located, overlooked and enclosed open spaces and where appropriate on larger sites co-located with other uses such as schools and shops to encourage active design and social interaction
- 5) Create attractive and well landscaped gateway and ‘focal point’ open spaces to support legibility, wayfinding and social interaction
- 6) Create a habitat and ecological network/spaces that allow people to interact with nature every day and habitats and species to flourish with generous tree planting<sup>48</sup> and hedgerows to provide multiple-functional benefits including cooling and shading, noise and visual buffers, perimeter boundary treatments and wildlife benefits
- 7) Use green corridors with footways and cycleways through the site to support active travel, include these as linear parks on larger scale sites
- 8) Sustainable urban drainage should be fully integrated into the site masterplan/layout and open space network and use above ground features to mimic natural drainage patterns, manage flood risk and maintain the natural water cycle, improve water quality and include measure to enhance habitat creation through aquatic and marginal planting.
- 9) Provide outdoor sports provision and MUGAs in co-ordinated and strategic locations to ensure access to sport and recreation

<sup>48</sup> The Trees and Design Action Group (TDAG) publication *Tree Selection for Green Infrastructure: A Guide for Specifiers* 2018 provides guidance on selecting appropriate species for a range of planning scenarios based on comprehensive research

- 10) On larger sites plan and design for dog-walking and running routes of 2.7 km with the site and/or with links to surrounding public rights of way and the means to support physical activity and social interaction.

8.4.20 For sites that require a Strategic Masterplan a Green Infrastructure Framework Plan will be required. This should clearly colour code the open space types that the application seeks to deliver in accordance with Fields in Trust standards as well as areas for sustainable urban drainage to inform the LPA of the proposed green space provision and design intent. The proposed site area (in hectares) should be provided for each open space and clearly referenced to the plan. Plans and supporting commentary should identify the character and function of new open spaces through specific names rather than a generic POS reference.

#### **Financial contributions in lieu towards off-site provision of open space types**

- 8.4.21 Where the Council considers it appropriate a financial contribution to be paid in lieu of on-site provision, towards new or enhanced provision off site within the vicinity of the development will be considered where the need arises directly from the development. Such financial contributions in lieu may be considered where the full amount of required open space cannot be realistically delivered on-site (e.g. the site is too small to provide a space of a functional size or improvements to a site in the local vicinity could adequately meet the open space needs generated by the development).
- 8.4.22 This decision-making will be informed by the relevant evidence base e.g. the Green Space Action Plans, relevant Neighbourhood Plans, the Council's Playing Pitch Strategy and Action Plan 2018 and the Council's Open Space Assessment 2022, or any subsequent equivalent documents. This will be considered on a case-by-case basis by North Hertfordshire Council's Greenspace and Planning teams, in consultation with relevant organisations such as Sport England, Town and Parish councils and National Governing Bodies as appropriate.

#### **Maintenance and management of green space**

- 8.4.23 The North Hertfordshire Council Green Space Management Strategy 2022-2027 sets out all sections of the community should have access to green space and experience its multiple benefits. Green space should be freely accessible to all the public and not be reserved for the private use of residents.
- 8.4.24 The council will consider the adoption and management of new strategic green space in the following circumstances:
- It is located within the four main towns of Baldock, Letchworth, Hitchin and Royston (and Great Ashby) and complements existing service maintenance operations.
  - The green space is meeting a current deficiency and new provision would meet the needs of existing and new residents.

- The green space is meeting a strategic gap in the green space network and improving the quantity, quality and connectivity of the district's green space network.
- Where longer term revenue streams such as council tax can be effectively recycled back into the locality as part of place investment.
- Where other corporate objectives can be met such as climate change, biodiversity and health and wellbeing.

- 8.4.25 For smaller green spaces and new green space in other settlements, other options should be considered and agreed on a site-by-site basis, such as parish councils and private management companies.
- 8.4.26 Allotments are often managed by Town or Parish Councils (or Allotment Associations), and it is recommended that they are consulted before submitting a planning application to discuss provision, local demands and design preferences (i.e. full or half plots).
- 8.4.27 Should new provision be adopted by North Hertfordshire Council or by a Town or Parish Council then a commuted management sum would be payable for a period of not less than 20 years with the contributions being given to the relevant body.
- 8.4.28 Please refer to Appendix B for current maintenance contract prices relating to open space. The Council will consider other management approaches such as private management companies. Such arrangements would require open space management in perpetuity.

## **8.5 Flood risk and management**

- 8.5.1 Policy SP11 Natural resources and sustainability expects that development is directed at areas of lowest risk of flooding and that Sustainable Drainage Systems (SuDS) and other appropriate measures are in place. Applicants are required to work with the Lead Local Flood Authority (Hertfordshire County Council), the Environment Agency and Internal Drainage Boards at the earliest opportunity.
- 8.5.2 It is expected that any necessary flood mitigation measures are to be provided by the developer through on or off-site provisions to make the proposed development acceptable and this will be secured by planning conditions and/or legal agreement.
- 8.5.3 Where SuDS are required, on-going management and maintenance arrangements will need to be demonstrated.

## **8.6 Waterways**

- 8.6.1 Policy NE9 Water quality and environment requires river restoration and resilience improvements where proposals are situated close to a river or considered to affect nearby watercourses. In some instances, contributions will

be required towards these measures. These may also form part of a programme to deliver biodiversity net gain associated with new development.

- 8.6.2 In particular, there are a number of rare chalk streams in Hertfordshire. There are only around 200 such streams in the world of which 85% are found in the UK. The Environment Agency has been working with water companies and key partners to improve and restore chalk streams in the area. Contributions may be sought towards appropriate projects.
- 8.6.3 Developments may also need to incorporate improvements in the efficiency of water use, surface drainage systems and pollution prevention measures and such measures will be secured via planning conditions or legal agreement.
- 8.6.4 Applicants should work with the Council, the Internal Drainage Board and the Environment Agency where proposals affect water resources.

## **8.7 Other forms of Green Infrastructure**

- 8.7.1 The subsections above refer to various forms of green infrastructure. However, these are not exhaustive. The provision of open space (in the context of Section 8.4), for example, relates to more formal, and mainly publicly accessible, opportunities within settlements or proposed developments.
- 8.7.2 The definition of Green Infrastructure is much broader than this. It includes green spaces outside of settlement boundaries such as areas of woodland, other key habitats or species-rich areas. These may or may not be publicly accessible. It also encompasses access links such as the rights of way network, long-distance paths and cycle routes and the broader setting of all of these assets in the landscape.
- 8.7.3 The Council may seek contributions towards projects identified in strategies and guidance. Where it is reasonable to do so, in this or any equivalent successor document.

## **8.8 Water supply and waste-water infrastructure**

- 8.8.1 Local Plan Policy SP11 Natural resources and sustainability requires that the water environment is protected, enhanced and managed. The Water Cycle Studies for both the Rye Meads catchment area and Royston identify technical solutions that will be secured via planning conditions and/or legal agreement.
- 8.8.2 The Environment Agency's Catchment Data Explorer should be used to identify contributions that may be required by development proposals towards improvements to water resources.
- 8.8.3 Residential schemes are required by Policy D1 Sustainable design to meet or exceed the optional water efficiency standards. This will be secured by planning conditions and/or legal agreement.

- 8.8.4 Mechanisms for delivering any necessary new or improved water and/ or wastewater infrastructure, including foul water treatment and drainage disposal, may be required via planning conditions and/or legal agreement in accordance with Local Plan Policy NE10 Water Conservation and wastewater infrastructure.

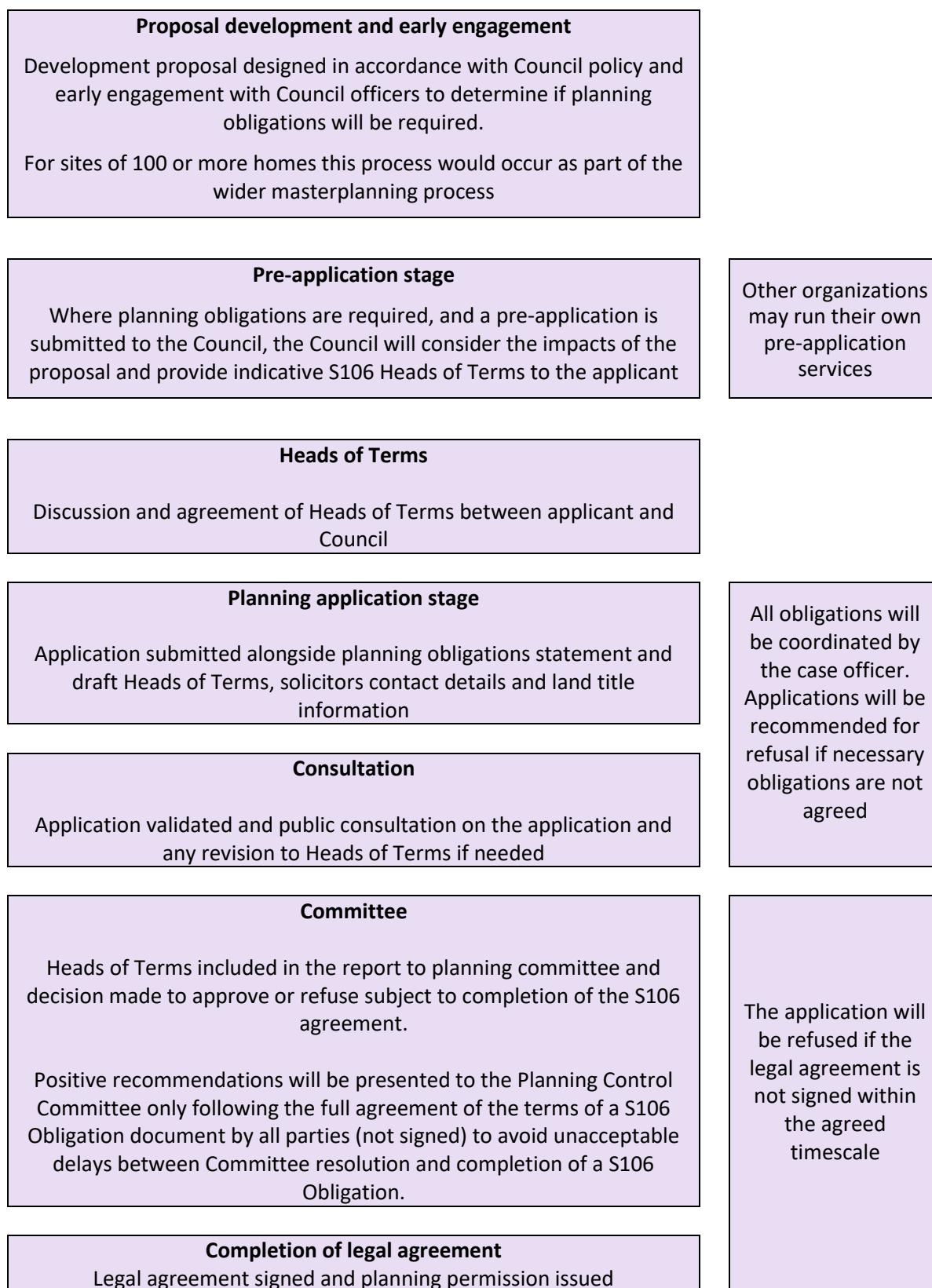
## **8.9 Development on contaminated land**

- 8.9.1 The Council will support proposals that involve the remediation of contaminated land in line with Local Plan Policy SP11 Natural resources and sustainability.
- 8.9.2 Where a contaminated land study/contaminated land risk assessment identifies required remediation works in accordance with Local Plan Policy NE11 Contaminated land, these will be secured through planning conditions and/or legal agreement. Remediation works may include measures to safely manage land contamination before, during and after development.

## **8.10 Climate change and renewable and decentralised energy**

- 8.10.1 Local Plan policy SP11 Natural resources and sustainability supports proposals for low carbon energy and Policy D1 Sustainable design requires development proposals to reduce energy consumption and future proof for changes in technology and lifestyle. In securing such measures relating to design (including materials used) and the use of technology, the Council will use planning conditions and/or legal agreements.
- 8.10.2 Policy NE12 Renewable and low carbon energy development refers to renewable and low carbon energy development comprising wind, wave, tidal, hydro or solar power and biomass fuels. On larger schemes, there may be opportunities for decentralised energy. In line with the National Planning Policy Framework, any impacts of this type of development should be addressed. This may include the use of planning conditions and/or legal agreement to secure any mitigation measures.
- 8.10.3 The Hertfordshire Renewable and Low Carbon Energy Technical Study (or an updated study if superseded during the lifetime of this document) should be used when considering energy opportunity areas in the District.

## Appendix A: S106 process flow-chart



## Appendix B: Maintenance Contract Prices for Open Space (February 2022)

Feature	Unit	Annual Cost £
Existing Woodland	1 HA	18,914.65
New Woodland	1 HA	23,757.29
Existing Hedgerow	1 Linear metre	2,682.14
New Hedgerow (Natural)	1 Linear metre	9,147.14
New Hedgerow (Formal)	1 Linear metre	11,204.97
New Hedgerow (Prestigious)	1 Linear metre	13,235.05
Newly Planted Formal Tree (E.g. Avenues, roadside and specimen etc)	1 Tree	12,472.80
Newly Planted Informal Tree (E.g. within a park)	1 Tree	14,979.50
Existing Mature Tree	1 Tree	150
LAPS (Equipped)	Activity zone and buffer	788.53
LAPS (Not Equipped)	Activity zone and buffer	788.53
LEAPS (6 pieces of equipment)	Activity zone and buffer	788.53
NEAPS (8-10 pieces of equipment)	Activity zone and buffer	788.53
Pavilion *	1 m <sup>2</sup>	*
Football Pitch (grass) *	Including buffer	10,876.90
Amenity Grassland (parks & greens spaces)	1 m <sup>2</sup>	0.00
Fine Turf *	1 m <sup>2</sup>	0.00
Conservation	1 m <sup>2</sup>	0.00
Ornamental Shrub Borders (Including herbaceous and Rose borders)	1 m <sup>2</sup>	0.00
Seasonal Bedding *	1 m <sup>2</sup>	0.00



Open Space Hard surfaces (Footpaths that are not adopted by the County Council)*	1 linear metre	0.00
Litter Bin*	1	34.40
Dog Bin*	1	128.52

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**Strategic Environmental Assessment  
Screening Determination Statement  
for  
North Hertfordshire District Council  
Developer Contributions  
Supplementary Planning Document**

# 1. Introduction

- 1.1 This report sets out a Screening Determination for the North Hertfordshire District Council Developer Contributions Supplementary Planning Document (hereafter Developer Contributions SPD), and has been prepared by North Hertfordshire District Council. The purpose of the screening is to assess if the Developer Contributions SPD will require a Strategic Environmental Assessment (SEA). More detail is given in the following sections on SEA (section 2), Supplementary Planning Documents (section 3) and the Developer Contributions SPD specifically (section 4).
- 1.2 The assessment of the Developer Contributions SPD and the Determination is included in sections 5, 6 and 7.

## 2. Strategic Environmental Assessment Context

- 2.1. European Union Directive 2001/42/EC requires SEA to be undertaken for certain types of plans or programmes that could have significant environmental effects. The Directive has been transposed into law for England and Wales in the Environmental Assessment of Plans and Programmes Regulations 2004 (the Regulations). The purpose of Strategic Environmental Assessment is to promote sustainable development through assessing the extent to which the plan will help to achieve relevant environmental, economic and social objectives.
- 2.2. Under Regulation 9 of the Regulations, the responsible body (local parish or town council or neighbourhood forum) is required to determine whether a plan or programme is likely to have significant environmental effects, and therefore whether SEA is required. This process is called screening. It is undertaken using a specified set of criteria (set out in Schedule 1 of the Regulations). The Regulations require that the results of this process are set out in a Screening Determination (this document), which must be publicly available.
- 2.3. Before the responsible body makes a formal determination, there is a requirement to consult three statutory consultation bodies designated in the Regulations (Historic England, the Environment Agency & Natural England) on whether an environmental assessment is required. This consultation will take place alongside consultation on the draft SPD.

## 3. Supplementary Planning Documents and Strategic Environmental Assessment

- 3.1. Planning Practice Guidance states that:
  - 3.1.1. Supplementary planning documents do not require a sustainability appraisal but may in exceptional circumstances require a strategic environmental assessment if they are likely to have significant environmental effects that

have not already have been assessed during the preparation of the Local Plan.

3.1.2. A strategic environmental assessment is unlikely to be required where a supplementary planning document deals only with a small area at a local level (see regulation 5(6) of the Environmental Assessment of Plans and Programmes Regulations 2004), unless it is considered that there are likely to be significant environmental effects.

3.1.3. Before deciding whether significant environment effects are likely, the local planning authority should take into account the criteria specified in schedule 1 to the Environmental Assessment of Plans and Programmes Regulations 2004 and consult the consultation bodies<sup>1</sup>.

3.2. This Screening Determination has taken account of this Guidance in reaching its conclusions.

## 4. Developer Contributions SPD

4.1. Developer contributions can be used to make a development acceptable but should only be used where unacceptable impacts cannot be dealt with by planning conditions. Legal tests must be applied to any planning obligations sought, and this is outlined in Community Infrastructure Levy Regulations 2010 (as amended) and in paragraph 57 of the NPPF. Any contributions must be:

- a) necessary to make the development acceptable in planning terms;
- b) directly related to the development; and
- c) fairly and reasonably related in scale and kind to the development.

4.2. The National Planning Policy Framework (NPPF)<sup>2</sup> defines Supplementary Planning Documents (SPDs) as documents which add further detail to the policies in the development plan. SPDs are capable of being a material consideration in planning decisions but are not part of the statutory Development Plan.

4.3. SPDs do not have the same status as the policies within the Development Plan (in North Hertfordshire's case, the Local Plan) and are not subject to an independent Examination. However, SPDs must undergo public consultation and are considered as material considerations when determining planning applications.

4.4. A review of the Council's current planning guidance was undertaken in 2017 following submission of the proposed new Local Plan for examination. This identified that the Council's Planning Obligations Supplementary Planning Document (SPD) dating from 2006 should be prioritised for updating. This review of current Council planning guidance, and the identification of documents to be produced in the future, was considered and approved by Cabinet on 25th July 2017.

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<sup>1</sup> Planning Practice Guidance: Strategic Environmental Assessment and Sustainability Appraisal, Paragraph: 008 Reference ID: 11-008-20140306, <https://www.gov.uk/guidance/strategic-environmental-assessment-and-sustainability-appraisal>

<sup>2</sup> Annex 2: Glossary

- 4.5. A Draft Developer Contributions SPD was subsequently produced and consulted upon between February and March 2020.<sup>3</sup> In July 2020, Cabinet resolved to adopt the Developer Contributions SPD subject to the adoption of the new Local Plan within 12 months of the Cabinet meeting. Further to this, in the interim it was agreed that the document would be published and used as a material consideration when considering planning applications.
- 4.6. In March 2021, a Cabinet decision was made to not pursue a Community Infrastructure Levy at this time, and also to commence work on a revised and updated suite of Supplementary Planning Documents (although the latter had no bearing on the Developer Contributions SPD).
- 4.7. Delays in the Local Plan Examination precipitated a need to obtain Cabinet approval in July 2021 to continue to use the draft SPD as a material consideration in decision making, and to review the SPD to determine whether any further work was needed prior to adoption and any associated Cabinet decision. It was additionally decided at the same Cabinet meeting to use the Fields in Trust standards for open space provision in new development.
- 4.8. It is proposed that this latest version of the SPD will be consulted upon starting in October 2022 to enable adoption at the same time as, or shortly after, any future decision to adopt the Council's emerging Local Plan.

## 5. Screening Assessment

- 5.1. As noted above, the Regulations specify a set of criteria which must be used to assess whether any plan covered by the Regulation is likely to have a significant environmental effect and therefore require a SEA. The table below considers each of these criteria in turn.

Table 1: Assessment of likelihood of significant effects on the environment

Criteria for determining the likely significance of effects	Likely to have significant effects?	Justification for assessment
1 (a) the degree to which the plan or programme sets a framework for projects and other activities, either with regard to the location, nature, size and operating conditions or by allocating	No	The SPD provides greater detail on the policy and principles established in the emerging North Hertfordshire Local Plan. The emerging Plan has been subject to a comprehensive Sustainability Appraisal (SA) incorporating Strategic Environmental Assessment (SEA). The purpose of the

<sup>3</sup> Cabinet decision 28 January 2020, <https://democracy.north-herts.gov.uk/documents/s9737/Draft%20Developer%20Contributions%20SPD.pdf>

resources		SPD is to provide guidance on the effective and constant implementation of the relevant infrastructure requirements and developer contributions policies (principally Policy SP7 which has been subject to SA / SEA through the process above).
1 (b) the degree to which the plan or programme influences other plans or programmes including those in a hierarchy.	No	The SPD is intended to supplement Local Plan policies and sits below the Local Plan in terms of the planning hierarchy. The SPD must be in general conformity with the strategic policies of the Local Plan.
1 (c) the relevance of the plan or programme for the integration of environmental considerations in particular with a view to promoting sustainable development	No	The SPD is highly relevant in terms of promoting sustainable development as it seeks to ensure the effective and consistent implementation of developer contributions policy. The aim of this policy is to ensure that development proposals make provision for infrastructure that is necessary in order to accommodate the additional demands resulting from the development.
1(d) environmental problems relevant to the plan	No	There are no environmental problems relevant to the SPD. The policies within the North Hertfordshire Local Plan that the SPD supplement are not expected to have any significant effects on the environment.
1 (e) the relevance of the plan or programme for the implementation of community legislation on the environment (e.g. plans and programmes linked to waste management or water protection)	No	The SPD is not relevant to the implementation of EC legislation such as waste management or water protection.
2 (a) the probability, duration, frequency and reversibility of the effects	No	The anticipated effects on the sustainability of North Hertfordshire are expected to be positive by providing guidance to support policies designed

		<p>to create new development supported by the necessary infrastructure.</p> <p>The SPD will require contributions towards any mitigation measures for any development that requires environmental enhancement.</p> <p>The duration of the effects is difficult to define; the effects will be linked to a planning permission which is (usually) permanent unless superseded by a subsequent permission on the same site.</p>
2 (b) the cumulative nature of the effects	No	The Local Plan SA/SEA expects overall positive benefits to arise from the specific policies related to infrastructure provision that the SPD relates to.
2 (c) the trans-boundary nature of the effects	No	Planning obligations/developer contributions will be local to North Hertfordshire district and only indirect effects are expected cross-boundary, for example, where the obligation secures a contribution towards infrastructure in an adjoining authority.
2 (d) the risks to human health or the environment (e.g. due to accidents)	No	No significant effects have been identified.
2 (e) the magnitude and spatial extent of the effects (geographical area and size of the population likely to be affected)	No	The SPD will be applied to all relevant planning applications in the district, although the effects of the SPD will be more likely felt at a more local scale (i.e. site or neighbourhood).
<p>2 (f) the value and vulnerability of the area likely to be affected due to:</p> <p>(i) special natural characteristics or cultural heritage</p> <p>(ii) exceeded environmental quality standards</p> <p>(iii) intensive land-use</p>	No	The SPD is not be able to set policy related to specific land uses. They will only affect the way in which infrastructure is funded or provided.
2 (g) the effects on areas or landscapes which have a recognised national, community or international	No	None identified. Any applications for development will be required to satisfy the relevant policies for protection of the character of the area before



protection status		permission is granted.
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## 6. Consultation Responses

- 6.1. This screening determination has been produced alongside the consultation on the draft Developer Contributions Supplementary Planning Document. The Council will consult the three statutory consultation bodies designated in the Regulations (English Heritage, the Environment Agency & Natural England) on whether an environmental assessment is required. An updated version of this statement will be produced prior to any future adoption of the SPD. This will report any responses received from the three statutory consultees.

## 7. Screening Determination

- 7.1. In summary, it is concluded that at this time the Developer Contributions SPD is not likely to have significant environmental effects and therefore a SEA is not required. The principal reasons for this conclusion are that:

- The development plan policies supplemented by this SPD have themselves been subjected to SA and SEA. The SA conclusion on Policy SP7 states that the policy is critical in ensuring that the Plan delivers against a significant number of the sub-objectives in the sustainability appraisal framework, not only through ensuring the delivery of needed infrastructure but also through making provision for the mitigation of the adverse impacts of new development. The appraisal of proposed main modifications to the emerging Local Plan did not indicate any change to this.
- The SPD is only entitled to provide guidance to existing policies, it is not expected that they would alter the conclusions reached in the Local Plan SA/SEA. The SPD cannot set new policy. It has been prepared to build upon the Local Plan policies and provide guidance to applicants regarding infrastructure provision (in accordance with the NPPF).

- 7.2. On the basis of the above, and considering the SE/SEA undertaken at a higher level through the preparation of the Local Plan, and the effects expected, North Hertfordshire District Council concludes that the Developer Contributions Supplementary Planning Document does not require a full SEA to be undertaken.

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***Developer Contributions Supplementary  
Planning Document (SPD)***

***Statement of Consultation***

***January 2023***

## **1. Introduction**

- 1.1. This consultation statement has been prepared in accordance with Regulation 12 of The Town and Country Planning (Local Planning) (England) Regulations 2012. The statement sets out who was consulted when preparing the Developer Contributions Supplementary Planning Document (SPD), when and how they have been consulted, and summarises the representations received and how they have influenced the SPD.
- 1.2. The document is named the Developer Contributions Supplementary Planning Document (SPD).
- 1.3. This SPD sets out detailed guidance on the type and scale of developer contributions that will be sought to support new development in our area.
- 1.4. The aim of the document is to assist Council Officers, applicants, agents and Members through the planning application process in a fair, transparent and consistent way.
- 1.5. A significant number of planning policies within the Local Plan 2011-2031 are relevant to the infrastructure delivery in the sense that compensation may be required to mitigate impacts relevant to those policies. The main policy “hook” for infrastructure contributions is policy SP7: Infrastructure Requirements and Developer Contributions.

## **2. Preparation of the Developer Contributions SPD**

- 2.1. The Developer Contributions SPD has been developed since 2019. Two consultations have been undertaken, the first between February and March 2020 and the second between October and November 2022. The latter consultation was undertaken given changes in Government policy and legislation since 2020 and to streamline processes.
- 2.2. Information on the consultation undertaken on the SPD is outlined below.

### **Initial consultation the Developer Contributions SPD**

- 2.3. Informal consultation was initially undertaken, targeted towards those organisations with an interest in the delivery of infrastructure. This included consultation internally within NHDC with the Housing Development Team; Planning Policy; Economic Development; Legal Services; Environmental Health; Development Management; Policy and Community Engagement; Monitoring; Grounds Services; colleagues from Hertfordshire County Council in respect of Growth and Infrastructure; as well as relevant NHS ICBs, to make it as usable and accurate as possible in draft form. The consultations were sent by email to relevant parties in February 2019. The comments received from the informal consultation were both procedural as well as substantive and led to amending the SPD where appropriate.

- 2.4. A member workshop was held for all locally elected members in February 2019. Feedback was provided on the day, as well as some written feedback from specific members. The issues raised included viability issues, off-site affordable housing, phasing and timing of contributions and whether smaller sites could contribute to infrastructure requirements. These points were largely resolved within the meeting, and some were integrated into the draft SPD.
- 2.5. The draft SPD was approved for consultation at Cabinet on 28 January 2020 and the consultation ran from February to March 2020. The responses to this consultation can be found at Appendix B.
- 2.6. An SEA Screening Determination was produced at this stage that identified that the draft SPD did not require an SEA to be undertaken.

### **Further consultation October- November 2022**

- 2.7. In 2022, work commenced on an update the draft Developer Contributions SPD to better reflect recent amendments to Government legislation and policy, Council priorities and to improve the general processes for securing developer contributions.
- 2.8. In March 2022, further informal consultation was undertaken by means of email to those originally contacted for informal consultation in February 2019 (see those consulted at paragraph 2.3). Focussed meetings were set up as required to determine the updates needed to improve the SPD, provide greater clarity and resolve any outstanding issues.
- 2.9. Cabinet resolved in September 2022 to launch a further consultation since the updates the SPD had been made. This consultation ran between October and November 2022. The responses to this consultation can be found at Appendix A.
- 2.10. A further SEA Screening Determination has been produced that confirms that the SPD does not require an SEA to be undertaken. This has been concurred by the relevant statutory consultees.

## **3. Consultation Methodology**

- 3.1. Notifications were sent to a wide range of statutory and non-statutory consultees, developers, parish and town councils, landowners, and those who have registered interest in relevant policies of the Local Plan 2011-2031 by letter. The consultation was also published on the North Hertfordshire District Council website and on social media platforms.
- 3.2. The most recent consultation was held between October and November 2022 and ran for five weeks (including an extra week to that required by legislation to account for the half term school holidays).

- 3.3. The document was available to view on the Council's website<sup>1</sup> as well as at the Council Offices and libraries during normal opening hours.
- 3.4. Representations were received through the Council's online portal as well as by email and post.

#### **4. Issues Raised**

- 4.1. Appendices A and B show the consultation responses received between October and November 2022 and February and March 2020 respectively.

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<sup>1</sup> <https://www.north-herts.gov.uk/home/planning/planning-applications/planning-obligations/guidance-planning-obligations-supplementary>

## Appendix A: October- November 2022 consultation responses

Subsection	Comment ID's	Summary of comments	Actions
General	17480	<p>The draft SPD, in its current form, fails to provide a clear steer on which developments will be liable to pay which contributions. For example, some contributions may not be relevant for schemes of less than 10 homes. Currently, there is no certainty for developers to understand which contributions within the draft SPD may be applicable to their scheme.</p> <p>The PPG provides some guidance on developer contribution SPDs and notes that: "It is not appropriate for plan-makers to set out new formulaic approaches to planning obligations in supplementary planning documents or support evidence base documents, as these would not be subject to examination". (Paragraph: 004 Reference ID: 23b-004-20190901).</p> <p>However, the draft SPD provides no cross-referencing to where formulas may be located in other policy documents, and no baseline figures per household for many contributions. Without some indication of the scale of contribution, there is no certainty for developers and this undermines the role of the Developer Contributions SPD. It also places a greater emphasis on the S106 process as all contributions could be available for negotiation without a clear formula set out in policy and referenced in this document.</p>	<p>The contributions required by policies set out in the adopted Local Plan have been tested through the Examination process and are evidenced in the Local Plan Viability Assessment Update (2016). As set out in PPG, this viability testing has been undertaken already given that the role for viability testing is primarily at the plan making stage to ensure that the cumulative cost of relevant policies does not undermine deliverability.</p> <p>In addition, the site allocations included in the Local Plan outline where contributions and infrastructure will be required to support the development so this provides a more specific indication.</p> <p>The SPD includes reference to requirements wherever it is possible to do so, such as for affordable housing, open space standards, healthcare contributions as well as signposting other relevant documents, including the HCC Guide to Developer Infrastructure Contributions.</p>
General	17476	<p>Further information would be useful as to how any potential shortfall of funding secured through planning obligations for infrastructure, particularly to support larger strategic developments in the District, may be sought in the absence of an Infrastructure Levy and/or CIL receipts. This is necessary to understand the feasibility of delivery key infrastructure projects.</p>	<p>The contributions required by policies set out in the adopted Local Plan have been tested through the Examination process and are evidenced in the Local Plan Viability Assessment Update (2016). As set out in PPG, this viability testing has been undertaken already given that the role for viability testing is primarily at the plan making stage to ensure that the cumulative cost of</p>

			<p>relevant policies does not undermine deliverability.</p> <p>In addition, the site allocations included in the Local Plan outline where contributions and infrastructure will be required to support the development so this provides a more specific indication. This is underpinned by the Infrastructure Delivery Plan (2016 and updated in 2018) developed to support the Examination of the Local Plan.</p>
General	17475	<p>Natural England has previously commented on this SPD and made comments to the authority in our letter reference 407179, dated 29 September 2022. The advice provided in our previous response applies equally to this amendment. The proposed amendments to the original document are unlikely to have significantly different impacts on the natural environment than the original proposal.</p> <p>Should the proposal be amended in a way which significantly affects its impact on the natural environment then, in accordance with Section 4 of the Natural Environment and Rural Communities Act 2006, Natural England should be consulted again.</p>	<p>No action required. This refers back to the response to the SEA Screening that determined that there are unlikely to be significant environmental effects from the proposed SPD.</p>
General	9861	<p>Requests for a more concise document which incorporates HCC requirements on contributions and land owner requirements so that planning obligations can be considered in the whole. Recommends that there should be a round table discussion with key stakeholders to address issues identified in the consultation.</p>	<p>We acknowledge that this is the first of a suite of SPDs that will be created/updated to support the newly adopted Local Plan. This may mean that certain aspects may be transferred to other forthcoming SPDs and/or policies once the Local Plan undergoes early review.</p> <p>In relation to prior opportunities to input, the Council ran a previous consultation in February/March 2020. The responses to that consultation have informed the latest iterations of the SPD.</p>
General	9861	<p>There are a large number of pages that are not necessary for a Developer Contributions SPD and it seems to slip in to a developer guide, with discussion about master planning principles and a repeat of policy aspirations.</p>	<p>See also above.</p> <p>In addition, given the time lag between the adoption of the Local Plan and the adoption of the forthcoming Biodiversity</p>



		<p>An example is the Natural Environment section, where there are pages of master planning principles. We do not disagree with these principles, but why is this in a SPD about developer contributions, when most of the text is of no relevance to the purpose of the SPD? The aim of the SPD in our opinion is to provide certainty, evidence and justification to support developer contributions.</p> <p>We would therefore recommend that a large amount of text could be removed by simply making reference to the Design SPD and other policy documents.</p>	SPD, the intention is to provide additional guidance on matters such as Biodiversity Net Gain to inform the S106 process.
General	16600, 17477, 17032, 17468	No further comments to make on the Draft Developer Contributions SPD.	
Section 1 – Introduction			
Paragraph 1.9.1	16813	<ul style="list-style-type: none"> <li>Add underlined text to reflect the full name of the HCC Guide, a footnote with a weblink as has been done elsewhere as this is the first mention of the Guide.</li> <li>Please note somewhere appropriate within the SPD that the current iteration of the HCC guidance is the “Guide to Developer Infrastructure Contributions” and that this may change in the future and state that the reference to the Guide also covers any subsequent versions of HCC guidance in the future. Underlined text added as an example but can be placed anywhere in the SPD.</li> </ul> <p>1.9.1 A range of infrastructure providers may seek contributions from new development. This includes, but is not limited to, Hertfordshire County Council, the NHS, the Police and Crime Commissioner for Hertfordshire and local Parish, Town or Community Councils. These are indicated under the relevant topic areas below. Guidance should also be taken from programmes from these other authorities, such as Hertfordshire County Council <u>Guide to Developer Infrastructure Contributions document [footnote] (or any such subsequent Hertfordshire County Council document)</u>, or neighbourhood development plans from local Councils.</p>	Changes have now been integrated into the next version of the SPD
1.11	16951	<p>The Draft SPD states in respect of Policy SP9, that the Council has published detailed guidance on the strategic masterplanning process and the expected contents of masterplans, including expectation for the provision of Infrastructure Delivery Plans (IDP) to allow for early identification of strategic infrastructure requirements. However, it also states that s106 discussions will not normally take place at this stage. The SPD goes on to say that it is, however, anticipated that the masterplan process will normally ‘dovetail’ into a bespoke pre-application and / or a planning application where more detailed information may be sought or provided in line with this SPD.</p>	The intention is that at pre-application stage there would be a high level indication of key items of infrastructure set out and linked to phasing as well as mechanisms for management and maintenance agreed. A clarification on this point has now been included in the SPD

		<p>This seems to provide a disconnect between the level of information the LPA are expecting from masterplans and the level of feedback it is willing to give regarding planning obligations during the masterplan process.</p> <p>Given, the Local Plan Inspector made it clear that there is no requirement for masterplans to be informally agreed before a planning application is lodged (and Policy SP9 updated accordingly), it appears a poor use of resources to seek the provision of IDPs as part of the masterplan preparation process. Particularly so when such a document may not even be agreed by the LPA or underpinned by any meaningful feedback on S106 matters. This section of the SPD needs to be clarified in line with the Inspector's comments and/or the final version of Policy SP9, with a clear process for seeking to streamline when and how agreements over likely infrastructure requirements and contributions will be discussed and agreed. This is even more important when considered in conjunction with the below matter regarding committee procedures.</p>	
1.11.3	16154	<p>Greater emphasis should be placed on the need for all relevant parties to have regard to the Community Infrastructure Levy Regulations 2010 (as amended) Regulation 122 (2) tests and viability considerations as reflected in Policy SP7 (d) and (f) of the adopted Local Plan and Section 2.3 of the draft SPD. Paragraph 1.11.3 should be amended as follows (as underlined).</p> <p>The Strategic Sites will need to address any specific contribution requirements set out in their individual policies, other relevant policies in the Plan and in this document subject to <u>consideration of viability. This is as specified by Local Plan Policy SP7 (f), and Section 2.3 of this document, which refer to circumstances in which developers consider that viability issues impact upon the delivery of key infrastructure and/or mitigation measures.</u></p> <p>Developers should be aware that non-financial obligations may be required to secure details outside of the scope of this document, such as securing a masterplan, the final location and use splits of local neighbourhood centres, or management plans for the maintenance and sustainability of any new neighbourhood centres required as a result of the development <u>subject to viability.</u></p>	<p>The contributions required by policies set out in the adopted Local Plan have been tested through the Examination process and are evidenced in the Local Plan Viability Assessment Update (2016). As set out in PPG, this viability testing has been undertaken already given that the role for viability testing is primarily at the plan making stage to ensure that the cumulative cost of relevant policies does not undermine deliverability.</p> <p>In addition, the site allocations included in the Local Plan outline where contributions and infrastructure will be required to support the development so this provides a more specific indication.</p> <p>No change taken forward relating to the additional text proposed. This SPD provides guidance on the approach to viability, along with Local Plan Policy SP7 part f) and PPG on Viability.</p>

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Section 1.1	16130	It is noted in the introductory paragraphs that the content of the Draft SPD is based upon “proposed Local Plan policies”. To that end we are aware that on the 8th November 2022, the Full Council adopted the new Local Plan and consequently the text within the SPD will need to be updated in these circumstances.	Actioned.
Paragraph Para 1.6.4	16130	Para 1.6.4 suggests an infrastructure levy will be forthcoming. We consider that in relation to large-scale developments such as East of Luton, S106 Agreements still represent the most appropriate and effective tool for the delivery of infrastructure	Agreed however still awaiting further clarity from Government on the operation of the proposed Infrastructure Levy. No action needed at this stage.
Paragraph 1.9.3	16130	<p>The current consultation document of September 2022 at paragraph 1.9.3 now increases the £150k figure to a figure of £250k. Additionally the reference to the District Council has been extended to the County Council (and any Parish or Town Council) and also states that the inclusion of the provider will be on a “case by case basis”.</p> <p>The amendments to the SPD that have been made since the previous version are welcomed as is the clarification that the inclusion of the provider will only be on a “case by case basis”. However, it is not clear in this context on what basis a provider who is obligated to pay over £250k is to be included or not included within the Agreement, and the overall objective to be to avoid unnecessary signatories and the likely delays that would result.</p>	An amendment has now been included to reflect the issues raised in this response. Further to this, it is not intended that this requirement would be triggered frequently. A level of flexibility is required given the unique circumstances of each case, however for clarity it is now stated the types of issues that will be considered when determining the signatories to an agreement.
Paragraph 1.11.3	16130	<p>Object – The text states “The Strategic Sites will need to address any specific contribution requirements set out in the individual policies, other relevant policies in the Plan and in this document.</p> <p>Developers should be aware that non-financial obligations may be required to secure details outside the scope of this document, such as securing a master plan, the final location and use splits of neighbourhood centres, or management plans for the maintenance and sustainability of any new neighbourhood centres required as a result of the development.”</p> <p>Whilst we understand that the wording above is intended to provide examples of non-financial obligations, we consider that it is more appropriate for the text to simply confirm that reference to development plan policies and the contents of this SPD document is sufficient, and avoids confusion. We therefore suggest the deletion of the text from “...to secure details...” onwards.</p>	No change proposed to ensure compliance.
Section 2 – Process, Procedure and Management			
Section 2.1	16748	Where appropriate, we would welcome being consulted on or notified of draft Heads of Terms for proposed developments on the East of Luton Site.	Noted but not a matter for the SPD to specifically address. The Council will work in conjunction with Luton Borough

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			Council on matters relating to the East of Luton site as appropriate.
Paragraph 2.1.3	5059, 16748, 16813	Typo identified in paragraph 2.1.3: “expected to exceed 10 units of 1,000sq m in floor space” instead of “of” this should be “or”.	Agreed typo and has been updated accordingly.
Paragraph 2.1.3	16813	<p>This section appears to be just in terms of pre-application advice. It would be useful if this threshold (“major development”) was set out as a general principle for which planning obligations will be considered (e.g. in section 1.6 which appears to be the general principles section).</p> <p>National Guidance suggests that 1,000sqm is for non-residential development and for residential it is 0.5ha or more (<a href="http://www.gov.uk">Planning obligations - GOV.UK (www.gov.uk)</a>, Paragraph 23, Reference ID: 23b-023-20190901). Please therefore amend text to <u>10 units or 0.5hectares</u> as per National Guidance for the definition of major development.</p>	<p>A new sentence has now been added to paragraph 1.6.3 to refer to the instances where contributions may be sought.</p> <p>The second point raised has now been included at paragraph 2.1.3.</p>
Section 2.2	9861	To avoid significant legal costs and time delays before applications are reported to Planning Committee on straightforward Section 106 agreements, it would be far preferable that a draft agreement does not need to be completed, but heads of terms and evidence of title along with a willingness by all parties to enter into an agreement. I appreciate in more complex agreements it may be appropriate to agree wordings, but this should only be the case in a small number of applications. This would avoid unnecessary time delay for both the Council and applicants, whilst having certainty that an agreement will proceed should the application be supported by Members.	This point is acknowledged, however there may be instances where the decision on a planning application is contingent on the S106 agreement. As such, the text in the SPD will remain as is but will be considered on a case by case basis.
Paragraph 2.2.3	16130	<p>Object – The text states that whilst applicants are encouraged to engage in pre application discussions with certain organisations, no planning obligation should be agreed independently of the case officer representing the Council.</p> <p>We consider the wording to be inappropriate in the situation whereby other than unilateral obligations, the applicant cannot agree the content of the agreement given that the local planning authority is a signatory. The text should be amended to read “...whilst applicants are encouraged to engage in pre-application discussions with certain organisations, it is important that the case officer is engaged in meetings and correspondence where obligations are discussed”.</p>	Noted. Text now added to read “no obligation should be agreed in principle independently of the case officer representing the Council to ensure that competing demands can be appropriately balanced.”
Paragraph 2.2.5	16951	The Draft SPD advises that planning applications requiring legal agreements, and which are to be determined by the Council’s Planning Control Committee, will not be recommended favourably to the Planning Control Committee until all parties to the	Whilst not a matter for the SPD to address, this point is acknowledged

		<p>agreement have agreed the content of the document. The legal documents which secure the obligations, whether via a bilateral Section 106 deed of agreement or unilateral undertaking, must be agreed in regard to wording of definitions, scale, phasing of delivery and trigger points of any obligations prior to the deadline for draft reports for the targeted committee date.</p> <p>If this is the approach which is to be taken, the LPA need to ensure that this process is sufficiently resourced so that schemes are not prevented from progressing to committee simply because the legal team does not have capacity or resources to deal with such requirements in a timely manner. The LPA Case Officer will also need to be proactive in instructing the legal team at the appropriate point during the application stage, potentially before they have fully written up their recommendation to prevent unnecessary delays between a recommendation being made and an application being able to be heard at a committee. Clarity from Officers will also need to be provided early on for the contributions that they consider meet the tests set out at paragraph 57 of the NPPF (2021) and are CIL compliant in accordance with Regulation 122 (2) and will therefore be seeking from the planning application.</p>	that sufficient resourcing and time is required.
Section 2.3	9861	<p>The draft discusses viability in Section 2.3 and that paying too much for the land will be disregarded (which we would agree with), but in formulating land value, the amount to be set aside for planning contributions is a significant element to determining this value. The greater amount of certainty for these costs before a planning application is formulated or the land is acquired, gives the best possible chance that contributions will be secured. Trying to negotiate these later during the planning application is challenging and can detract from the quality of the development, which could be the case arising from the lack of certainty in the SPD.</p> <p>As part of the Council's supporting evidence on viability, it would be helpful to see some examples of likely contributions for major development that encompass HCC and NHC obligations using this SPD. This would have been run in order to demonstrate internally that agreements will be reasonable and that the SPD has considered the whole package of likely obligations in the round. This would be useful background evidence to the consultation and SPD.</p> <p>With respect to viability, over the past 12 months build, planning and development costs have grown at an alarming rate. We think that it would be useful to recognise this in the document, as this would not have been factored into many land purchases, due to the unexpected nature of the changes to the economy.</p> <p>Clearly Herts County Council obligations are a significant element of any Section 106 in North Hertfordshire. Having their SPD as an entirely separate document and the absence of any of HCC's standard calculations in the relevant sections does make matters more difficult. The Council is expecting land owners and developers to have</p>	<p>The contributions required by policies set out in the adopted Local Plan have been tested through the Examination process and are evidenced in the Local Plan Viability Assessment Update (2016). As set out in PPG, this viability testing has been undertaken already given that the role for viability testing is primarily at the plan making stage to ensure that the cumulative cost of relevant policies does not undermine deliverability. This includes scenario testing and for the Strategic Sites.</p> <p>In addition, the site allocations included in the Local Plan outline where contributions and infrastructure will be required to support the development so this provides a more specific indication.</p> <p>In relation to recent changes in development costs, this would be dealt with in line with adopted Local Plan Policy SP7 part f) and the viability</p>

		<p>a single Section 106 agreement which encompasses both the District and County's obligations, so it would seem reasonable that there is joint working between the two authorities to produce a single piece of guidance. This is essential to enable obligations to be considered as a whole and less chance of different authorities priorities being challenged.</p> <p>We suggest it would be more appropriate to provide links to where up to date evidence can be sourced that support the Council's approach and fill any gaps in justification.</p>	<p>sections in the SPD where viability now warrants consideration. Nonetheless, project risk is a factor in the development process and fluctuations in the market should not impact on the delivery of sustainable development.</p> <p>Whilst it is agreed the process is not as streamlined as ideal, this is unavoidable due to two-tier system. Further to this, although the SPD signposts the HCC Guide to Developer Infrastructure Contributions where applicable, it does not endorse it given it has not been subject to independent testing to understand the impact on viability.</p> <p>The SPD includes references to where evidence and justification can be found in a series of tables at the beginning of each section. This includes a range of internal and external guidance and strategy documents.</p>
Section 2.3	9861	<p>We have mentioned above about the need to recognise significant inflation in costs. Where reference is made to viability appraisals, it would be far easier for the Council and applicants/developers if a standard toolkit is used and included in the SPD or at least referred to. This would take away the need for discussion about methodology and follow the approach taken by the GLA with their toolkit.</p>	<p>National policy does not stipulate a standard toolkit to be applied, however there is extensive guidance on viability and the underpinning evidence and approach to be taken when assessing viability in both PPG and this SPD. This enables viability to be addressed in a fair and transparent way irrespective of the toolkit used.</p>
Section 2.4	9861	<p>Again, standard formats may be of assistance in this circumstance.</p>	<p>Do not consider a standard template to be of value given many variations on what may be included and unique to the site in question. No action taken forward.</p>
Section 2.4	16748	<p>We welcome the council considering viability review mechanisms but recommend that they be used in every case where developer contributions in the S106 fall short of policy compliance. In regard to the East of Luton site, there should be a mechanism</p>	<p>See also Section 5 on approach to the East of Luton sites.</p>

		for the sharing of any resulting commuted sums for affordable housing to be shared with Luton Council, in line with the split of the site in meeting housing needs.	Should any of the physical affordable housing contribution be provided as a commuted sum that should be split appropriately with Luton BC in relation to the East of London. This would also be the case where a review mechanism is in force. The use of viability review mechanisms will continue to be considered where obligations or covenants are agreed at lower than policy compliant levels on viability grounds. This is to ensure flexibility given different scales of development and the resources available to enforce this.
Section 3 – Economy and Town Centres			
Paragraph 3.3.3	16130	Object – This section of the SPD refers to the need for contributions for improvements to the wider public realm for town centres whilst acknowledging that such schemes clearly need to meet the necessary policy tests. At present there is no indication of the improvements that would be sought but rather reference is made to specific projects being identified in an updated suite of Town Centre Strategies. Whilst these are still to be produced, it would be helpful for the SPD to indicate to applicants what guidance is in place at present in the absence of such Strategies.	The existing Town Centre Strategies still apply and will be updated in due course now that the Local Plan has been adopted.
Section 3.3	17442	U&C appreciate the principle of improvements to town centres and to the public realm. However, it is considered that further detail is needed in terms of the town centre strategies and the relationship that any strategic infrastructure works have with the infrastructure delivery plan (IDP) thus ensuring contributions are fairly and reasonably related, both in scale and kind, to the development.  Requests for financial contributions towards the installation of specific facilities and public realm improvements are likely to be appropriate where this is proportionate and reflects the requested contributions tested within the Local Plan. To this end, U&C consider it is important to have further information on the proposed town centre strategies with details on the nature and cost of such projects, to establish how required contributions will be calculated and justified before this is defined in the SPD.	See above
Section 3	9861	Economy & Town Centres Reference is made to a local labour agreement. An example of this in the appendices would be useful. There could be a stronger commitment to apprenticeships linked to development. North Herts College is well placed to deliver apprenticeship and training programmes as a lead partner, an approach they have taken with Stevenage Council as part of the	The Local Plan or other relevant documents, such as the Economic Development Strategy do not provide policy hooks on this matter and therefore this limits the extent to which this can be required. Nonetheless, text

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		<p>SG1 regeneration. This would make a significant contribution for local people and the local economy. Reference is made to encouraging this on larger development schemes, but apprenticeship and training is commonplace for many authorities, particularly London Boroughs, for a range of development sizes. If working with an approved training provider such as North Herts College this would enable the pooling of contributions, meaning that a lower threshold for sites could be included. There could also be an opportunity for developments to opt out of contributions or agreements with the College if they make provision for training in-house, subject to certain criteria and approval.</p> <p>Where reference is made to town centre regeneration, there should be mention of the BIDs and the Heritage Foundation as partners on this.</p>	<p>has now been added at paragraph 3.2.2 to state:                      “Hertfordshire Opportunities Portal (HOP) (hopinto.co.uk ) and the North Herts College will be encouraged for training, apprenticeships and employment opportunities.”                      The latest version of the SPD now makes reference to the BIDs and the Heritage Foundation.</p>
Section 4 - Transport			
Section 4	13929	Request to include electric vehicle charging points are installed within new build developments in accordance to the Building Regulations 2010.	No action required as falls within the remit of Building Regulations.
Section 4	9861	This lacks detail and provides no indication of the likely level of contributions – an example of where joint working with HCC would be of benefit.	The Hertfordshire County Council Guide to Infrastructure Contributions and the accompanying technical appendices provide guidance on the contributions relating to transport matters. This is signposted in the table at the beginning of the section on transport in the SPD and at paragraph 4.2.1.
Section 4	17476	U&C supports the District Council intention to promote non-financial contributions towards sustainable transport as part of development proposals. U&C advocates the provision of employment uses close to residential developments to reduce the need for outward journeys for future residents. However, movement should be considered holistically for development sites including where wider external funding may be required to support more strategic improvements.	Noted
Section 5 - Housing			
Section 5	17465	Royston Town Council are pleased to see the specification for more affordable housing is more specific with higher rates. Royston Town Council support the adoption of the Local Plan.	
Paragraphs 5.2.75 to 5.2.77	16130	It isn't immediately clear that all of paras. 5.2.75 to 5.2.77 relate to the East of Luton site – we would suggest the use of a subheading or other device to make this clear.	Differentiating where the text directly refers to the East of Luton site has now been taken forward in the next iteration of the document.



Section 5	9861	<p>Although reference is made to Neighbourhood Plans and Parish Housing Need Surveys, there should be recognition of the shortfall of the SHMA that looks (correctly) at the wider housing market area of Stevenage and North Herts and has little relevance to locations such as Letchworth GC that is different to the remainder of this market area. Here there is a large proportion of socially rented housing, with an over supply of 3 bedroom dwellings in social rent (mentioned in this section) and where there is arguably a greater need for more intermediate housing, as well as rented accommodation, suggesting an alternative split be considered. There should therefore be a recognition of local housing need surveys, such as the 2019 Letchworth survey and the role that they should play in determining affordable housing requirements. As with the Letchworth survey, the methodology should be agreed by the Council. This would fill in the gaps that exist with the SHMA and provide more up to date information.</p> <p>There should also be a recognition of taking a portfolio approach to provision where a land owner has a number of sites. For example, in Letchworth it would make sense to link sites together for the purpose of affordable housing, so for example sites that are more suited to affordable apartments in more accessible locations can be utilised for that purpose, which can be offset against other sites more suited to houses. This is particularly where above policy provision is made on a site, which can be counter balanced elsewhere. This could apply to the Heritage Foundation's land holdings, whilst ensuring policy provision is made cumulatively across all sites with housing types in the most relevant location.</p> <p>Where registered providers are discussed, reference should be made to co-operatives and community land trusts and in line with the amended text approved by the Inspector at the Public Examination and incorporated in Policy HS2. These bodies should be encouraged and can play an important role in affordable housing delivery.</p> <p>In Section 5.3 where self-build is discussed, again the role of CLTs and co-operatives should be referred to. It is also recommended that there should be a local connection criteria for self builds. There is some positive approaches by Cherwell District Council that achieve this in the Craven Hill scheme.</p> <p>We support the use of Local Development Orders to help bring forward these schemes, as mentioned in the SPD text.</p>	<p>The SPD is not intended to duplicate existing planning policies. The adopted Local Plan at Policy HS3 part a) part ii) states that: "the findings of the most up-to-date evidence including the most recent Strategic Housing Market Assessment, the Council's Self Build Register and other relevant evidence of housing need"</p> <p>This recognises that there may be other relevant documents demonstrating evidence of housing need and to reflect unique locational circumstances.</p> <p>With regards to adopting a portfolio approach, the Council will consider sites on a case by case basis. Nonetheless, the Council is committed to the creation of mixed and balanced communities, an approach that is set out in paragraph 64 of the NPPF. Further to this, the delivery of affordable housing should not be potentially hindered should affordable housing be limited to a select number of site(s).</p> <p>Reference is now included at paragraph 5.2.20 to include Community Land Trusts and other forms of co-operative provision.</p> <p>As the Council do not hold a part II register it is not possible to introduce local connection criteria for self-builds.</p>
Paragraph 5.2.7	16748	<p>We agree with the requirement to increase the affordable housing requirement on alternative sites where these are used in place of on-site provision. However, we would like to see access to these homes in the case of any off site provision which is agreed on the part of the East of Luton site which is designated for Luton's housing needs.</p>	<p>Text has now been amended to state: "Any off-site provision or commuted sums in lieu of on-site provision should be directed to Luton Borough."</p>

Paragraph 5.2.25	16748	Similarly, we support your approach to commuted sums in lieu of affordable housing but request that if these are received on sites which were designated as meeting the housing needs of Luton borough, they should be made available to Luton council for provision of alternative affordable housing, in line with the uses outlined in 5.2.32.	See above						
Paragraph 5.2.42-5.2.47	16748	We support your approach in regard to tenure splits, although note that in our own policies we require 72% for affordable rent and 28% for intermediate tenures of which our preference is for shared ownership.	Policy HS3 of the Council's Local Plan makes provision for this and there is no justification to repeat the approach in the SPD.						
Paragraph 5.2.60 – 5.2.64	16748	We recognise the affordable housing mix you outline as meeting the wider needs of North Herts District. However, in terms of application to the East Luton sites which are intended to meet needs in Luton, please note that our highest needs are for larger family homes ideally 3, 4 and 5 bedroom, and at 2 bed 4 person minimum. Therefore, any balancing of overall supply which allows for larger homes in the East Luton sites to offset greater numbers of smaller homes elsewhere in the district would be welcomed by Luton Council.	This is a matter that will be addressed through the Council's masterplanning work on the East of Luton site and will be informed by adopted Local Plan policies.						
Paragraph 5.2.69	16748	We also prefer affordable housing to be transferred to registered providers. However we do have an approach for cases where a non RP is taking on ownership of affordable homes, and would be happy to share our S106 wording and approach with you if requested.	Noted and can be discussed through the masterplanning process for the East of Luton site, where necessary, and against current North Hertfordshire processes and policies.						
Paragraph 5.2.76	16748	<div>We do not feel that affordable housing in East Luton which is intended to meet Luton's housing needs should be let only on first lets by nomination from Luton Council. We recognise that we have severe and arising housing needs, in particular for the family homes these sites are likely to generate. We therefore feel that ongoing access to affordable housing is appropriate, especially as this area will operate as an extension of Luton. In regard to the ongoing lettings we would propose the following options:</div> <table><tr><th>Preference</th><th>Headline</th><th>Details</th></tr><tr><td>1.</td><td>Nomination rights for first and subsequent lettings</td><td>Luton Council to receive nomination rights to affordable homes on sites designated for Luton's need, in line with the overall plan approach ie 100% of first lets, 75% of subsequent lets. This expectation to be written into the S106 agreement.</td></tr></table>	Preference	Headline	Details	1.	Nomination rights for first and subsequent lettings	Luton Council to receive nomination rights to affordable homes on sites designated for Luton's need, in line with the overall plan approach ie 100% of first lets, 75% of subsequent lets. This expectation to be written into the S106 agreement.	This issue is now addressed in a text box for the East of Luton site.
Preference	Headline	Details							
1.	Nomination rights for first and subsequent lettings	Luton Council to receive nomination rights to affordable homes on sites designated for Luton's need, in line with the overall plan approach ie 100% of first lets, 75% of subsequent lets. This expectation to be written into the S106 agreement.							

		2.	Nomination rights for 100% first lets and shared rights to subsequent lettings	<p>Luton Council to receive 100% nomination rights on first lets as currently proposed, and shared rights on subsequent lets ie 37.5% minimum which would represent half of the available nominations, based on the standard 75% of second and subsequent lets requirement.</p> <p>Two options on how this could be approached:</p> <p>Firstly to designate at completion which homes would be subject to ongoing nomination by Luton Council. This would mean that allocations would depend on when those particular homes became available.</p> <p>Secondly, Luton to receive 37.5% of nominations in any year, with a monitoring arrangement in place to ensure equity in regard to property types and tenures.</p>		
		<p>In addition, we would like to request an agreement which sets out that in the event North Hertfordshire council is unable to successfully nominate to any homes in the East Luton area within a specific time period (say 6-8 weeks), then the letting is offered to Luton Council before reverting to the Registered Provider.</p>				
Paragraphs 5.2.41 and 5.2.8	4970	Omission of Knebworth and St Ippolitts as designated protected areas in para 5.2.41 and 5.2.8			Designated Protected Area status only applies to parishes with populations of 3,000 or less. This is in accordance with The Housing (Shared Ownership Leases) (Exclusion from Leasehold Reform Act 1967) (England) Regulations 2009, which came into force on 07 September 2009. These regulations included the introduction of Protected Area Status for settlements	

			exempt from the Right to Acquire (i.e. those with populations of less than 3000). A footnote has now been added to the SPD explaining this.
Section 6 - Design			
Section 6	16951	Within the design section, more guidance should be provided as to when requests for contributions to design matters will be justifiably required and how they will be calculated.	The SPD is intended to provide policy hooks and further information will follow in forthcoming SPDs.
Paragraphs 6.6.4-6.6.7	16813	<p>Changes are required (as underlined) to the Waste paragraphs as follows, (note HWRC is a term not used, these are Recycling Centres (RCs));</p> <p>6.6.4 Under the Environmental Protection Act 1990, Hertfordshire County Council is required to perform the statutory functions of the Waste Disposal Authority (WDA) for Hertfordshire. The WDA is also required to provide facilities in its area where residents may deposit their own household waste free of charge. In Hertfordshire, these facilities are known as <u>Household Waste</u> Recycling Centres (<u>HWRCs</u>).</p> <p>6.6.5 As WDA, Hertfordshire County Council is responsible for the disposal of Local Authority Collected Waste (LACW) arising in the county. LACW consists of household waste and commercial waste collected by the ten Borough and District Councils in their role as the Waste Collection Authorities (WCA's) for Hertfordshire and waste collected at the county's <u>HWRCs</u>. <u>Much of this waste is bulked in Waste Transfer Stations ready for onward transport to the point of disposal or treatment.</u></p> <p>6.6 <u>To support this disposal function, the County Council manages a network of 16 RCs, 17 Household Waste Recycling Centres (HWRC).</u> The WDA achieves this via a network of waste transfer stations and <u>household waste</u> recycling centres. 6. An increase in population within Hertfordshire as a result of new residential development is likely to require increased investment in waste disposal infrastructure.</p> <p>6.6.7 The impact of additional dwellings on waste management infrastructure will vary depending on the size of the development and its location. Therefore, it may be necessary to develop new infrastructure or improve existing infrastructure. For example, should an existing <u>HWRC</u> be identified as having insufficient capacity to accommodate increased usage due to additional dwellings, financial contributions will be identified towards increasing the capacity of the local service provision <u>such as -</u></p>	Integrated into the next version of the SPD

		<del>For example, this may be achieved through</del> improvements to existing facilities or the development of a new <del>HWRC</del> .	
Section 6.6	17480	<p>The draft SPD notes that additional dwellings may impact waste management infrastructure and, should there be insufficient capacity to accommodate increased usage due to additional dwellings, “financial contributions will be identified towards increasing the capacity of the local service provision”.</p> <p>There is no information provided in relation to the potential financial contribution. For example, could the contribution apply to all developments irrespective of scale, or would it only apply to major developments of over 10 homes or over 0.5ha (in accordance with the NPPF definition of major development).</p> <p>No indication of the financial contribution has been provided in the draft SPD. These points together provide too much uncertainty.</p>	<p>The HCC Guide to Developer Infrastructure Contributions and accompanying appendices set out how contributions will be calculated towards waste management infrastructure.</p> <p>This Guide and appendices, are now signposted in the SPD for clarity. It should be noted however that the Guide was developed outside the formal plan-making process and its contributions were not tested through the Local Plan examination. As such, it is referenced and signposted where appropriate but without being formally endorsed or forming part of the ‘baseline’ viability considerations.</p>
Section 7 – Healthy Communities			
Paragraph 7.1.3	16813	<p><i>Local Plan Policy SP10 Healthy communities states that the Council will work with • Hertfordshire County Council as the Local Education Authority, as well as other education providers to ensure sufficient school places to meet the needs of the population. This includes early years, primary, secondary and sixth-form education along with special needs services and facilities;</i></p> <p>Reference to “first, middle and upper” should also be included as three tier education system is present in Royston and Royston villages.</p>	Noted and paragraph now updated in line with the adopted Local Plan Policy SP10, which does not list different tier systems. This will ensure consistency with adopted policy.
Paragraph 7.2.1	16813	<p>Please make the following amends to para 7.2.1. It is deemed important to highlight that SEND contributions will be sought as well as mainstream education.</p> <p>7.2.1 Planning applications, especially those relating to the largest developments will be expected to contribute to education provision serving the development. This may include serviced land as well as financial contributions. Discussions should be undertaken at an early stage with Hertfordshire County Council to ensure appropriate and well-located facilities can be delivered in a timely way. This includes having regard to the Hertfordshire County Council Guide to Developer Infrastructure Contributions to determine the demand for <u>mainstream education, SEND school</u> and early years places based on forecasted child yield.</p>	Now included in the next iteration of the SPD.

Section 7.2	16813	<p>Section 7.2 covers Education and Early Years. However, there is limited information on early years provision.</p> <p>HCC has several statutory duties regarding Early Years education, more information is found within HCCs Guide. HCCs duties are as follows</p> <ul style="list-style-type: none"> <li>• Duty to secure sufficient childcare for 0-14 year olds</li> <li>• Free Early Education (FEE) for 2-year-olds</li> <li>• FEE for 3- and 4-year-olds</li> <li>• Thirty hours free childcare for 3- and 4-year-olds</li> </ul> <p>A new additional paragraph for Early years could be included and follow the same structure as for other services;  <i>e.g. 7.2.4: Discussions should be undertaken at an early stage with Hertfordshire County Council to ensure that there is sufficient capacity of Early Years facilities to mitigate the implications of the proposed development. This includes having regard to the Hertfordshire County Council Guide to Developer Infrastructure Contributions to determine the level of contributions and/or facilities expected to be provided from the proposed development.</i></p>	Now included in the next version of the SPD
	16951	<p>The SPD outlines that where development is proposed in an area that currently has a lower quality of coverage, the Council may additionally seek contributions towards wider projects aimed at boosting high-speed communications coverage to help ensure that North Hertfordshire residents have the best possible access. It is not envisioned that there would be a circumstance where such a contribution would pass any of the tests for seeking a planning obligation. As development schemes will have to “plan-in the provision of high quality communications infrastructure”, a contribution to wider projects would not be required to make the development acceptable in planning terms and would not be directly related to the proposed development. It would therefore not be fairly or reasonably related in scale and kind to a proposed development. If such a contribution is to be sought, further evidence and information will be required within the SPD as to when and why such an obligation would be required to make a development acceptable and also on the potential scale of such a contribution with evidence of how it would be spent.</p>	Agreed. The previous para 7.10.3 relating to this has now been removed.
Section 7.3	17480	<p>The draft SPD is clear that “developments may be required to contribute to increasing the services and a capacity to accommodate the needs of any additional young people brought about through housing development”. However, it is unclear whether both minor and major developments may need to provide such a contribution and clarity should be provided. In addition, an indication of the likely contributions should be provided.</p> <p>It is noted that the Hertfordshire County Council (HCC) Guide to Developer Infrastructure Contributions SPD contains a section on youth provision and includes a financial contribution per home (with the size of contribution dependent on the size of</p>	No change required. As with other infrastructure types, the SPD provides coverage on contributions sought by other organisations. As such, the HCC Guide to Developer Infrastructure Contributions is referenced in the SPD in relation to youth provision.

		the house). While the draft SPD recommends users 'have regard' to the HCC Guide to Developer Infrastructure Contributions SPD, there is no clear comparison between the two or intention that similar contributions should apply. If indeed, youth provision contributions will be sought through HCC, there is no need for it to also be contained within the draft SPD.	
Section 7.4	17480	Request for more information within the SPD on size thresholds for developments that would require on-site health facilities.	A level of flexibility is required to ensure that contributions towards healthcare can be obtained where needed. Nonetheless, no S106 agreement would be required for schemes of under 10 units in any case. Further to this, the adopted Local Plan includes site allocations that identify where health facilities will be required on-site.
Paragraph 7.46	16130	<p>Object – The text in the SPD acknowledges that in the context of new large residential developments it is more appropriate for S106 contributions to fund capital works rather than for example to fund digitisation of paper files to free up room to increase patient capacity.</p> <p>In such circumstances it remains the case that clearly costed justification must be made for such digitisation given the way in which capital projects can be costed and justified. As such we consider that the final sentence of paragraph 7.4.6 should be amended to read "If internal and external payment alterations are also required it would be more appropriate for Section 106 contributions to fund physical building works rather than the digitisation project itself provided that in both cases the reasoning and costs are fully justified in the context of the CIL Regulations".</p>	Agreed and amendment made as suggested.
Section 7	9861	<p>This section highlights the challenge of this document, where there are very specific and understandable requirements for aspects such as health (although comments on this follows) and then very general text for the other requirements that provide no clarity on what may be required for what could be extensive contributions.</p> <p>Where reference is made to education, this can be the highest contribution sought and most complex where new schools are provided. This should be a joint piece with HCC setting out requirements, methodology, evidence and cost.</p> <p>With respect to health, this is a hugely complex issue with a range of bodies and agencies involved. It is unrealistic to require new GP provision, when this is completely out of the hands of the landowner, developer and the health authorities, as GP practices are generally private bodies and a new GP practice or additional GP</p>	The SPD signposts the HCC Guide to Developer Infrastructure Contributions where relevant. It should be noted however that the Guide was developed outside the formal plan-making process and its contributions were not tested through the Local Plan examination. As such, it is referenced and signposted where appropriate but without being formally endorsed or forming part of the 'baseline' viability considerations.

		<p>numbers cannot be guaranteed. We agree and support the need for additional GPs and enhanced health facilities, but the provisions of this part of the SPD should be realistic and reflect the complexities of health delivery.</p> <p>Libraries (7.7) is a clear example of where HCC has a standard calculation that is used that could be incorporated in this document.</p> <p>When community centres (7.8) are discussed this refers to the freehold being transferred to the Council. The Council has recently disposed of its interest in some community centres and seeking to reduce commitments in a number of community halls and passed this on to local groups. If land and buildings are to be transferred to the Council this should incorporate clear covenants to ensure that they are used for no other purpose. It should however be recognised that the Council plays less of a role in the provision of community halls and there are other groups and organisations that can take these on.</p>	<p>The Council's Community Halls Strategy sets out the approach to the provision of community centres. This document is due to be updated in due course.</p>
Section 7.5	17480	<p>The draft SPD states "New developments will be expected to contribute proportionately towards the provision of additional facilities to meet future demands". The draft SPD states that the 'Indoor Sports Facilities Strategy and Action Plan' should be used to identify projects for future developer contributions. However, the document does not provide any information on the formula used to calculate a contribution. This should therefore be provided within the draft SPD along with clarification of which type of development will be required to provide a contribution. Without this, there is no certainty for developers, or NHDC, on what contributions can be secured through the SPD.</p>	<p>The SPD does not propose formula based contributions for indoor sports facilities however there is now an amendment at paragraph 7.5.2 stating: "The Council will use the Sport England Sport Facility calculator to inform calculations for the level of S106 to be sought for indoor sports and leisure facilities. It will identify relevant and appropriate projects to which contributions will be used in consultation with Sport England and by referring to the most up to date Indoor Sports Facilities Strategy and Action Plan."</p>
Section 7.5	979	<p>Section 7.5 does not provide any detailed guidance to provide clarity and transparency on the Council's approach to securing developer contributions for indoor sports facilities. It is therefore requested that the section is amended to provide more detailed advice covering the matters identified in the comments. This will help ensure that the approach set out in the SPD is consistent with the tests in Regulation 122 of the CIL Regulations and would reduce the risk of challenge in practice.</p>	<p>See above comment</p>
Section 7.6	17480	<p>The draft SPD states "The Council will seek contributions towards other public realm and public facilities...where necessary and reasonable". To provide developers with certainty, more information should be provided within the draft SPD. The text "where necessary and reasonable" provides no certainty for the</p>	<p>The Town Centre Strategies are due to be updated and will factor in such aspects.</p>



		<p>developer, or indeed NHDC. A clearer assessment of which development sites are liable for this contribution would also prevent negotiation at the S106 stage. As a minimum, the type of site liable to pay the contribution should be identified (i.e. major or minor development, and commercial or residential development), and an indication of the amount of contribution should be provided.</p>	
7.6	16816	<p>While we welcome the discussion regarding the historic environment, we consider that the focus is too narrow in that it only refers to archaeology. Historic England advocates a wide definition of the historic environment which includes not only those areas and buildings with statutory designated protection but also those which are locally valued and important, as well as the landscape and townscape components of the historic environment.</p> <p>We therefore request that 7.6 is expanded to include built heritage (e.g. Listed Buildings and Locally Listed Buildings), and historic landscapes (e.g. Registered Parks and Gardens etc), and that the table at the start of section 7 is amended to include policies HE1 (Designated Heritage Assets), HE2 (Heritage at Risk), and HE3 (Non-designated heritage assets).</p> <p>Furthermore, to support the delivery of the Plan's heritage strategy it may be helpful to list other instances in which contributions may be sought. These included:</p> <ul style="list-style-type: none"> <li>• Repair, restoration and maintenance of heritage asset(s) and their setting;</li> <li>• Increased public access and improved signage to and from heritage assets;</li> <li>• Interpretation panels / historical information and public open days;</li> <li>• Production and implementation of up to date Conservation Area management plans and appraisals;</li> <li>• Measures for investigation, preservation and display of archaeological remains and sites;</li> <li>• Provision of local capacity for the storage of, and public access to, archives resulting from archaeological and/or historical investigation;</li> <li>• Dissemination of historic environment information for public/school education and research, including museum displays for popularisation of archaeological discoveries;</li> <li>• Sustainability improvements (such as loft insulation) for historic buildings;</li> <li>• Public realm obligations, including enhancement of historic squares and spaces, registered parks and gardens, historic pavement materials, street furniture, removal of street clutter and installation of sympathetic lighting etc.</li> </ul>	<p>Text has now been included accordingly and an addition included beginning with "Depending on the scale and nature of the scheme and to support the delivery of the Plan's heritage strategy the following contributions may be sought ..."</p>
Section 7.8	17480	<p>The draft SPD states that the 'Community Halls Strategy' includes an Action Plan which informs the required developer contributions. However, the Strategy does not set out the relationship between planning permission for housing and the provision of town and village halls. This is the role of the draft SPD.</p> <p>Therefore, the SPD should be clear in which developments will be required to make a contribution towards community facilities and provide clear information on whether a formula will be provided to give developers certainty from the outset.</p>	<p>The Council's existing Community Halls Strategy (2015) does set out the circumstances in which contributions will sought. This states that: <i>For any new housing developments impacting on the operational functionality of a local, existing,</i></p>

			<p><i>community facility within the urban or rural areas we will look to collect developer contributions to be used towards improving the quality of that facility in the light of its physical condition as assessed within this strategy.</i></p> <p>The document also states that:</p> <p><i>For any major new developments creating new communities we will look for new centres or halls to be provided as part of the development taking into account existing facilities. For all other developments we will look to collect developer contributions to be used towards the extension or other improvement of existing facilities in order to allow them to deal with the expected increase in demands placed upon them.</i></p> <p>Nonetheless, given the age of the Strategy, the Council intends to update this document in due course.</p>
Paragraph 7.8.4	4970	The reference to Council in para 7.8.4 regarding transfer of asset should include North Herts Council and Parish and Town Councils	Now incorporated.
Section 7.9	17480	<p>The draft SPD notes that “contributions may be sought from development schemes which have the potential to increase the demand on the Hertfordshire Fire and Rescue Service”. No indication is given as to which scale of development are likely to increase demand on the service, even though this level of information must be known. For example, is a minor development of under 10 homes likely to cause an unacceptable increase in demand on the service or is it realistically just the larger scale developments?</p> <p>Similarly, no indicative costs have been provided against this contribution. This should be provided in the SPD to provide both developers and NHDC with certainty. Contributions may also be sought towards Policing, “where required and appropriate”. The SPD should provide clarification on when such a contribution would be necessary. For example, what scale of development is relevant and how does a development trigger it ‘appropriate’ for the contribution to be made or not.</p>	This information is provided in the HCC Guide to Developer Infrastructure Contributions and accompanying Technical Appendices, which is cross-referenced in the SPD.

Paragraph 7.9.6	16813	<p>The wording at 7.9.6 ought to be made similar to other sections. HFRS as a service is now actively seeking financial contributions towards identified projects that are necessary to mitigate growth. I recommend the following amendments underlined;</p> <p>7.9.6 Contributions may be sought from development schemes which have the potential to increase the demand on the Hertfordshire Fire and Rescue Service (HFRS) as currently provided across the respective Council area. In those cases, HFRS may seek planning obligations towards fire and rescue services. <u>Discussions should be undertaken at an early stage with Hertfordshire County Council to ensure that there is sufficient capacity of HFRS facilities to mitigate the implication of the proposed development. This includes having regard to the Hertfordshire County Council Guide to Developer Infrastructure Contributions to determine the level of contributions expected to be provided from the proposed development.</u></p>	Now taken forward in the next version of the document.
Section 7.10	17480	<p>The draft SPD notes that, where development is in an area which currently has a lower quality of internet and mobile coverage, contributions may be sought towards projects aimed at boosting high-speed communications coverage. There is no further information provided on either which areas currently have a lower quality or what the contribution would be based on. Such information should be provided within the SPD in order to provide an indication of which sites may have to pay a contribution.</p>	This has now been removed from the document as not likely to be need.
Section 8 – Natural Environment			
Paragraph 8.28 onwards (BNG)	17478	<p>As noted by the NPPG, an SPD cannot introduce new policies. Therefore, until such time as the mandatory provisions of the Environment Act come into force, the Council cannot require developments to achieve at least a 10% net gain, and certainly could not withhold planning permission if a proposal did not achieve a 10% gain.</p> <p>Gladman would therefore suggest the above sentence at paragraph 8.2.8 should be tempered to make clear the 10% target is aspirational and not an absolute target. At paragraph 8.2.17 the requirement for a dedicated BNG plan (or proposed habitats plan) is outlined and further at 8.2.20 that the BNG plan will be subject to approval as part of any outline application. Gladman note this aspiration however, as an outline application may only seek to approve the principle of development, such a requirement would be more relevant at reserved matters stage. We would therefore</p>	<p>An amendment to the text has now been included for clarity to explain that the 10% is not yet formally enacted but will be strongly encouraged by the Council.</p> <p>In addition, the following text has now been added to the end of paragraph 8.2.23: ...'having regard to a site's overarching BNG strategy.'</p> <p>Due to masterplan requirements set out in Policy SP9 many larger outline</p>

		<p>suggest greater flexibility based on the matters submitted for approval at outline stage and potentially use of planning conditions secure BNG at reserved matters stage.</p> <p>Further, at paragraph 8.2.23, the SPD refers to requirements for strategic and phased developments and the need for BNG reports to be submitted for all subsequent reserved matters applications. The Council should ensure that RM applications are assessed having regard to a site's overarching BNG strategy, which may recognise specific phases are not intended to contain BNG. This avoids the risk of assessments inadvertently requiring BNG to be 'topped up' even where measurable gains are already proposed to be achieved.</p>	<p>developments that are either strategic sites or significant development will be required to produce a masterplan that will be approved as part of any outline permission. This will be approving more than just the 'principle' of development. It will be approving a sound design framework to guide reserved matters and design quality as NPPF requires. Good practice guidance advises the frontloading of BNG into the planning process to mitigate risk of non delivery, which is what the BNG plan requirements are seeking to achieve.</p>
Section 8	9861	<p>This section is clearest example of text being included that is not needed with respect to obligations with extensive discussion on master planning principles, which should be part of other guidance or the Design SPD and not this document.</p> <p>This does however include clearer guidance with respect to open space, taken from the Fields in Trust guidance, which is not found in many parts of the document.</p>	<p>Given the time lag between the adoption of the Local Plan and the forthcoming SPDs (including the Biodiversity SPD and Design Code SPD), the intention is to provide additional guidance in this SPD on matters such as Biodiversity Net Gain and good green space design to inform the S106 process.</p> <p>The Council propose the continuation of the use of the Fields in Trust standards for the time being and these standards are employed by many other local authorities.</p>
Section 8	17466	<p>I call on the council to specifically call for no mains gas to be enabled in the large new estates in this SPD. The Council have declared a climate emergency, gas prices have risen significantly, alternative heating methods are available and building to Passivhaus or LETI standards makes gas unnecessary.</p> <p>Stating categorically that gas will not be enabled provides a powerful lever which will force developers to take insulation and draught proofing seriously and force modernisation of common practices.</p> <p>Hiding behind out of date Building Regulations is no longer acceptable. As little as 3 kilowatts of heating energy is required if these more modern standards (eg</p>	<p>This is a Building Regulations as opposed to a planning matter, however the forthcoming Sustainability SPD will include matters within the remit of planning.</p>

		<p>Passivhaus or LETI) are adopted but developers can achieve a nominal 'zero carbon' specification while still requiring 10 to 15 kilowatt gas boilers.</p> <p>It is supposed to be government policy by 2025 for new builds but there is no reason why a no gas policy cannot be adopted sooner.</p> <p>The extra cost of achieving Passivhaus or LETI standards is in the region of £8k to £14k (according to LETI in 2019) but this price differential must be significantly reduced as energy prices have risen.</p> <p>I have trawled through, and word searched the latest version of the SPD and can find no mention of 'gas' or 'central heating'. Ditto the 'Herts Renewable &amp; Low Carbon Energy Technical Study' which is referenced in the SPD (Section 8.10) and is now 12 years out of date. I conclude that although the 'Study' calls for Zero carbon by 2016 on new builds the exact meaning of zero carbon is ill defined.</p> <p>There is the danger that on builds authorised before 2025 gas boilers will still be required and ultimately will need expensive retrofits to heat pumps etc in 2035 when gas is totally banned for domestic heating.</p> <p>The associated document, 'Strategic Environmental Assessment Screening Determination Statement for North Hertfordshire District Council Developer Contributions Supplementary Planning Document, states in Table 1 C: The SPD is highly relevant in terms of promoting sustainable development as it seeks to ensure the effective and consistent implementation of developer contributions policy. Surely this opens the door to justifying the banning of gas in the larger estates?</p> <p>The SPD calls for high speed data highways in these new estates. On the same basis mains gas could be forbidden.</p>	
8.2	16951	<p>The Draft SPD indicates that Biodiversity Net Gain (BNG) matters will generally be secured by condition, but that for off-site provision "The land will be subject to a S106 agreement or similar unilateral undertaking to ensure delivery of the biodiversity management". The SPD should provide clarity as to whether this would still be the case if the off-site provision is to be within 'blue land' within the control of the applicant, as denoted on an application's site location plan. CP consider that</p>	<p>The purpose of any condition would require an update to evidence how the phase of development was implementing the delivery of the BNG strategy and plan</p>

		<p>in such a circumstance, provision could adequately be dealt with by the lesser requirement of a condition, and this should be reflect within the SPD.</p> <p>The document also sets out an expectation that the majority of strategic and phased development will require a resubmission of the BNG Report with each subsequent reserved matters application, with an updated BNG calculation and Habitats Plan. This statement requires further clarity. BNG is not a reserved matter and to try to apply it to a single phase can be exceptionally challenging. It is not clear if it would just be expected to provide a general update with each phase to ensure ongoing compliance or a full updated assessment and metric. It should be made explicitly clear, in order to ensure consistency with national legislation, that metrics would not be required to be updated after the outline approval. If a more up-to-date metric is required with more onerous assessment criteria, it could render further phases of a committed development undeliverable, which would not be appropriate and hinder the delivery of new homes.</p>	<p>Further detail will be provided in the forthcoming Biodiversity SPD. This will enable greater monitoring and surety of what is being delivered.</p>
Paragraph 8.2.4	17473	<p>I am greatly concerned by the wording of 8.2.4 in regards to buffers. I am well aware that developers will push for the minimal amount of buffers in any development. I think the wording should include non-designated sites that are biodiversity rich or contain important habitats/species as not all sites that have a large amount of species including protected species have been designated. As someone who has experience as a mammal recorder and been involved with protected species for a number of years, I believe it is important to be clear in regards to policies so that there are no loopholes.</p> <p>Non-designated sites could be clarified by local groups, such as badger groups, bat groups as well as Herts Environmental Record Centre.</p> <p>In regards to the buffers, wording should surely also include all connective features as this would cover treebelts that link one woodland habitat to another or an important wildlife habitat to the open countryside. Another concern that I have is in regards to the unclear wording around the 12m buffers. Again, I am more than aware that a developer will aim for as little as possible. Stating 12m around a hedgerow or woodland could be argued that this is a total, but where a site has a large number of species and wildlife corridors are of paramount importance, surely wording should state that in these cases a 12m buffer must be on each side of a hedgeline and on each side of a connective feature, so that everyone is clear as to the policy.</p> <p>Our biodiversity is in serious decline and we need to give it all the help we can. It is important that North Herts removes any possible loopholes and makes clear on all policies that will benefit our wildlife and result in a net gain, in line with the NPPF. As the new environment bill is not yet in place, I would strongly recommend that North</p>	<p>Further detail will be provided in the forthcoming Biodiversity SPD.</p> <p>Paragraph 8.2.4 repeats Local Plan policy and does not add to this.</p>

		Herts includes in its wording that a minimum 10% net gain is necessary with all development sites in accordance with the NPPF and future bill.	
Paragraph 8.2.4	15505	<p>Incorporate 'non-designated' sites that include important habitats and species and connective features into wording of 8.2.4. Also include 12m complimentary habitat should be incorporated on either side of hedgerows and connective features in all wildlife rich sites to ensure a minimum of 10% net gain.</p> <p>Amend wording to state in accordance with the Environment Act 2021, the council requires all developments to achieve 10% biodiversity net gain.</p> <p>Utilise domestic features such as swift bricks, hedgehog holes and bat boxes.</p>	A clarification has now been added at paragraph 8.2.7 to explain this is in advance of the formal enactment of the statutory requirement.
Section 8	16700	<p><i>8.2.7 Whilst the Local Plan does not specify a target for BNG, the Council are taking a pro-active and masterplan led approach to encouraging new developments to achieve a net gain for biodiversity of at least 10%.</i></p> <p>NPPF 174 states that net gain is a requirement of planning. The Env Bill sets this level at a 10% uplift in ecological units. Under NPPF each LPA can set the net gain bar as high as it wants, it is not dependent on the Environment Bill to legitimise this figure. If you state 'the council are encouraging 10%' developers will ignore it and revert back to 0.000001% as net gain, until the Env Bill supporting legislation is enacted. Be more definitive here. Suggest change to:</p> <p><i>8.2.7 The local plan and NPPF state that net gain is a requirement of planning, which must be determined by utilising the Natural England Biodiversity Metric. In accordance with the Environment Act 2021, the council will require development to reach a minimum 10% uplift in habitat units to achieve biodiversity net gain.</i></p> <p>Minor changes/clarifications suggested below in underlined:</p> <p><i>8.2.14 Where it is apparent that the baseline habitat value of the site has been negatively affected prior to assessment, the Council will require an assessment of the site based on the habitat condition prior to any intervention (i.e. removal of vegetation). This could be based on previous aerial photography and environmental records. <u>Any negative habitat modification after January 2020 will refer to the worst case scenario habitat baseline at that date – in accordance with the Environment Act.</u></i></p> <p>8.2.15 A habitat baseline plan should be produced using the UK Habitat Classification<sup>[40]</sup>. This may be produced using information from the PEA Report or EclA Report. This should clearly show the habitat types and area and length of any habitat type or habitat parcel. A reference number for each habitat parcel should cross reference to the metric. Baseline maps showing linear features e.g., hedgerows, rivers</p>	<p>A clarification has now been added at paragraph 8.2.7 to explain this is in advance of the formal enactment of the statutory requirement.</p> <p>SPDs are unable to set policies or introduce new requirements, however an amendment has now been included, and paragraph 8.2.7 now states 'strongly' encouraging to bolster the sentence.</p> <p>The text shown for additions as underlined has now been incorporated.</p>

		<p>and streams should be provided in spatially accurate digital drawings. <u>All habitat types selected must be justified with survey evidence i.e. species lists, relative abundances, community descriptions and photographs. These must correlate with UK Habitat Community descriptions. For the avoidance of doubt, National Vegetation Communities MG1, MG6 and MG10 must be recorded as other neutral grassland, in accordance with UK Habitat Community descriptions. All condition assessments must be supported by condition assessment sheets for each habitat parcel and justified with survey evidence. Unrealistic condition scores in the time available, flagged by the submitted metric, will not be accepted. Habitat enhancement will only be permitted within the same habitat type, e.g. grassland to better quality grassland (improving low value habitats to medium value habitat and above should always be recorded as habitat creation).</u></p> <p>8.2.17 A BNG plan (or proposed habitats plan) should be provided that clearly cross references to the individual lines of the metric habitat calculations. It can be based on the site layout plan, illustrative masterplan, strategic masterplan or green infrastructure parameter plan depending on the nature of the planning application.</p> <ul style="list-style-type: none"> <li>• Utilise domestic scale features to support wildlife, such as <u>integrated</u> bat and bird boxes/bricks and invertebrate boxes<sup>[42]</sup></li> </ul>	
Section 8.4	979	<p>Support is offered in broad terms for the approach to providing for outdoor sport in new development set out in section 8.4 especially the use of the Council's Playing Pitch Strategy &amp; Action Plan to inform provision and Sport England's Playing Pitch Calculator to calculate demand. However, comments are made in relation to the continued reference to the use of the Fields in Trust standards for application to playing pitches/other outdoor sport, the need to update the Playing Pitch Strategy &amp; Action Plan to use the Playing Pitch Calculator and the accuracy of paragraph 8.4.6.</p>	<p>It is acknowledged that there can be conflicts between the Fields in Trust standards and other standards available.</p> <p>Any discrepancies between the requirements arising from the Fields in Trust standards vs the Sport England calculator will be considered on a case-by-case basis having regard to local circumstances, provision and priorities.</p>
Section 8.4	16951	<p>The Draft SPD advises that the Council's Open Space Assessment (2022) has updated the Open Space Review (2016), but that this is still pending publication. A footnote advises that the new Assessment is anticipated to be published in December 2022. The SPD indicates that this Assessment will be accompanied by a series of 'Settlement Profiles' which will provide a more localised analysis of open space provision to help inform decision-making on open space provision on a site-by-site basis. However, it also states that the Council is using the Fields in Trust (FiT) Guidance, November 2020. It is therefore unclear if the intention is for the new</p>	<p>The use of the Fields in Trust Standard was agreed at Cabinet in July 2021 for the interim. The Fields in Trust standards are a nationally recognised and widely used standard for open space provision.</p>



		<p>Assessment to provide new and local standards which will supersede the FiT guidance.</p> <p>Presently this creates an uncomfortable level of uncertainty regarding required future open space standards and could mean that developers are progressing layout plans and arrangements at significant risk, as it is not known if the localised requirements will be substantially different. Developers have already seen such a recent notable change when the LPA, without any public consultation, agreed to revert to using Fields in Trust standards rather than their own 2016 Open Space Review standards. If there is to be further change, clarification must be provided as soon as possible to limit abortive work and provide clarity on how schemes will be assessed.</p>	<p>The Council intend that the Fields in Trust standards will remain in place for the time being.</p> <p>An update to the Open Space Audit was undertaken to review the districts' provision against the FIT standards and this work has not introduced new standards, just clarity on typologies, quantitative and spatial provision and where deficiencies are located. The settlement profiles are available on request and will inform decision-making on masterplanning and planning applications on the form and location of open space.</p> <p>Text has been amended at the final bullet point at paragraph 8.4.6 accordingly.</p>
Paragraph 8.5.3	16813	<p>Paragraph 8.5.3 numbering appears to be missing for the following paragraph:</p> <p><i>Where SuDS are required, on-going management and maintenance arrangements will need to be demonstrated.</i></p>	Now included in the next iteration of the SPD.

### Appendix B: February–March 2020 consultation responses

Subsection	Comment ID's	Summary of comments	Actions
Section 1 – Introduction			
Generic	8428; 8437; 8425; 8359	Outside of support and requests for continued updates, requests are made for clarity regarding the nature of development contributions which may be sought and what the term 'correct at the time of writing' means. A further specific request has been made to re-term parts of the flowchart on the final page (from 'completion' to 'agreed form').	References to 'correct at time of writing' deleted and replaced left as 'subject to change'. Wording of flowchart adapted as per suggestion.
1.3	8430; 8428	Request for formulaic approach to contributions. Comment that the document fails to address the relationship between contributions and CIL, and when and whether CIL will be introduced. A further request made to repeat the tests of obligations in paragraph 1.3.5	No action on formulaic contributions. CIL is currently being researched and will be reported on in the future, the SPD cannot predict the outcome of this process. Tests of obligations re-referenced in 1.3.5.

NORTH HERTFORDSHIRE DISTRICT COUNCIL –DEVELOPER CONTRIBUTIONS SPD

1.5	8438; 8431	SPD should not be adopted until after adoption of ELP. SPD should confirm a case by case basis is adopted to the applicability of the current SPD and any HCC documents as and when they are adopted.	We will review the options for adoption of the SPD based on progress of the ELP. The weight applied to HCC documents will be based on their progress. No action required in SPD document itself.
1.6	8437; 8431	Welcomes CIL. Suggests SPD should emphasise there is no scope for developers with existing S106 to be asked to make CIL payments as well.	The technical application of CIL will be examined as and when it is considered for adoption by the Council following a forthcoming recommendation. No action required in the SPD.
1.9	8430; 8360; 8427; 8429; 8433; 8437; 8438.	£150,000 limit contradicts 7.4.4. Police and Crime Commissioner for Hertfordshire could be added to list of providers. Clarity requested on third party signatories, collection, distribution and return of unspent contributions	Figure corrected to £250,000. Clarity added in section 1.9.1, 1.9.2 and 1.9.3.
1.10	8430	Clarity on when the Infrastructure Development Plan will be updated with a timetable	No action required.
1.11	8430; 8426; 8433; 8438	Re-wording, partial deletion, further explanation requested	Partially actioned to add some clarity to the purpose of the section (1.11.2)
Section 2 – Process, Procedure and Management			
2.1	8444; 8448; 8450; 8463; 8471;	Suggested additional providers, re-wording requested to put responsibility for HoT on the Council, suggesting draft viability appraisal not always possible at pre-app stage and is not a land use issue.	Amendments made to provide clarity and loosen wording where required to resolve issues raised. (2.1.2 & 2.1.3)
2.2	8471; 8470; 8463; 8450; 8448;	Contradiction raised with 2.1.3, requirement for agreeing terms of S106 before committee impractical, formulaic approach re-iterated, obligations must meet tests, amendments requested for clarity, County Councils legal costs should be covered.	Contradiction resolved, section added regarding tests of conditions, amendments for clarity added. County Council costs request added. (2.2.2, 2.2.3 & 2.2.8)
2.3	8457; 8450; 8448	Should viability data be public, comments made on factors of viability, circumstances are flexible and changeable.	Clarity on why viability public added. (2.3.5). No other action required.
2.4	8457; 8450	Methodology and triggers should be clear in the SPD, inappropriate to use review mechanism on small and medium sized developments	Addition to state mechanisms by their nature bespoke to the circumstances of the viability issue in each development. (2.4.3) No other action required.
2.5	8457; 8450; 8448	HCC contributions represent priority matters to make development acceptable, policies are the basis of contributions, contributions need to be fair.	No action required.
2.6	8470	County Council legal fees also payable.	Amended to account for this (2.6.1)
2.7	8450	Monitoring costs should be published at an hourly rate, report to Area Committee should include unspent contributions.	No action required, many different skills and skill levels may be required in monitoring, and report will be based on and include regulatory and legislative requirements in place at the time of the report.
2.8	8471;	Suggested re-wording of 2.8.1.	No action required, re-wording more vague and confusing, no harm resultant from existing wording.
Section 3 – Economy and Town Centres			

NORTH HERTFORDSHIRE DISTRICT COUNCIL –DEVELOPER CONTRIBUTIONS SPD

3.2	8439; 8458	Clarity on what is larger sites, document should recognise that economic appraisal may be required where development would harm local economy	No action required, definition of larger sites present, harm is a policy issue, not related to contributions.
3.3	8445; 8451; 8464	Criteria for schemes to contribute to public realm, how can the applicant complete works outside of their control, contributions need to meet tests of conditions, town centre developments should have lesser contributions than out-of-centre developments, contributions should be sought for policing works to ensure security.	Minor clarification made to 3.3.4. No other action required.
Section 4 - Transport			
Generic	8424	Please add DFT Circular 02/2013 to the opening table at chapter 4 Transport, under other relevant Strategies & Guidance	Actioned.
4.1	8440; 8466	Herts Highways not consulted on all applications, if sustainable transport contributions render a scheme unviable, such developments should not go ahead	'for which contributions may be required' added for Herts Highways consultation (4.1.3). No other action required.
4.2	8472; 8466; 8459; 8452	Requests made should be reasonable and not impact on delivery, engagement of all parties early on should be reiterated, HCC guide to developer contributions not yet final, transition period suggested, HCC should be identifying schemes, not developers, S278 can be used in combination with grampion condition as well as in conjunction with S106, Roads in Herts suggested to be re-referenced in the SPD, clarification on non-financial contributions, all obligations should meet the tests of obligations	Change in reference to Roads in Hertfordshire actioned (4.2.2). Clarification added on use of S278 with Grampion conditions (4.2.3). Reference to CPZ in non-financial obligations removed as required financial contributions (4.2.6). No other action required.
Section 5 - Housing			
5.2	8460; 8453; 8441	Increased off-site provision could incentivise the Council to agree. Location of donor sites may not be feasible or desirable in rural areas. BPC object to case-by-case approach for affordable housing occupation restrictions. Details of commuted sum calculation required. Why commuted sum based on 2-bedroom houses. Costs related to C2 provision higher and could impact viability. Commuted sums should be spent in area collected. All affordable housing should be social rent. LGC Housing Needs Survey should be included. Reference to existing circumstances could cause later confusion. M4 (2 & 3) accommodation should be provided across tenures. Question validity of 5.2.65. LHF request more stringent prioritising of LGC residents. There is no justification for rounding up to the nearest whole figure. No precise policy justification for higher affordable housing provision required where provided off-site. No reference in Local Plan to it being necessary to introduce rental caps below 80%. 65:35 split for affordable housing is a starting point for negotiation in the policy.	Clarity added on endeavours to spend commuted sums close to sites contributing (5.2.33) Word requires changed to expects (5.2.42) to reflect main modifications on ELP. Explanatory paragraph added (5.2.55) showing how existing circumstances may change and enforcing the point the SHMA is a starting point, not definitive. M4(2) will be distributed across all tenures. M4(3) should only be housing where DC responsible for nominating tenant for reasons set out in LP. Partial deletion of 5.2.60 for clarity. 5.2.64 – sentence added for clarity of equal distribution of AH along phases. No other changes required.

NORTH HERTFORDSHIRE DISTRICT COUNCIL –DEVELOPER CONTRIBUTIONS SPD

5.3	8473; 8453	Mechanisms should also be in place to prevent these plots to be sold for speculative development. Further mechanisms should prioritise marketing to local people. Question the need to restrict palette choice as this may restrict innovation. Flexibility in allowing all self build plots to be made available by 50% completion on-site. Protect developers against partially built self-build.	No changes required. Wording already very flexible, no reference to 50% trigger point.
Section 6 - Design			
6.3	8454; 8461	Materials should be sourced from sustainable materials. Conditions and obligations should meet relevant tests.	Added to 6.3.1. No other change as cannot repeat tests ad-infinity
6.6	8468	The last sentence of paragraph 6.6.4 makes reference to Hertfordshire Waste Recycling Centres. These should be called Household Waste Recycling Centres (not Hertfordshire).	6.6.4 changed to reflect.
Section 7 – Healthy Communities			
7.1	8455	Include North Herts College as key stakeholder. no provision to require developers to contribute to training and apprenticeship programmes. The current text places a reliance on Youth Connections, should in the future this no longer exist, an alternative mechanism should be in place.	No changes required. No reference to Youth Connections found. Apprenticeships within the build out referenced earlier in the SPD.
7.2	8447; 8467; 8475	Suggested amendments – the provision and/or contributions towards the serviced land may also be required, to be determined on a case by case basis. “Education and early childcare facilities”. Instead this should read “Education and early childcare years facilities”. “...the demand for school and nursery places...”. This should read “...the demand for school and nursery early years places...”. “...be it expansion to an existing school or a new school, then serviced land will also be required.” This should have the following added and read; “...be it expansion to an existing school or a new school, then serviced land will also be required, which will be expected to adhere to Hertfordshire County Councils land specification.” Developers may be liable to contribute land as well as financial contributions. This approach is unreasonable, and should be reviewed. The developer is entirely within their right to recover relevant land value for alternative purposes associated with infrastructure that is not solely required in respect of their site.	7.2.2 partially changed in light of this request. 7.2 title changed to reflect. Amendment made to 7.2.1. Amendment made to 7.2.2. 7.2.3 already covers this point, no amendments required.
7.3	8467	The youth section needs a paragraph referring to HCC as has been included within other sections. ‘Discussions should be undertaken at an early stage with Hertfordshire county Council to ensure that there is sufficient capacity of youth facilities to mitigate the implications of the proposed development. This	Added at 7.3.2

		includes having regard to the Hertfordshire County Council Guide to Developer Infrastructure Contributions to determine the level of contributions expected to be provided from the proposed development.' [footnote reference URL]	
7.4	8475; 8462; 8455	Referring to the current edition will cause confusion at later date. Object to the use of developer contributions to fund record digitisation. Evidence of the expenditure of any health contributions should be provided to an applicant for the purposes of transparency and accountability. What is meant by 'largest developments'? Occupiers may be already be resident within the Health Authority area, so no additional burden. Emphasise the tests of obligations.	Definition of 'larger sites' added (7.4.1) Correct at time of writing changed to details subject to change over time (7.4.2) No other change required
7.5	8361; 8362	Section 7.5 does not provide any detailed guidance to provide clarity and transparency on the Council's approach to securing developer contributions for indoor sports facilities. It is therefore requested that the section is amended to provide more detailed advice covering the matters identified in the comments.	No change implemented.
7.6	8455; 8467	Include a reference to contributions to enhance and expand existing facilities, should this be appropriate. The reason for this is because new finds of significant archaeological material may not be sufficient on their own to warrant a new facility and may put enormous pressure on existing facilities. Request for reasonable to be added to 7.6.4.	To enhance and/or expand existing facilities added (7.6.3) Reasonable added to 7.6.4
7.8	8455; 8442	the proposals for developer support of ongoing management arrangements, for example for community hubs is far too vague. As with the proposals in 8.2.4 the commitment to ongoing management should be for 10 years, or more. Not support the freehold transfer of community buildings on its development site.	In most instances added to secure that not transfer not a blanket requirement (7.8.4) Section added to 7.8.4 to make it incumbent on the developer to evidence management arrangements are proportionate and sustainable in the long term.
7.9	8455; 8446	It is not the role of the planning system to secure policing numbers. {NEW} Police services are provided through the Office of The Police and Crime Commissioner for Hertfordshire and contribute to the overall well – being of local communities. Police infrastructure comprises fixed property and technology assets; and human resources, which includes Local Community Policing, victim support, and crime reduction initiatives such as use of CCTV. These can arise either locally, or as a result of cross – boundary considerations where scale and efficiency of operation require policing facilities to be located out with the boundaries of the local authority. The Council will therefore require development, where required and appropriate, to contribute towards the delivery of policing	New paragraph added as provides clarity on reasons for contributions (7.9.7)

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		infrastructure to serve new developments and mitigate against their impact upon existing police resources. {END} To assist with the proper design of new communities, and in addition to the wider range of policing infrastructure, HC are able to advise on design. This is in line with Local Plan Policy D1 Sustainable Design, and applicants should demonstrate that opportunities for crime and anti-social behaviour have been designed-out. Hertfordshire Constabulary will be consulted on planning applications where it is considered that there may be an impact in terms of community safety.	
7.10	8447; 8455; 8467	This paragraph ought to go further referencing Full Fibre and Gigabit Capable coverage which would be in line with new Government targets. Should be all new major development. Contributions for boosting high-speed communication coverage is not supported by a policy and offers lack of clarity associated with what may be sought or the scale of the contribution.	'All' added instead of 'most large' (7.10.2)
Generic	8467	HFRS should be included in SPD as capacity is affected by additional development demands.	Paragraph 7.9.6 added.
Section 8 – Natural Environment			
8.2	8456; 8447	Clarity should be provided as to which requirements can be dealt with by way of condition and by legal obligation. This should specifically mention the requirement for developments to achieve biodiversity net-gain, with a hierarchical approach, with on-site mitigation a priority, and off-site compensation/contribution a last resort.	Clarification added 8.2.2. Reference to net gain added to 8.2.1.
8.3	8469	The SPD document should include measures to conserve and enhance the historic as well as the natural environment of this site. Note that Therfield Heath is an archaeological site.	No change required.
8.4	8476; 8465; 8456; 8443; 8366; 8365; 8364; 8447	Paragraphs 8.4.14-8.4.18 only provide limited guidance to provide clarity and transparency on the Council's approach to securing developer contributions for outdoor sports facilities. Objection is made to the proposal in paragraph 8.4.4 to all schemes having regard to a standard of 1.6 hectares per 1000 population for outdoor sport which would be used for quantifying provision in new development. However, the use of this standard is not consistent with the Council's Playing Pitch Strategy which also forms part of the Council's local plan evidence base, and which did not advocate the use of a generic outdoor sports standard for applying to new development. It is therefore requested that the standard is removed from the SPD and replaced with amended guidance. No standards are being set for the protection of green corridors which are to be considered on a case by case basis. A clearer	Units of measurement added in 8.4.2 Clarity added to 8.4.18 Clarity on S106 role added to 8.4.21 and 8.4.23

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		commitment is needed with regards the standards review. The provision of strategic open space should attract contributions from projects across the area as it will be accessible to all. Examples of exemption cases should be provided. Clarification should be provided as to the role Section 106 agreements can play in securing aspirations. Table to be amended to show the units of measurement and annotate or remove the footnote. 'For larger or strategic sites, the ten-year timeframe will also apply', provides certainty by deleting may be extended. Suggest developers use Biodiversity Metric 2.0 to quantify biodiversity net-gain.	
8.6	8447	Would like a policy for large scale re-wilding schemes, chalk stream restoration, and natural flood management.	No change required, SPD not appropriate for specifying projects, case-by-case.
8.8	8423; 8447	It is therefore proposed that para 8.8.4 is amended as follows: '8.8.4 Mechanisms for delivering any necessary new or improved water and/ or wastewater infrastructure, including foul water treatment and drainage disposal, may be required via planning conditions and/or legal agreement in accordance with Local Plan Policy NE10 Water Conservation and wastewater infrastructure.' Contributions could be sought for water companies to undertake habitat restoration and other measures to improve ecology.	8.8.4 altered to align with proposed new wording. Habitat restoration and ecology improvements are covered by earlier sections.
8.10	8456	Any LPA requirements must reasonably relate to a proposal to secure legal compliance.	No change required, no repetition of Obligation requirements.

## **5. Recommendation**

- 5.1. Following the formal consultations, all recommendations have been fully considered. Some have been actioned to take account of any discrepancies, others to provide clarity on the intention of a particular section. Where not pertinent to the specific aims of the SPD, or where requests for alterations were too specific for the broad nature and remit of the SPD, the proposed modifications have not been actioned.
- 5.2. Following a wide consultation and review of representations, it is recommended that the SPD, as modified under the powers of S23(1) of the Planning and Compulsory Purchase Act 2004 (as amended), is presented to Cabinet with a resolution to adopt.



**CABINET**  
**31 January 2023**

**PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: STRATEGIC PLANNING MATTERS**

REPORT OF: IAN FULLSTONE, SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: CLLR RUTH BROWN, EXECUTIVE MEMBER FOR PLANNING & TRANSPORT

COUNCIL PRIORITY: PEOPLE FIRST / SUSTAINABILITY / A BRIGHTER FUTURE TOGETHER

**1. EXECUTIVE SUMMARY**

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

**2. RECOMMENDATIONS**

- 2.1. That the report on strategic planning matters be noted.
- 2.2. That the officer responses attached as Appendices A to C are noted and endorsed by Cabinet.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. To keep Cabinet informed of recent developments on strategic planning matters.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. None

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1. The Executive Member and Deputy have been briefed on the relevant matters in this report. The Strategic Sites and Masterplanning Project Board met approximately monthly during 2022 to guide and monitor progress on major development sites proposed in the District. More information is contained in 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. Members will be aware of, and familiar with, many of the issues surrounding the strategic planning matters referred to in paragraph 1.1 above. This report is intended to provide Members with the current positions on these matters. As with previous reports, only those matters where there has been substantive new information or change are reported upon.

## **8. RELEVANT CONSIDERATIONS**

### ***Other Plans and Examinations***

- 8.1. North Hertfordshire has eight neighbouring local authorities in Bedfordshire, Cambridgeshire, Essex and Hertfordshire. Officers monitor progress on the local plans for these and other relevant areas and, in consultation with the Executive Member and Deputy, make representations at key stages.
- Stevenage
    - Local Plan Review commenced Autumn 2022
    - Station Gateway Area Action Plan, submission Spring 2023
    - Design Guidance Supplementary Planning Document (SPD), adoption December 2022
  - East Herts
    - Local Plan Review being considered but nothing formally actioned
  - WelHat
    - Consultation on Main Mods Jan – Feb 2023
  - St Albans
    - Local Plan Reg 18 Consultation planned for July 2023
    - Proposed adoption December 2025
  - Luton
    - In the very early stages of Local Plan Review
  - Central Beds
    - Intention to review Local Plan in early 2022, no further details available
  - South Cambs
    - Greater Cambridgeshire draft joint Local Plan expected 2023
  - Uttlesford
    - Consultation on draft Local Plan expected summer 2023
- 8.2. A number of authorities' plans are in early draft stages of consultation or review so there is only limited formal activity at present.
- 8.3. In addition to the immediately adjoining authorities, an officer response was submitted to Bedford Borough Council in 2022 requesting that their new Local Plan to 2040 allows for consideration of any further unmet needs from Luton that may arise from their upcoming Plan review identified above. Bedford voted to submit their Plan for examination in January 2023.

### ***North Hertfordshire Local Plan***

- 8.4. The new Local Plan was adopted by Full Council on 8 November 2022. Following adoption, notices were placed on the Council website and sent to interested parties registered on the

Council's local planning database. Among other matters, this advised that the six-week period to launch a legal challenge to the Plan's adoption commenced on the day following adoption. This period ended on 21 December 2022.

- 8.5. No challenges to the adoption of the Plan have been received by either the Council or the Planning Inspectorate.

### ***Implementation – Supplementary Planning Documents***

- 8.6. Following adoption of the Plan, focus has turned to its implementation. This includes preparing an appropriate suite of supporting Supplementary Planning Documents (SPDs). The suite of SPDs to be produced was approved by Cabinet in March 2020.
- 8.7. The Developer Contributions SPD is subject to a separate report to this meeting.
- 8.8. Three further SPDs are to be prepared. The following targets for presenting consultation draft versions of these to Cabinet have been agreed in consultation with the Executive Member and Deputy:
- Sustainability SPD – March 2023
  - Biodiversity SPD – June / July 2023
  - Design Code SPD – Autumn 2023

### ***Implementation - Strategic Sites & Masterplanning***

- 8.9. The Strategic Sites and Masterplanning Project Board, which includes representation from each political group, met regularly through 2022 to guide the implementation of strategic and significant housing sites. A series of guidance and process documents were presented to Cabinet for endorsement. These are being updated to reflect the adoption of the Local Plan.
- 8.10. The current status of work on the six, largest Strategic Sites in the Local Plan is summarised below:
- Policy SP14: North of Baldock - Pre-application masterplan being prepared under a Planning Performance Agreement (PPA)<sup>1</sup>;
  - SP15: North of Letchworth – Pre-application masterplan being prepared under PPA;
  - SP16: North of Stevenage - Pre-application masterplan being prepared under PPA;
  - SP17: Highover Farm, Hitchin – Masterplan prepared within the current planning application for site and consulted upon in 2022;
  - SP18: North-east of Great Ashby – Work on pre-application masterplan expected to start in early 2023;
  - SP19: East of Luton – Allocation-wide masterplan being prepared under PPA
- 8.11. Other masterplans for significant sites are being progressed through a variety of PPAs, pre-application discussions and current planning applications lodged with the Council ([Masterplans in current applications | North Herts Council \(north-herts.gov.uk\)](https://www.north-herts.gov.uk/masterplans-in-current-applications)). Further

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<sup>1</sup> This work also includes the sites allocated in the Local Plan around Baldock to the south of the railway line known as BA2, BA3 and BA10.

engagement with key stakeholders and public consultation on draft masterplan proposals is expected during 2023.

### ***Implementation – Governance and oversight***

- 8.12. At the November 2022 meeting of the Strategic Sites and Masterplanning Project Board, it was agreed that – following adoption of the Local Plan – this Board should now take on a wider remit. This will recognise the importance of delivering not just the major sites in the Plan but also the other projects listed above, the upcoming early review of the Local Plan and the need to ensure the co-ordination of this planning policy and delivery work with wider corporate strategies and priorities around issues such as climate change, sustainability, biodiversity, waste and green space.
- 8.13. As part of this review and extended remit, the membership of the Board has been expanded to include the Executive Member for Environment and Leisure and the corporate officer lead for climate change. Where appropriate, Project Board meetings will also act (by invitation) as a forum for (e.g.) engagement with Ward Members on emerging masterplans in their areas.

### ***Neighbourhood Plans***

- 8.14. Ickleford Parish Council consulted upon their draft ('Regulation 14') Neighbourhood Plan between September and November 2022. They will now consider all of the comments made before preparing a submission version of the plan that will be submitted to the District Council to undertake formal public consultation ('Regulation 16') later this year. An officer response to the consultation was prepared and is attached as Appendix A.
- 8.15. Consultation on a draft ('Regulation 14') neighbourhood plan for Wallington is currently taking place. The consultation period will close in February. A response is being prepared and will be reported to a future meeting.

### ***Hertfordshire Growth Board (HGB) and North-East-Central (NEC) Hertfordshire***

- 8.16. The 'NEC' area covers the geographical areas of North Hertfordshire, Stevenage, East Hertfordshire, Welwyn Hatfield and Broxbourne. The Local Planning Authorities, along with the County Council, are working together to explore potential long-term planning solutions. NEC are awaiting receipt of the final Stage 1 Report looking at development requirements and options across the wider area. A procurement exercise to help develop a long-term vision for the sub-area is ongoing.

### ***Government announcements***

- 8.17. DLUHC is seeking views on the proposed update to the NPPF and views on the proposed approach to preparing National Development Management Policies. They have released the [NPPF: draft text for consultation](#) and [Levelling-up and Regeneration Bill: reforms to national planning policy](#). The key points in the Levelling-up and regeneration Bill: reforms to national policy include:

- Review of the implications for the standard method of new household projections data based on the 2021 Census – due to be published in 2024. But not proposing any changes to the formula itself;
- More explicit indications of the types of local characteristics which may justify using an alternative method of assessing housing need eg high percentage of elderly residents or university towns;
- The need to avoid uncharacteristically dense development can outweigh the requirement to meet local housing need;
- No need to review Green Belt even if it means not meeting the housing need;
- Councils would be able to consider past over-delivery when assessing housing need;
- The test of 'soundness' for Local Plans is to be softened. Plans will no longer need to be 'justified';
- Intention to retain the 35% uplift to the assessed housing need for the largest towns and cities in England;
- Duty-to-co-operate is to be replaced with an as-yet-formulated 'alignment policy';
- Authorities with up-to-date Local Plans will no longer need to show a deliverable five-year housing land supply (5yhls) ;
- No longer need to provide 5yhls buffers;
- Inclusion of historic oversupply in 5yhls calculations;
- Evidence of sufficient housing permissions to meet the annual housing requirement could lead to the avoidance of the most severe Housing Delivery Test (HDT) sanctions;
- Considering the suspension or amendment to the consequence of failure of the HDT;
- Past 'irresponsible planning behaviour' by applicants could be taken into account when applications are being determined;
- Government data will be published on developers of larger sites who fail to build out according to their commitments;
- Requirement for developers to explain how they will increase the diversity of housing tenures to maximise absorption rate;
- Delivery will become a material consideration;
- Onshore wind power schemes will be able to go ahead on sites that have not been designated in the Local Plan;
- Replacement of old turbines with more efficient models will be easier;
- Measures to be imposed to prevent developers from clearing development sites of biodiversity prior to submitting planning applications in relation to Biodiversity Net gain;
- Clamping down on the use of artificial grass;
- Possibility of embedding a broad form of carbon assessment in planning policy will be explored;
- Policy and guidance relating the Strategic Flood Risk Assessments will be reviewed;
- Plan-makers will have until 30 June 2025 to submit local plans, neighbourhood plans and minerals and waste plans for examination under the existing legal framework, and these examinations must be concluded by 31 Dec 2026;

- Authorities will be required to start work on new plans by, at the latest, 5 years after adoption of the previous plan, and to adopt the new plan within 30 months;
  - Plans that become more than 5 years old during the first 30 months of the new system will continue to be considered up to date for decision making purposes 30 months after the new system starts;
  - SPD's will be replaced with Supplementary Plans and be afforded the same weight as a Local Plan; and
  - Proposed consultation in 2024 on how National Development Management Policies are implemented.
- 8.18. The consultation on these proposals ends on 2 March 2023 and the Strategic Planning team will be liaising with Members and other relevant teams before submitting a response back to Central Government.

***Other planning matters and documents***

- 8.19. **Article 4 Directions – Town Centres** – On 13 September 2022, Cabinet made immediate Article 4 Directions relating to the change of use of E Class to C3 (residential) in the District's Town Centres.
- 8.20. Following a six-week consultation from 10 October to 21 November 2022, no objections were received and so it is proposed that the Directions shall be confirmed on 13 February 2023 following the County Council by-election in Hitchin.
- 8.21. **The Brownfield Land Register** – the 2022 Brownfield Register has now been published in accordance with Government Regulations. The updated version can be found at [Brownfield Land Register | North Herts Council \(north-herts.gov.uk\)](https://www.north-herts.gov.uk/brownfield-land-register). It is proposed that later in the year, a wider call for sites will take place to identify all Brownfield opportunities in the District as part of early work to inform the Local Plan review.
- 8.22. **Annual Monitoring Report** – the 2021/2022 AMR has now been published. The updated versions can be found at [Monitoring | North Herts Council \(north-herts.gov.uk\)](https://www.north-herts.gov.uk/monitoring). It is proposed that the next AMR, taking account of the adoption of the new Local Plan, will be published before the end of October 2023.

***Other transport, planning and infrastructure matters***

- 8.23. **Proposed expansion for London Luton Airport** – London Luton Airport Ltd, rebranded as Luton Rising (LR), is expecting to submit their Development Consent Order to the Planning Expectorate during the first quarter of 2023. The date is yet to be finalised.
- 8.24. **Luton Airport S73 19mppa Application** – As previously reported, the Council commissioned consultants to prepare a response on behalf of the Council to the London Luton Airport S73 proposed planning conditions amendment to allow for an increase from 18 to 19 million passengers per annum. The application was called in by the Secretary of State (SoS) followed by a Public Inquiry in September 2022. There has been no announcement on the outcome of the public inquiry at the time of writing this report. Any updates will be verbally reported at the meeting.

- 8.25. **LCWIP (Local Cycling and Walking Infrastructure Plan)** – Consultation on the draft LCWIP took place from 26 September to 14 November 2022. A number of face-to-face public consultation events were held across the District, affording members of the public to engage with officers on the proposals.
- 8.26. 703 people completed the survey; another 757 responded partially. 74% support the proposed approach of the LCWIP; 26% do not. 449 mapped comments were received: 49% Agree/Strongly Agree with a proposed intervention; 17% are Neutral; and 30% Disagree/Strongly Disagree. Hitchin, Letchworth and Baldock residents are broadly supportive of the proposals; Royston is more polarised; and Knebworth expressed strong negative views.
- 8.27. Officers, in consultation with the Exec Member and Deputy, prepared and submitted a response to the consultation (See Appendix C attached). This made a number of recommendations for additions, changes and clarifications to the LCWIP. Most notable amongst these are to include a cycle route between Ashwell village and Ashwell & Morden station; and to engage further with the Knebworth community, where interventions will be needed to support the sustainable travel objectives for strategic sites KB1, KB2 & KB4.
- 8.28. HCC is analysing the responses with a view to review and update the draft LCWIP with NHDC officers for further consideration by NHDC Cabinet in March. The plan will then be submitted to the HCC Highways & Transport Cabinet Panel to seek a recommendation for HCC Cabinet to formally adopt the plan in May 2023.
- 8.29. Once adopted, the LCWIP, in combination with the adopted North Central Growth Transport Plan (June 2022), will provide North Herts with a large array of schemes to develop and deliver as and when funding becomes available – from central government and Section 106 agreements with developers.
- 8.30. **Sustainable Travel Towns (STT)** – The Officer Working Groups (OWGs) for the Letchworth and Royston STTs have prepared a governance framework for each STT. Joint Member Steering Groups have been set up for each Town and met in November. Officers will spend this year developing implementation plans for each of the towns in consultation with key stakeholders. Regular progress meetings will be set up with the Joint Member Steering Groups to monitor progress and agree key stages in the development of the plans. Although a small amount of funding has been identified for delivery of these plans, substantially more funding will be required for the infrastructure elements of the plan including identifying suitable resources.
- 8.31. **HertsLynx** – The demand-responsive bus service for north and east Hertfordshire has been running for 17 months. In the 12 months to September 2022 (when the one-year report was published), patronage averaged 1,433 passenger-journeys per month. Of those, 1,221 were fare-paying and 212 were Concessionary Pass holders. The service started with three vehicles. A fourth was added in November, and a fifth (fully electric) vehicle was still awaiting delivery in December. (Both new vehicles were expected to be delivered in July 2022, but manufacturing has been unable to match demand.) The

additional vehicles should create more availability for short-notice bookings, which make up about a third of all bookings.

8.32. Plans for 2023 include:

- Expansion of the service to Hertford and Ware, with the addition of a further two vehicles (bringing the fleet number up to seven).
- Extension of service operation times to 11:30pm on Fridays and Saturdays. (Current service hours are 7am–7pm Mondays to Saturdays, and 10am–4pm on Sundays and public holidays.)
- Introduction of booking restrictions to ensure that HertsLynx does not compete with scheduled bus and rail services.

8.33. **County-wide Electric Vehicle (EV) Charging Strategy** – HCC have prepared a draft strategy which was considered by the HCC Highways & Transport Panel on 1 November 2022. The draft Strategy was positively received, and HCC undertook a further consultation exercise with Districts and Boroughs for comments prior to it being finalised and presented in HCC Highways Transport Cabinet Panel in early 2023. Officers, in consultation with the Exec Member and Deputy, prepared and submitted further comments in December 2022 (See Appendix B attached). HCC have arranged an officer workshop in February to update Districts and Boroughs on progress and future funding opportunities.

8.34. **EV chargepoints in North Herts car parks** – Officers undertook a Further Competition tender in December using the KCS Procurement Services framework (managed by a company wholly owned by Kent County Council). The Tender closed on 9 January and officers are evaluating the bids.

8.35. The tender is structured around a core agreement to deliver new EV chargepoints in car parks in Letchworth (Hillshot), Hitchin (Bancroft Recreation, Woodside and Portmill East/West), Baldock (Twitchell), and Royston (The Warren). It is expected that these will be eligible for 60% capital-funding from the Office for Zero Emission Vehicles, with the supplier making up the difference.

8.36. A second part of the tender covered the replacement of the existing (GeniePoint) chargepoints, which are nearly ten years old.

8.37. The chosen supplier will assume full responsibility for the management and maintenance of the chargepoints and all associated infrastructure. It will retain all revenues, less a small share to the Council.

8.38. The anticipated start date for the commission is February 2023.

8.39. **Other local/technical consultation responses** – Officers submitted responses to consultations on the Melbourn Greenway (a Greater Cambridge Partnership project); the proposed diversion of footpaths to enable closure of an at-grade (level) railway crossing in Royston; and the proposed weight limit Experimental TRO that would apply to the A507 through Cottered.



## **9. LEGAL IMPLICATIONS**

- 9.1. Under the Terms of Reference for Cabinet, the Constitution states that it may exercise the Council's functions as Local Planning Authority and receive reports on strategic planning matters, applications for, approval/designation, consultation/referendums revocations (or recommend revocation) of neighbourhood plans and orders, (except to the extent that those functions are by law the responsibility of the Council or delegated to the Service Director: Regulatory).
- 9.2. The preparation of statutory plans and supporting documents is guided by a range of acts and associated regulations including the Planning and Compulsory Purchase Act 2004 (as amended) and the Localism Act 2011.
- 9.3. The setting of discretionary fees and charges for planning services are delegated to the Service Director: Regulatory in consultation with the Executive Member for Planning.

## **10. FINANCIAL IMPLICATIONS**

- 10.1. The general costs of preparing supplementary planning documents, responding to consultations on neighbouring authorities' Plans, neighbourhood plans and Government consultations and the other activities identified in this report are met through existing revenue budgets or benefit from external funding or other arrangements to recover costs.
- 10.2. The report refers to Planning Performance Agreements. Although these represent a relatively new process and income stream, they do not necessarily represent additional monies to the Council at this stage. Prior to the introduction of masterplanning requirements, the negotiation of significant planning applications would have taken place under the Council's charged pre-application advice service and / or through the planning application. This will continue to be the case in some instances. Planning application fees are set nationally. The Council sets local income targets for pre-application advice and planning applications to inform budgeting and budget monitoring.
- 10.3. Income from PPAs will, in the short term at least, reflect a displacement of potential income from the above. Officers are monitoring anticipated and actual PPA income and the relationship between PPA, pre-application and planning application income. This is reflected as required in budget monitoring and / or reporting on targets during 2022/23. PPA income may be used to offset any shortfalls in the other income streams.

## **11. RISK IMPLICATIONS**

- 11.1. The Council changed how it sets and monitors risks during 2022. This has seen a shift to strategic risks based on key projects such as the Local Plan and masterplanning. At the time, it was concluded that it was best to revisit these risks following adoption of the Local Plan and expiration of the challenge period for any Judicial Review.
- 11.2. As set out in Paragraphs 8.4 and 8.5, no challenge to the adoption of the Plan has been received. The relevant risks associated with the Local Plan will now be reviewed and updated with the Performance & Risk team. This will reflect the new approach to setting and monitoring Corporate 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 not considered to be any direct equality issues arising from this report. Future individual schemes or considerations may well be subject to appropriate review to ensure they comply with latest equality legislative need. Any risks and opportunities identified will also be subject to assessment for impact on those that share a protected characteristic.

## **13. SOCIAL VALUE IMPLICATIONS**

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

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. A number of the schemes noted at section 8 will have considerable impact on the environment as they come to fruition. Many of these will be subject to their own statutory requirements for environmental assessment such as Sustainability Appraisal or Environmental Impact Assessment. The need for further assessment, for example where there is no statutory requirement, is considered on a case-by-case basis.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1. The approved budget for 2022/23 included funding for a number of additional posts across the wider planning service. In recent months there has also been a turnover of staff, particularly in more senior professional positions. A number of vacancies were advertised and successfully filled during 2022. Recruitment exercises are currently ongoing for the remaining posts.

## **16. APPENDICES (to be added at final reports)**

- 16.1. Appendix A – Officer response to Regulation 14 Ickleford Neighbourhood Plan
- 16.2. Appendix B – Officer response to HCC Electric Vehicle Charging Strategy
- 16.3. Appendix C – Officer response to North Herts Local Cycling and Walking Infrastructure Plan

## **17. CONTACT OFFICERS**

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## **18. BACKGROUND PAPERS**

- 18.1 None

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## North Herts Council Officer Response to the Pre-Submission version of the Ickleford Neighbourhood Plan 2022 – 2035

November 16th, 2022

Page No. & Policy or Paragraph No.	Comments
General comments	We acknowledge that this pre-submission version of the Neighbourhood Plan was at an advanced stage of preparation before the Inspector's report for the Local Plan was received and published. However, as you may be aware, the Council adopted the Local Plan on November 8th, 2022, and the draft Neighbourhood Plan will need to be reviewed to ensure that all of the policies are in conformity with the strategic policies in the Local Plan and that any references to the 1996 Local Plan or the "emerging" Local Plan are updated.
Page 6 Paragraph 2.5	The paragraph states that Ickleford has been identified as a "Growth Village", but this is not a term that is used in the Local Plan. The paragraph should be amended to reflect the wording of the Local Plan.
Page 17 & 18 Paras 7.5 & 7.6 and Policy E1	<p>Paragraphs 7.5 and 7.6 will need to be revised before the submission version of the Neighbourhood Plan to reflect the adoption of the Local Plan.</p> <p>The Local Plan has set the Green Belt and settlement boundaries for the coming years, through Policies SP2 (Settlement Hierarchy and Spatial Distribution) and SP5 (Countryside and Green Belt). Those boundaries will only be reviewed by the Local Plan in accordance with the criteria set out in the NPPF.</p> <p>We consider that Policy E1, of your Neighbourhood Plan, is not in conformity with NPPF or the NHC Local Plan and should be deleted. There are specific circumstances which are detailed in the NPPF and Local Plan Policy SP5 when development can be permitted in the Green Belt.</p>
Page 27	We acknowledge that undesignated heritage assets should be included in your Neighbourhood Plan and that the Icknield Way, the Village Hall

Policy HE1	<p>and the commemorative bus shelter could be described as heritage assets.</p> <p>However, we do not consider that all of the areas of significant green space identified in the Ickleford Conservation Area Statement should be identified in the Neighbourhood Plan as undesignated or local heritage assets. In particular, the private gardens of the individual houses in Chambers Lane and Greenfield Lane which are not listed.</p> <p><a href="#">Planning Practice Guidance</a> (Paragraph 039 Reference ID: 18a-039-20190723) defines non-designated heritage assets and we do not consider that these areas of green space meet that definition.</p> <p>The <a href="#">Conservation Area Statement</a> (Section 3.2) does include a number of buildings or local features which make a positive contribution to the Ickleford Conservation Area. Should these be included as non-designated heritage assets in this policy?</p>
Page 28 Policy SD1	It is not clear from the policy what types of development would be considered “appropriate” and therefore supported within the settlement boundary, although they are defined in paragraph 9.5. You should amend it to make it clearer
Page 28 Paragraph 9.7	The wording of the paragraph needs to be revised following the adoption of our Local Plan to remove the references to “Category A” villages as Ickleford is no longer described as such in the Local Plan.
Pages 29 - 31 Policy SD2	Our detailed response to this section of the Neighbourhood Plan will follow.
Page 33 Policy SD3	<p>As it is currently worded, the policy will require that modest householder applications for extensions to their property will have to meet all of the criteria listed in the policy. However, some of those criteria would not necessarily be applicable for those types of application. You should consider amending the policy to make it clear about the types of development that would be required to meet the criteria.</p> <p>Policy D2 in the Local Plan is specifically framed to ensure that a high-quality environment is maintained in residential areas whilst allowing flexibility with regard to house extensions, outbuildings or replacement dwellings.</p>
Page 34 Policy SD4	As written, the policy is vague in that proposals should “aim” to meet a high level of design and construction. The policy could be amended to support proposals which provide high levels of energy efficient design and construction, which would be more positively framed
Page 35	The Building Regulations set out the requirements for water efficiency in new dwellings. To ensure that the water consumption does not exceed 110 litres per person per day, there must be a condition attached to the

Para 9.39 & Policy SD5	planning permission for that development. You could amend the policy to strengthen this requirement.
Page 39 Policy C1	<p>The policy feels a little confused; it would be more positively framed if the part of the policy which focuses on the loss of community facilities was moved to being the last paragraph of the policy.</p> <p>The provision of new community facilities should be supported rather than encouraged, which would be a positive statement in the neighbourhood plan.</p> <p>Could the final paragraph be simplified?</p> <p>Outside of the neighbourhood planning process, has the Parish Council considered whether the community facilities listed in the policy should be designated as Assets of Community Value? Separate guidance is available through <a href="#">Locality</a> and the Council's <a href="#">website</a>.</p>
Page 40 Policy C2	<p>The policy lists a number of open spaces and refers to Annexes 8 and 9. Should the play area which is within the boundary of the Recreation Ground be listed as one bullet point?</p> <p>The Alleyfield Burial Ground is not included in Annex 9;</p> <p>Should the allotments bullet point be amended to name the Little Park and Ryder Way allotments?</p> <p>In terms of the footpaths, bridleways and byways, it would be more appropriate to take these out of this policy and treat them in a separate policy in the Movement, Traffic and Transport section which would link in with new provision and design of developments.</p> <p>Should the 2<sup>nd</sup> sentence of the policy be amended to be positive about what types of development would be appropriate at the named locations?</p> <p>The Parish Council could consider whether the open spaces listed in the policy should be designated as "Open Green Spaces", as described in paragraphs 101 to 103 in the <a href="#">NPPE</a>.</p>
Page 42 Policy C3 – 2 <sup>nd</sup> paragraph	The wording of this part of the Policy should be amended to more accurately reflect the Local Plan. The Local Plan does not specifically identify a site for a new school, instead, our Policy IC3 includes a requirement that approximately 2 hectares of land should be secured as a reserve school site.
Criterion (b)	As worded, this largely mirrors the requirements set out in the Local Plan. However, the Neighbourhood Plan includes an additional requirement for the transport assessment to include "other sites beyond the parish in Stondon and Henlow" for which there is no justification set out in the Neighbourhood Plan. It will be for the Highways Authority to

	determine the scope of a Transport Assessment for the school if it is developed.
Final paragraph	<p>This part of the policy also states that “all the relevant criteria set out in the masterplan and Design Codes should be followed including (but not exclusive to):...”</p> <p>The concern with this part of the policy is that it reads as though the Masterplan prepared by AECOM is the final version for the site and that all of the criteria should be followed. However, AECOM make it clear that the Masterplan prepared as part of the Design Code for the Neighbourhood Plan has been prepared at a high level, is illustrative and that technical studies have not been undertaken.</p> <p>We believe that the policy should be amended to encourage the preparation of a detailed masterplan in consultation with the local community which would then be able to better reflect the circumstances at the time the school proposal comes forward.</p> <p>There are a number of criteria listed here but these replicate the criteria set out in Policy IC3 of the Local Plan. It is not necessary for the Neighbourhood Plan to replicate these.</p> <p>It is also unclear why the criteria refer to the Oughtonhead Lane SSSI, which is some distance from this site.</p>
Page 44 Policy C4	<p>There are areas of duplication between this policy and a number of policies in the Local Plan, which include:</p> <p>Policy SP3: Employment</p> <p>Policy SP5: Countryside and Green Belt</p> <p>Policy ETC2: Employment development outside Employment Areas and Employment Allocations BA10 and RY9</p> <p>Policy CGB1: Rural Areas beyond the Green Belt</p> <p>Policy CGB4: Existing buildings in the Rural Area beyond the Green Belt</p> <p>Policy D3: Protecting living conditions</p> <p>Some consideration should be given to simplifying the policy to focus on the elements which are not included in the Local Plan to ensure that there is no duplication between the plans.</p>
Page 46 Policy MTT1	<p>The policy suggests that any new road junctions should be designed to complement the rural character of the village and reflect local heritage. It should be noted that Hertfordshire Highways is a statutory consultee for all planning applications and there is <a href="#">published guidance</a> which sets out the standards that must be met for roads to be adopted.</p>



## **North Herts Council Officer Response to the Pre-Submission version of the Ickleford Neighbourhood Plan 2022 – 2035**

**December 6<sup>th</sup>, 2022**

### **Size and Mix of Homes and Policy SD2: New Housing Development**

We have noted that one of the aims of Policy SD2: New Housing Development is to provide at least 34% smaller and “less expensive” homes in the Parish.

Policies HS2 and HS3 in the new Local Plan set out the requirements for affordable housing and the mix of housing which should be provided across the district. These policies are underpinned by the evidence provided by the Strategic Housing Market Assessment and will be used with any update and any other relevant evidence of housing need. The Council would expect that the mix of house types and sizes on the allocated sites would be provided in accordance with the Strategic Housing Market Assessment (or any update).

However, Policy SD2 seeks to change the overall proportion to provide smaller “less expensive” units in Ickleford. This potentially brings about a policy conflict with the Local Plan and may also result in unintended consequences in the long run, e.g additional dwellings proposed for the allocated sites, additional traffic and demands on services. There are also no guarantees that smaller units are less expensive.

Is the intention of the policy to provide housing options for those people already in the village to downsize, or to keep residents from having to move out of the village? It maybe that the wording of the policy needs to be considered against the policies in the now adopted Local Plan.

A Housing Needs Survey was carried out by Community Development Action (CDA) Herts in 2018, which we consider as being up to date for the purposes of assessing all proposals for housing development in the Parish. The CDA Housing Needs Survey concluded that:

- 47 households were identified as being in housing need of affordable housing, the majority of which needed one and two bedroom homes for rent. Five households needed three bedroom houses and four households needed sheltered accommodation.
- 39 households expressed a desire to buy their home on the open market. Of those 39, 22 respondents completed the questions on affordability, income and deposit levels required to buy locally and only 2 households could afford open market housing.

- Of the remaining 20 households, 15 could only afford rented accommodation and 5 households would be able to afford shared ownership.
- 5 people expressed an interest in shared ownership accommodation but could not afford to enter this type of accommodation.
- Overall 42 households needed social and affordable rented accommodation and 5 households could afford to buy on a shared ownership basis.

The CDA study is undertaken by sending questionnaires to all households in the Parish to ask about housing needs in the future, but it is unclear whether the AECOM study has been undertaken in the same way, or whether the data has been taken from the original neighbourhood plan questionnaire. If it is the latter, the questions asked in the neighbourhood plan questionnaire did not ask about housing need in the future but asked whether it was likely that someone in the household would be living in the village in the next ten years or would consider moving in the village. Whilst the questionnaire asked people about what type of accommodation would be needed, this is a much more open question than is asked in the CDA Survey.

As mentioned, the 2018 CDA Housing Needs Survey did ask participants for their income details and found that most people cannot afford open market housing but can only afford rented accommodation. The AECOM Housing Needs Assessment gives an indicative tenure split for affordable housing in the Parish ([Table 4-7](#)). The Council is concerned that if this split is used when considering development proposals in the Parish, there may still be people who would not be able to afford to live in the affordable housing provided. In which case, those affordable units could be offered to people from outside the Parish. The usual approach is to first offer affordable homes to applicants with a local connection to the parish; then if none, applicants in adjoining parishes, then applicants in any rural parish in North Herts before finally being offered to applicants with a local connection to the district of North Hertfordshire generally.

As the AECOM Housing Needs Survey states, some of the affordable housing products described are unknown and therefore their contribution to providing suitable accommodation is also unknown. Previously affordable home ownership products have been shared ownership. Registered Providers / Housing Associations do not seem to offer the Rent to Buy product and so far, developers seem reluctant to provide First Homes, although this may change if nationally the product gains momentum.

The Council has commissioned a review of the Strategic Housing Market Assessment which will be used in conjunction with the Local Plan to assess development proposals across the district. The report is yet to be finalised, but initial findings indicate that for market properties there is a much higher demand (78%) for 3 and 4+ bedroom homes, a need for a greater proportion (64%) of 3 and 4+ bedroom homes for rent, and for affordable home ownership homes a greater need (80%) of one and two bedroom homes.

Across all tenures this equates to a need for 40% one and two bedroom homes and 60% 3 and 4+ bedroom homes. In any event it would be prudent to have a good mix of dwellings sizes on developments to provide a balance.

If you would like to discuss this policy in more detail with us, we would be happy to set up a meeting before the next version of the neighbourhood plan is submitted to the Council for public consultation.

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FAO: Sue Jackson  
Hertfordshire County Council  
*By email only*

Our Ref: EL/HCC/EV2022  
Your Ref: LCWIP/NHDC  
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12 December 2022

Dear Sue,

**Re: Draft Hertfordshire County Council: EV Charging Strategy**

North Herts Council (NHDC) is generally supportive of the EV Charging Strategy with the following comments and recommendations.

**Climate change**

1. In §3.1 (*International and National Policies*) paragraph 1 (and possibly also §1.1 (*Background*) paragraph 1), please add these government milestone commitments:
  - [68% reduction by 2030](#) (Nationally Determined Contribution, as communicated to the United Nations Framework Convention on Climate Change).
  - [78% reduction by 2035](#) (UK's Sixth Carbon Budget, enshrined in The Carbon Budget Order 2021)

**Local strategies**

2. Under §3.4 (*District & Borough strategies and activity to date*), please add the following:

*North Herts Council (NHDC) has adopted policies in its Parking Strategy and Climate Change Strategy to increase EV chargepoint provision in its car parks, and on-street where “viable, practical and necessary.” It is also committed to “working with other public and private entities/ partners to improve provision of EV charging.”*

*NHDC is in the process of replacing its fleet vehicles with ULEVs and EVs, and now has five BEVs and two PHEVs. It has procured six EV chargepoints for the exclusive use of NHDC fleet vehicles.*

*In 2014 NHDC obtained an OLEV grant and procured twelve chargepoints (including two for council fleet vehicles) in five car parks. As of December 2022, it is inviting chargepoint operators to bid for a concession contract to supply and operate up to thirty-two chargepoints (including replacing the 2014 chargepoints) in up to eight council-owned car parks. Six of these would be for council fleet vehicles.*

### Core HCC strategy

3. §6.4 (including Table 6.1), §6.5 and Appendix A are the most critical components of the strategy and need to be identified more clearly as such, perhaps by summarising and referring to them in an executive summary.
4. Appendix A proposes as a “Suggested Rule” under *General location* that “No new on street electric vehicle chargepoints should be provided if public chargepoints in the vicinity (e.g. approx 5 mins walk) are available and underutilised.” This would be better proposed as guidance rather than a rule, since discretion and flexibility will be needed, at least during these early years when we are still learning how to adapt to EVs.
5. This paragraph in Appendix A is the only place where a maximum walking time to an EV chargepoint is mentioned, yet it is critically important to the strategy. More detail and evidence are needed to answer these questions:
  - a. What distance (as opposed to walking time, which varies from person to person) is an appropriate maximum, based on peer-reviewed research? (For reference, 5 minutes at 4kph = 335 metres.)
  - b. How will equality considerations be taken into account?
  - c. How will consideration be given to the (actual or perceived) safety of a walking route, and hence whether it should count when assessing the proximity of a home to an EV chargepoint?
6. Appendix A further proposes as a “Suggested Rule” under *Management of EV parking bays* that, “On Street charging points for individual residents will not be provided (with possible exemption to rule for blue badge holders with dedicated spaces).” [National guidance on eligibility for a Blue Badge](#) refers to not being able to walk more than 50 metres. Many people fall within a spectrum of need and vulnerability between qualifying for a Blue Badge and being able to walk confidently after dark or in adverse weather for five minutes. Here too, a more nuanced approach is needed.
7. The public expect local government to provide EV charging infrastructure in council car parks and in residential urban areas. Therefore, local authorities need to be prepared and resourced to deliver that infrastructure, and/or to guide private sector companies to deliver it whilst also protecting public interests.

8. The challenge is that demand for that infrastructure will grow exponentially (see points made below under *Forecasting*). That will soon require dedication of considerably more officer time and expertise than is currently available to:
  - a. Identify and assess hundreds of sites, installation arrangements and equipment specifications for suitability, based on various complex factors, including appropriate and unconflicted use of land, availability of grid capacity, equality, heritage, landscape, ecology, public health, etc.
  - b. Procure the supply of EVCPs on public land
  - c. Manage EVCP supply contracts
  - d. Manage concession and/or service contracts
  - e. Make and enforce TROs governing EV bays
9. NHDC would therefore like to see HCC make a stronger commitment to support and assist districts and boroughs by:
  - a. Leading on joint procurement exercises
  - b. Providing or assisting with the procurement of GIS tools for generating isodistance walking maps centred on locations of actual or proposed chargepoints; and for collating (automatically where possible) and analysing walking route qualities (e.g. reported crimes and collisions, local perceptions of safety, natural surveillance, lighting, inclines, steps, etc).
  - c. Sharing best practice
  - d. Providing an EVCP request portal (see below under *Data collection on EVCP demand*).
  - e. Providing relevant training
  - f. Appointing an officer or consultant to be an in-house expert for all districts and boroughs, to provide timely advice and assistance as needed
10. This accords with the objectives set out in §2.2, in particular, “To work alongside Districts and Boroughs to support the development of an EV charging network which promotes equal access to EV charging including for those in rural and more remote locations and areas of deprivation based on available evidence of EV charging need.”

### Electric Club cars

11. NHDC would like HCC to proactively support and work together with districts and boroughs in providing on-street chargepoints for the exclusive use of club cars, and to give them freedom to locate club car bays on-street if that is what they deem to be most appropriate (i.e. disregarding the flowchart in Figure 6.4).



12. Club cars need to be located in convenient locations to be an attractive alternative to owning a car. They also need to be in prominent locations for effective marketing of the service. In many cases that will mean providing dedicated bays on-street.
13. Electric club cars offer an attractive 'green' solution for people needing occasional use of a (second) car. Club cars are mainly used for relatively short trips. Users would not want to pay the hourly rental charge while their vehicle is recharged. Therefore, charging at base is the most appropriate solution.

### Electric taxis

14. NHDC would like HCC to proactively support and work together with districts and boroughs in providing on-street chargepoints for the exclusive use of taxis, to give the flexibility to locate taxi charging bays on-street if that is what they deem most appropriate.
15. Districts and boroughs will need to work with their licensed taxi drivers and associations to identify the most convenient and appropriate locations for EV taxi chargepoints. Although off-street locations may often be the most appropriate location, there are some cases (e.g. in Baldock High Street – see Figure 1) where on-street (in-highway) provision could be appropriate.



Figure 1: Example from Baldock of where it may be appropriate to provide EV taxi chargepoints in the highway

### Data collection on EVCP demand

16. §7.2 refers to “Resident requests for chargepoints (where known)” and Table 11.3 includes an action, “D[istricts]s and B[oroughs]s confirm if location engagement is desired. Share any resident requests or other inputs to EV mapping tool/review process, if required.”



17. The number of requests for EVCPs is going to grow over the coming years, potentially exponentially if provision lags demand from owners and users of EVs. It could become a significant administrative burden on elected members and a handful of officers to collect and collate these requests manually.
18. Therefore, NHDC would like HCC to provide a public portal where residents anywhere in the county may enter some key details to help guide HCC, districts and boroughs on where there is unmet demand.
19. This data could be fed into HCC's EV mapping tool.
20. Data that might be collected on EVCP requests could include:
  - a. partial home postcode;
  - b. month and year of acquisition of EV;
  - c. vehicle model (to ascertain battery capacity and efficiency in terms of KWh/mile);
  - d. expected monthly mileage (to ascertain likely electricity consumption);
  - e. distance/time the owner is prepared to walk to/from an EVCP.
21. The portal will require at least some basic reporting tools to enable districts and boroughs to extract data to help them plan and provide appropriately, e.g. by notifying EVCP providers with which they are working (on a procurement or concession basis).

### Forecasting

22. Section 5 needs to make it much clearer that we are at the very start of an S-curve growth in EV take-up. Exponential growth (a word that appears not to be used in this strategy) is deceptively benign in the early stages. But it can rapidly become overwhelming if not adequately planned for.
23. It would be worth showing some additional graphs after Figure 5.1 to show this:
  - a. BEV versus non-BEV sales, which will provide an indication of where on the 'S'-curve we are at with BEV sales.
  - b. Proportion of all licensed vehicles that are BEVs, to make clear how small the level of demand for EV charging is now compared with what it will be when the transition of the active vehicle fleet to BEVs is completed.

### Miscellaneous points

24. It is established practice to use the term "people walking or cycling" rather than "pedestrians and cyclists" to avoid appearing to create artificially distinct classes of road users.
25. In Table 4.1, in the ninth bullet point under *Challenges*, it would be helpful to provide an explanation and/or example of what are "unrealistic expectations". In other words, what expectations are realistic?

26. Please include the reference number and link when referring to the new BSI EVCP accessibility standards, [PAS 1899:2022](#).
27. There are some minor corrections that will need to be picked up in proofreading, e.g. a broken footnote link on page 22, and a missing word in the first bullet in Table 6.1 ("car [park]").

Yours sincerely,



Edward Leigh  
Senior Transport Policy Officer

FAO: Nikki Ffrench  
Hertfordshire County Council  
*By email only*

Our Ref: IF/LCWIP2022  
Your Ref: LCWIP/NHDC  
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6 December 2022

Dear Nikki,

**Re: North Herts Local Cycling and Walking Infrastructure Plan (LCWIP)**

North Herts Council (NHDC) is strongly supportive of the creation of a Local Cycling and Walking Infrastructure Plan (LCWIP) for North Herts, and is keen to continue working closely with Hertfordshire County Council to refine and deliver interventions set out the draft LCWIP.

*Section/paragraph references are to the June 2022 draft of the LCWIP main document.*

### Summary of general observations from engagement events

**Maintenance:** Many people expressed concern about poor levels of maintenance of roads, footways and cycle tracks. This covers degraded surfaces, tree root damage, vegetation overgrowth, obstacles (such as fallen branches), and obscured signage (notably speed limit signs). This extends to scepticism that the local authorities will manage to maintain new walking and cycling paths, which undermines support and confidence in the LCWIP.

**Parking enforcement:** Many also expressed frustration at lack of enforcement around obstructive parking, on pavements, and close to junctions and controlled crossings.

**Safety:** An important point was raised about the prioritisation matrix, that it does not explicitly score safety. Although safety is central to LTN1/20 compliance, there is no specific test of safety for interventions for walking only. Most of the tests are economic. Safety does have an economic dimension too, in that it reduces the direct and indirect (e.g. loss of earnings and bereavement) costs associated with people being killed or injured. Lack of (perceived) safety is also a key impediment to achieving the other tested

objectives (modal shift, access to jobs, etc.) Therefore, there may be a case for (real and perceived) safety being an explicit test for all schemes. This would consider natural surveillance, quality of a neighbourhood and other social factors that determine whether people will use a foot or cycle path.

**Traffic speed:** Many people expressed concerns about traffic speeds, not only as a hazard when out walking or cycling, but also being able to drive in or out of their own driveway safely. (The latter point may relate to maintenance of verges and hedgerows as much as to traffic speeds.) There seems to be widespread support for reducing speed limits, and some acceptance that this also requires complementary traffic calming measures. Some people expressed relief that road humps are no longer a recommended form of traffic calming.

**HGVs:** Another consistent concern is the impact of HGVs in town centres and residential areas, and on roads where people do or would like to cycle. HGVs present a significant hazard to people cycling (see below); they generate a relatively high level of air pollution, noise, vibration and damage to roads. There is therefore likely to be strong support for measures to reduce the number of HGVs on certain roads, provided they are displaced to more suitable roads.

**Partial implementation:** Some people identified examples of where delivery of part of a larger intervention could by itself provide benefit. For instance, a short section or segregated cycle lane between two junctions could facilitate crossing movements. Where this would significantly improve access, the smaller intervention could be identified separately in the LCWIP, and therefore potentially delivered more quickly than the larger intervention, of which it will ultimately form a part.

**Terminology:** Many people wanted to know what “traffic calming” or “junction improvement” would mean in practice. This is set out in the LCWIP report (§6.2.1), but not somewhere that was readily accessible to people.

**Clarifications:** Some interventions need a clarificatory description, such as the Stevenage Rd–Whitehill Rd–Oakfield Ave junction in Hitchin.

**ETROs:** There was a generally positive response to the idea of trialling interventions (i.e. tactical urbanism using Experimental Traffic Regulation Orders). This overcomes local members’ and residents’ legitimate concern that professional transport officers /consultants cannot accurately predict what the consequences of an intervention will be.

## Summary of locally specific observations

### Hitchin

There is an engaged community that seems to be generally supportive of the LCWIP interventions proposed for Hitchin. There are specific concerns that have been fed back through the consultation, which we should examine and respond to.

### Letchworth

The level of engagement in Letchworth was surprisingly low, with the lowest turnout of any drop-in event. Nevertheless, there are some very engaged individuals with detailed

local knowledge. We have an opportunity through the Sustainable Travel Towns programme to broaden our contact with local residents and businesses.

Some people queried why the Letchworth Greenway is mostly omitted from the LCWIP maps. This needs to be explained in the LCWIP in more detail than in §3.5.2.

### **Baldock**

There is particular concern about the number of HGVs that pass through Baldock town centre. A review of HGV routing is needed. There is a question about whether the interventions proposed for Baldock would achieve the high modal shift to active travel required to mitigate the impact of planned development to the north and east. This will be picked up in the masterplanning of those developments, and we should be prepared to update the LCWIP with any new interventions that emerge from that.

### **Royston**

The principal concerns with the LCWIP are around the impacts of creating a one-way system through Kneesworth Street. Here in particular we will need to link interventions together into a coherent package. There is also a need to provide safe cycling routes into and through the industrial estate in the north-west of the town, as these roads are heavily used by HGVs. The Sustainable Travel Town programme should provide a good opportunity to engage in an imaginative exercise with the community to develop such a package. The proposed A507 weight limit through Cottered should be a prompt to review HGV routing through Royston.

### **Knebworth**

There is strong and well organised opposition by some of the residents and local businesses to most of the interventions proposed in Knebworth. There are also widely differing views on the individual interventions. There is more consensus around making improvements for walking than for cycling. In order to gain a balanced view of the wishes and concerns of the community, we will need to engage proactively with, in particular, younger residents.

Perhaps the most needed intervention is a widening of the footways under the railway on Station Road and Gun Lane. The strong preference would be to create a new route under the railway for people walking and cycling. All options for this should be explored, including with Network Rail, perhaps as part of a feasibility study into providing level access to the platforms at Knebworth station.

It was unfortunate that the LCWIP map incorrectly showed two modal filters on Gun Lane (this was shown correctly on the consultation map). Because of this, it may be difficult to determine if there is support for a single modal filter to prevent rat-running.

It may be desirable to explore alternative north-south routes that avoid the most conflicted parts of the B197 (Stevenage Rd–London Rd), perhaps using Kerr Close and Pondcroft Road.

Access issues in Knebworth will be explored as part of the masterplanning process for the Local Plan allocation sites in Knebworth, and we should be prepared to update the LCWIP with any new and changed interventions that emerge from that.

## Modifications to the LCWIP

### Presentation

Each appendix should have a cover page that clearly shows the appendix letter, title and a short description of the content. Appendix K is currently mislabelled as *Appendix J*.

If the appendices are to be provided as a single file, pages need to be numbered and page references included in the table of contents. The scheme maps (Appendix G) and an Excel spreadsheet of prioritised interventions – urban and rural – (Appendix J) should also be available to download separately.

The annotated maps are the most accessible form of presenting the LCWIP schemes (provided they are printed large enough or can be examined interactively on-screen). These therefore should be comprehensive (see below regarding missing schemes), accurate (see below for examples of corrections and clarifications), and easy to interpret (the icon designs could be more distinct). They should also be accompanied by a summarised version of §6.2, describing what the proposed interventions mean.

### General approach to delivery

NHDC would like to propose adding clear commitments on how the LCWIP will be delivered:

1. Include in the consultation report a table listing all suggestions received, and what we have done with them (broadly: made a specified change to the Plan; rejected the suggestion because of specified conflicts or non-compliance; referred the suggestion to the appropriate department; noted the suggestion for picking up in a future update to the Plan).
2. Undertake to engage proactively with communities, including making leaflet drops and holding workshops, to explore how best to design and implement schemes that will have a significant impact (or where local people believe they will).
3. Take a phased or incremental approach to major interventions where possible, to demonstrate and monitor the impacts, with threshold tests before progressing to the next iteration.
4. Use Experimental Traffic Regulation Orders where possible to allow flexibility in scheme design and reassure residents that the scheme will not remain in place if the negative impacts are significantly worse than expected (e.g. based on prior modelling).

### Other schemes

Having a single comprehensive map of all active travel schemes in North Herts will make it easier for planners and developers to see and understand how we are aiming to build a coherent active travel network. So, for completeness, the LCWIP intervention maps should show all planned and in-progress interventions, including:



- All active travel schemes featured in the Growth & Transport Plan.
- Hitchin - Westmill area to the station (§4.6.3)
- NCN route 12 Stevenage – Letchworth (§4.6.3)
- Improvements in Pirton (§6.4.18 and §6.4.19)
- Improvements in Great Ashby (§6.4.20)

The spreadsheet containing the Pirton and Great Ashby schemes needs to be included in the LCWIP.

### Equestrians

The LCWIP should include an explicit policy on providing for equestrians. Where an intervention for cycling could also benefit equestrians, e.g. by enhancing or connecting up existing bridleways, consideration should be given to including that as an objective. Examples include specifying Pegasus rather than Toucan crossings; including a grass verge alongside a cycle track; or increasing the height of bridge parapets.

### Complementary measures

It would be worth spelling out (in more detail) what measures we consider would complement the LCWIP interventions, and what their status is in local policy and plans. We know that infrastructure alone will not lead to a largescale modal shift to active travel (Stevenage being a paradigmatic example of this), so we should make clear that the local authorities are developing a holistic plan, of which the LCWIP is only a part.

1. **Allocate more resource to maintaining active travel infrastructure:** degraded and uneven surfaces are difficult to cycle on; seriously degraded surfaces are dangerous to walk or cycle on; overgrowth of vegetation significantly reduces the effective width of a path, and hence the capacity for people to pass safely.
2. **Audit and, where necessary, upgrade lighting:** Poor lighting affects how safe people feel: how well they can see other people and judge if anyone might pose a threat; how visible they are to other people who could come to their assistance if needed (natural surveillance); and how well able they are to see and avoid trip-hazards and other obstacles. Consistent lighting along routes, especially at junctions, crossings, passageways, underpasses and steps is critical to making people safe and *feel safe* when walking or cycling in the dark. It is notable that LED street lamps have a narrower beam than older street lamps, and can leave large areas of footways poorly illuminated. As schemes are progressed, it will be necessary to conduct route audits after dark to gain an accurate appreciation of what lighting upgrades may be required.
3. **Install more cycle parking:** Access to secure cycle parking in convenient locations, monitored by CCTV if necessary, is critical to attracting more people to cycle. Having a bike stolen can halt someone's efforts to take up cycling. Fly-parking of cycles, where they may obstruct footways, can cause irritation and distress to people walking, especially those with impaired vision.

4. **Reduce vehicle speeds where segregation is not possible:** There seems to be widespread support for reducing speed limits in urban areas. This is partially covered by “traffic calming” in the LCWIP. However, the HCC *Speed Management Strategy* still sets mainly technical conditions on reducing speed limits. NHDC would like to see a more ambitious application of the guidance on p.65 of that strategy: *“In line with LTP4 principles we will support 20mph areas where there is potential for active travel. Evidence has shown that persons are more likely to consider active travel with speed limits are low and as such Hertfordshire County Council will consider funding areas where there are greater chances of active travel.”*
5. **Enforce speed limits:** Although it is important to design roads to induce people to drive at a safe speed, it can require costly interventions to achieve a small reduction in average or, more importantly, maximum and upper (e.g. 85<sup>th</sup> percentile) speeds. Funding should be prioritised where it will make the greatest positive difference, but that should not mean residents have to wait potentially decades before we intervene to create safe conditions for walking and cycling across the whole district. NHDC would like to pursue with HCC and Hertfordshire Constabulary a more a realistic policy on traffic cameras and enforcement to support an ambitious update to the HCC Active Travel Strategy.
6. **Enforce weight limits:** HGVs pose an especially serious hazard to people cycling because of the vehicle’s tracking envelope and driver’s restricted vision when cornering. There is an extensive 5 tonne weight restriction in Hitchin, which is poorly signed and seemingly unenforced. HCC will soon acquire powers to enforce weight limits. Reducing potential conflicts between HGVs and cycles should be a high priority in the revised Active Travel Strategy, using weight limits and enforcement as tools where physical segregation is not possible and practicable.
7. **Introduce cycle hire schemes:** Improving infrastructure does not help someone who doesn’t have access to a bike. Cycle (and potentially e-scooter) hire is one way that people can test out cycling without investing in a bike and finding somewhere to store it.

## Updates to the LCWIP

There are some identified interventions that do not feature in the draft LCWIP. These mainly relate to planned or potential new development sites, where Section 106, other funding or contributions of land could become available. From a planning perspective, it is important that there exists adopted policy underpinning any requests from developers.

If time and resources permit, NHDC would like these to be audited and included in this first iteration of the Plan. However, NHDC does not want to delay adoption of the LCWIP, and therefore seeks HCC’s agreement to put in place a process for making minor updates and insertions to the LCWIP in the interim before we embark on a wholesale review and update to produce a second iteration.



It should be stressed that the inclusion of the suggested interventions in the list below is not an indication that NHDC has formed a predetermined view on any extant or future planning application. The intention here is only to fulfil the duty shared by the planning and transport/highway authorities to be fully *prepared* with plans that incorporate appropriate supporting infrastructure and mitigations for any development that does in fact proceed.

### Proposed additions to the LCWIP

1. The intervention along the A10 southwards in Royston should be extended to Shrubbery Grove. This would of course serve existing residents of that neighbourhood. But there is also a live planning application for development west of Barkway Rd. For some new residents, a convenient walking route to the town centre would be via Shrubbery Grove. There is also a possibility that it may form part of a new cycling route.
2. The intervention along Old North Road (B1198) north out of Royston requires a safe crossing of the A505, ideally grade-separated. This would mainly serve South Cambridgeshire residents in Kneesworth, Bassingbourn, Bassingbourn Barracks and Whaddon. As this will be an expensive piece of infrastructure, the cost of which will need to be shared with Cambridgeshire authorities, it is important that the need for it is identified in this plan, along with an approximate cost.
3. Detail is needed on the potential route to link Ashwell with Ashwell & Morden railway station. This has long been identified as a need, and therefore a plan is urgently needed (as recommended in §6.5.2).
4. A safe cycling route from Little Wymondley into Stevenage will be of critical importance for the site allocation in the village (WY1) to meet sustainable travel objectives. The route through the A1 interchange will be unattractive even if each crossing is signal-controlled, as suggested in the North Herts LCWIP. Furthermore, the Stevenage LCWIP (which is the one that applies here) proposes no improvements to the A1 interchange. Therefore, it is important that we audit alternative routes via Blakemore End Road or Chantry Lane, and thence via Stevenage Road (the one south of the A602), Fishers Green Road and Julians Road; or, to reach the Lister Hospital more directly, via the Sheringham Avenue and the footbridge over the railway to Herne Road. The Stevenage LCWIP will need to be updated with detail on the Stevenage elements of whichever routes are included in the North Herts LCWIP.
5. NCN12 is potentially an important route between Stevenage and Letchworth/Baldock, as it runs close to new developments to the north of Stevenage and the Lister hospital, the largest employer in Stevenage. This should be audited with Sustrans as soon as possible, with a view to incorporating it into an interim update to the North Herts and Stevenage LCWIPs (as recommended in §6.5.2).

## Second iteration of the LCWIP

NHDC and HCC have agreed to work together on finding further resources to produce a second iteration of the North Herts LCWIP within two years of adopting this iteration (i.e. by mid 2025). NHDC would like to meet and agree with HCC a process for scoping a second iteration of the LCWIP, starting with the locations listed in §7.10.2, so that we can quantify the necessary resources, and ensure that this is adequately budgeted for by both authorities. We will need to start that work by the middle of 2023 so that we can feed into the budget setting process for 2024/25.

Yours sincerely,



Ian Fullstone  
**Service Director, Regulatory**

**CABINET**  
**31 January 2023**

**PART 1 – PUBLIC DOCUMENT**

**THE ALLOCATION OF DLUHC HOMELESSNESS PREVENTION GRANT**

REPORT OF SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: COUNCILLOR SEAN PRENDERGAST

COUNCIL PRIORITY: PEOPLE FIRST

**1. EXECUTIVE SUMMARY**

- 1.1. The demand for homelessness services remains high and this is likely to continue for the foreseeable future due to pressures arising from the cost-of-living crisis, the difficulties accessing private rented accommodation locally and a lack of appropriate housing options.
- 1.2. The Council receives annual Homelessness Prevention Grant (HPG) funding from the Department for Levelling Up, Housing and Communities (DLUHC), which is ring-fenced for homelessness prevention and relief work. HPG of £395k has been received for 2022/23.
- 1.3. This report details proposals for the remaining allocation of this funding and provides updates on other relevant DLUHC funding opportunities.

**2. RECOMMENDATIONS**

- 2.1. That Cabinet notes the allocation of HPG funding (2022/23) of £40k to cover Department of Work and Pensions (DWP) subsidy loss on the Keystage Housing service for the most recent period (until the end of December 2022) and authorises HPG usage for the projected cost of a further £15k to the end of the current financial year;
- 2.2. That Cabinet approves the allocation of future HPG allocations to cover DWP subsidy loss created by the accommodation of homeless people in future years, to be included as part of the quarterly budget monitoring process;
- 2.3. That Cabinet notes the corporate Financial Risk concerning the cost of measures to address homelessness will be broadened to include DWP subsidy loss;
- 2.4. That Cabinet approves allocations of HPG for 2022/23 to the Black Squirrel Credit Union (£63.2k), Herts County Council's Crashpad Service (£6.8k) and Beam (£80k);
- 2.5. That Cabinet agrees that any remaining HPG for 2022/23 be allocated by the Director of Regulatory Services in consultation with the Executive Member for Housing and Environmental Health;
- 2.6. That Cabinet notes DLUHC's Single Homelessness Accommodation Programme and its Local Authority Housing Fund.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. The Council's Housing Strategy 2019-2024 outlines the Council's support for residents with housing challenges and the collective measures outlined in paragraph

2 will benefit homeless people locally, providing support for targeted interventions that will prevent and relieve homelessness.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. Cabinet could decide against approving the proposed allocations for 2022/23. However, as this funding is ring-fenced for expenditure on homelessness activities in the current financial year, failure to agree allocations could result in the Council having to return the funds unspent to DLUHC.

#### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 The Executive Member for Housing and Environmental Health, Cllr Sean Prendergast has been consulted and is supportive of the proposals contained in this report.

#### **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on 7 June 2022.

#### **7. BACKGROUND**

- 7.1 Over 2022/23 to date, the Council has received approaches for homelessness advice and assistance from over 1,100 households. A legal duty has been owed to 297 of these households, requiring the Council to work with households for a minimum period of 56 days to help prevent or relieve homelessness. Despite the lifting of Covid-19 restrictions and accompanying requirements of local housing authorities (in particular 'Everyone In'), the Council's accommodation duties, in particular, remain high compared to pre-pandemic levels, as table 1 below illustrates.

**Table 1: Council accommodation duties**

	2019/20	2020/21	2021/22	2022/23 Q1-Q3
Households owed a main housing duty	65	90	128	91
Households in temporary accommodation <b>at period end</b>	93	136	104	104
(Of which hotel placements for (mainly) single people)	19	58	15	19

- 7.2 There are also additional pressures stemming from the ongoing war in Ukraine which has extended the need for host placements, a continuing requirement to re-settle refugees from other areas including Afghanistan, significant pressures in the private rented sector locally and the cost-of-living crisis.
- 7.3 Loss of private rented sector accommodation remains one of the most common reasons for homelessness (23% of cases in the first three quarters of 2022/23), second only to family and friends being unable or unwilling to accommodate (25% of cases). Private sector evictions had been low during the pandemic due to temporary national restrictions on the enforcement of evictions but have since risen and are up 11 percentage points from 2020/21 as a share of cases. Many of those facing homelessness are vulnerable, with over half having a support need and one-third having two or more (with mental health being the most prevalent, followed by physical ill health and abuse). So far to date in 2022/23, 133 adult clients have been identified

as being at risk of abuse. Of cases in 2022/23, 12% were of no fixed abode, 7% were rough sleeping and 6% were homeless on departure from custody or hospital.

- 7.4 Homelessness prevention work is a core part of the Council service, and as well as in-house casework, the Council also funds specialist services including those provided by Survivors Against Domestic Abuse (SADA), Herts Young Homeless, Citizens Advice and the Black Squirrel Credit Union. As the Council no longer owns any housing stock, it works with local providers (chiefly settle, Haven First, Keystage Housing and Catalyst) to ensure that sufficient temporary and supported accommodation is available to meet local need. Securing the provision of accommodation and support services for single homeless people with complex needs remains an urgent priority (as the number of hotel placements in table 1 attest to) and work is ongoing to build capacity on an integrated pathway for this cohort.
- 7.5 Cabinet, at its [13 December 2022](#) meeting, approved the allocation of 2022/23-2024/25 Rough Sleeping Initiative funding, received from the Department for Levelling Up, Housing and Communities (DLUHC), to Haven First and Keystage Housing schemes on the single homeless pathway. These services are 20 High Street in Baldock and PAIRS (Provision for Assessment, Intervention and Resettlement Support) in Hitchin respectively.
- 7.6 The Council also received Homelessness Prevention Grant (HPG) for 2022/23 of £339,826, which together with a top-up of £54,811 announced in December 2022, totals £394,637. HPG is ring-fenced for homelessness prevention and relief work. To date, £189.7k of the 2022/23 HPG has been allocated, as below:

**Table 2: Existing HPG allocations**

Funding to provide staffing stability to the housing team	Delegated decision 28/6/22	£80.7k	<a href="#">Record of Decision made under Delegated Authority (north-herts.gov.uk)</a>
Metropolitan Thames Valley Housing	Cabinet 13/12/22	£73k	<a href="#">Agenda for Cabinet on Tuesday, 13th December, 2022, 7.30 pm   North Herts Council (north-herts.gov.uk)</a>
General hotel provision, including DWP subsidy loss	Cabinet 13/12/22	£36k	<a href="#">Agenda for Cabinet on Tuesday, 13th December, 2022, 7.30 pm   North Herts Council (north-herts.gov.uk)</a>
<b>Total</b>		<b>£189.7k</b>	

This leaves an unallocated HPG balance of approximately **£205k** for the current financial year.

## 8. RELEVANT CONSIDERATIONS

- 8.1 At its [13 December 2022](#) meeting, Cabinet also agreed that 2022/23 HPG funding should be allocated as follows:

To offset Department of Work and Pensions Housing Benefit subsidy loss incurred between April 2022 and the end of January 2023 (*and officers be asked to return to the Cabinet on 31 January 2023 to confirm this amount and the options for the management of subsidy loss going forward*).

- 8.2 Housing Benefit (HB) is claimed by individual residents from the local authority in order to help pay their rent in supported housing settings. Local authorities are reimbursed through a system of subsidy payments by the Department of Work and Pensions (DWP) and any subsidy implication is not relevant to the initial decision as

to whether to grant HB, or not. The subsidy rules surrounding 'exempt' accommodation (such as the Haven First and Keystage services) are particularly complex. In essence however, where exempt accommodation is provided by registered (not for profit) housing associations, the Council will receive HB subsidy that fully covers the cost of the (correctly) paid benefit. However, in the case of exempt accommodation provided by a charity or voluntary organisation, such as Keystage Housing (a Community Interest Company), the Council will only receive HB subsidy for expenditure on that part of weekly eligible rent at or below the Rent Officer's determination. Where the claimant is classed as vulnerable, the Council will also receive 60% of that part of weekly eligible rent above the Rent Officer's determination.

- 8.3 Housing Benefit legislation (Housing Benefit Regulations 2006 (as amended) and the Housing Benefit and Council Tax Benefit (Consequential Provision) Regulations 2006) set out how the Council must deal with Housing Benefit claims, including the terms on which rent is determined as eligible and involvement of the Rent Officer as relevant.
- 8.4 The Council also incurs subsidy loss for any hotel placements it makes as it is only able to claim back 90% of HB at the 2011 Local Housing Allowance rate of £121.15 per week compared to the average cost of a hotel room of £350 per week currently. Historically, hotel placements have been very few in number (generally less than five at any one time) and the small net losses have been absorbed by the General Fund. However, hotel use soared during the pandemic (table 1 refers) in the face of unprecedented demand from single homeless people and as a result, so too did subsidy loss.
- 8.5 Table 3 sets out the total cost to the Council of subsidy loss from hotel placements over recent years (net of government homelessness grants used to offset subsidy loss):

**Table 3: Net cost of hotel subsidy loss**

	Total net cost to Council of subsidy loss
2019/20	<b>£58,834</b>
2020/21	<b>£205,264</b>
2021/22	<b>£308,009</b>

- 8.6 The 2022/23 subsidy loss for hotels is currently projected to be completely offset by the allocation of ring-fenced homelessness grants totalling £75k, although this is subject to hotel usage until the end of March 2023. The subsidy loss for the Keystage PAIRS service is around £40k (to the end of December which is the latest period for which relevant calculations are available) and it is anticipated this could increase to a total of around £55k by the end of March 2023. This is much reduced from the original estimate of £150k due to the Rent Officer's recent determination that a higher rate of rent for the PAIRS service would be eligible for DWP subsidy. As there is no suitable cheaper alternative accommodation available, or any that it is reasonable to expect HB claimants to move to, as per Housing Benefit regulations, the Council cannot restrict rent paid for Keystage accommodation. Additionally, it has now been recognised that most of PAIRS' residents should be classed as vulnerable for HB purposes, enabling the Council to recoup an additional 60% of rent above the Rent Officer's Determination. Whilst Keystage's residents are some of the most vulnerable in the district, with multiple support needs, for HB purposes, vulnerability is defined only by receipt of specific disability benefits. The Council is working with Keystage to ensure that PAIRS residents claim all those benefits to which they are entitled, including those that confer this vulnerability status.

- 8.7 It is worth noting that nationally, the spotlight has been increasingly shone on the problems surrounding the provision of exempt accommodation, both with regards the quality of accommodation (particularly non-commissioned accommodation) and the overall model of provision. The House of Commons Levelling Up, Housing and Communities Committee has recently published its [report](#) into the sector, where in its summary, it has described the system of exempt accommodation as “a complete mess”. One of its many recommendations concludes:

*“The Government was unable to provide a satisfactory justification, let alone an explanation, as to why DWP reimburses councils for 100% of housing benefit if the provider is registered but only 60% if it is not registered, leaving the council to pick up the rest of the tab. The same 100% subsidy should be paid by DWP whether the provider is registered.”*

Legislation (The Supported Housing (Regulatory Oversight) Bill) is currently progressing through Parliament which may impact subsidy rules; however, any changes will likely take several years to come into effect.

- 8.8 Going forward, it is proposed that HPG funding is used to offset any future subsidy loss relating to homeless placements (including both hotel use and commissioned schemes such as PAIRS) for 2023/24 and onwards. Future subsidy loss relating to the Keystage PAIRS scheme is likely to be minimal as they are considering their corporate structure with a view to examining the possibility of obtaining the status of a private registered social housing provider, and they will be reviewing this with the Regulator of Social Housing.
- 8.9 It is therefore anticipated that subsidy loss for 2023/24 and beyond is likely to arise chiefly from hotel use, which, despite ongoing efforts to minimise it, can be extremely unpredictable to forecast. It is hoped this will generally reduce as the capacity of supported housing increases however this will be reflected in the existing corporate Financial Risk on the cost of hotel use.
- 8.10 Table 4 outlines the proposals for the remaining HPG for 2022/23:

**Table 4: Proposals for remaining HPG:**

Subsidy loss	£55k
Black Squirrel Credit Union (BSCU)	£63.2k
Hertfordshire County Council's Crashpad Scheme	£6.8k
Beam	£80k
TOTAL	<b>£205k</b>

- 8.11 The BSCU and the Council have worked in partnership since 2010, with the BSCU providing a valuable service that contributes to homelessness prevention and relief for Council clients. The BSCU provides affordable loans to those referred by the Council, which are typically used to fund tenancy deposits, rent in advance or to pay back rent arrears. Most recently, funds of £75k for this service were approved via delegated decision made on [12 August 2020](#); although funding of around £27k remains with the BSCU, it is recommended to bolster this provision further (by £63.2k) due to the potential impact of the cost of living crisis and difficulties accessing the private rented sector as the cost and volume of loan referrals is likely to grow in the coming months.
- 8.12 The Crashpad service provides emergency, short term accommodation for young people aged 16-17 across the county and is funded by Herts CC. The service has experienced increased demand in recent years; Herts CC already fund six beds and they have requested that Herts local authorities each contribute an equal share

(£6,770.95) to fund an additional three Crashpad bed spaces for 2023/24. There are limited options for young people from North Herts when they become homeless and although not historically high in number, the extra provision will help as we expect more homelessness for this client group due to the cost-of-living crisis and increasing pressures on parents' ability to accommodate children of this age.

- 8.13 Beam will be a new service for the district, and they are already working with DLUHC and the DWP. It is a social enterprise that supports individuals experiencing, or at risk of, homelessness, helping them into private rented housing and employment. The funding will provide service users with wraparound casework support, before and after the commencement of the tenancy. Financial barriers are removed by crowd funding campaigns for individual households, with 100% success rate at an average of £3k, taking only 17 days. Beam is currently partnered with 55 local authorities across the UK and reports that over half of their clients have successfully moved on from temporary accommodation with 96% sustaining a private rented tenancy beyond six months and 80% starting sustainable employment. Due to the local challenges accessing the private rented sector, the Beam service in North Herts will be a valuable addition to the options for local people, focusing primarily on households in temporary accommodation, those who are not eligible for social housing and single homeless households. The service will initially operate for a year, with 40 households joining the programme in this initial period (for the £80k investment), after which it will be reviewed to determine whether there is a need for the service to continue.
- 8.14 After consultation with benefit subsidy auditors it has been recently confirmed the Council is able to use a higher subsidy rate which will increase the amount reclaimable from the DWP for HB claims relating to hotel usage. This is currently being reassessed and as the final quarter figures are also unknown, it is proposed that any remaining HPG for 2022/23 be allocated by the Director of Regulatory Services in conjunction with the Executive Member for Housing and Environmental Health in accordance with the purpose of the ring-fenced funding.
- 8.15 In addition, the Council has been invited to bid for the newly launched DLUHC Single Homelessness Accommodation Programme which aims to increase accommodation and support services for people sleeping rough or at risk of sleeping rough. North Hertfordshire has been identified as being eligible to bid for support for young people aged 18-25 and we are in the early stages of working up a bid, including exploring options of a co-produced bid with Hertfordshire County Council.
- 8.16 The Council has also been identified as being eligible for £2.6 million of capital funding from the Local Authority Housing Fund (LAHF), details of which were announced over the Christmas 2022 break. The LAHF aims to increase the supply of accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement schemes (and so also providing a permanent boost to the supply of local affordable accommodation). The government has identified North Hertfordshire, amongst others, as an area facing some of the greatest challenges in providing settled and move on accommodation for these cohorts. The Fund will run over 2022/23 and 2023/24 with the Council expected to deliver 17 homes and part-fund some of the costs. We are currently reviewing options in the light of extremely tight submission deadlines.

## **9. LEGAL IMPLICATIONS**

- 9.1. The Housing Act 1985 Section 1 (1) confirms that the District Council is the Local Housing Authority (LHA).
- 9.2 LHAs' homelessness duties are contained within the Housing Act 1996 Part VII, as amended by the Homelessness Reduction Act 2017 which placed significant new duties on English local housing authorities.



- 9.3 LHAs have a legal duty to provide interim (also known as emergency) accommodation to homeless applicants, if, at any point during their enquiries, there is a reason to believe that an applicant may be:
- homeless
  - eligible for assistance, and
  - in priority need

If an LHA fails to provide interim accommodation, or if the accommodation provided is unsuitable for the applicant, this can be challenged by way of judicial review.

- 9.4 The Housing Benefit Regulations 2006 (as amended) is the principal legislation covering claimants of working age and sets out how local authorities' administration of the benefit.
- 9.5 The Housing Benefit and Council Tax Benefit (Consequential Provision) Regulations 2006 contain the rules regarding eligible rent with regards exempt accommodation.
- 9.6 Schedule 3, Regulation 6 (1) of Housing Benefit and Council Tax Benefit (Consequential Provision) Regulations 2006 states that:

*no deduction [to eligible rent] shall be made under paragraph (3) unless suitable cheaper alternative accommodation is available and the authority considers that, taking into account the relevant factors, it is reasonable to expect the claimant to move from his present accommodation*

- 9.7 The Cabinet's Terms of Reference provides at paragraph 5.6.15; "To oversee the provision of all the Council's services other than those functions reserved to the Council".
- 9.8 When agreeing the Adoption of a new Housing Strategy (2019-2024) in March 2019, the Cabinet also resolved the following:

*In the event the MHCLG provides homelessness funding beyond the financial year 2019/20, the Cabinet authorises the Service Director – Regulatory, in consultation with the Executive Member for Housing and Environmental Health, to decide on the specific allocation of the funds in order to meet homelessness priorities, for the duration of the Strategy.*

- 9.9 Should Cabinet agree the proposals in this report, relevant steps will be taken to ensure compliance with the Council's Contract Procurement rules contained in section 20 of its Constitution.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The Council received a Homelessness Prevention Grant allocation of £339,826 for 2022/23 from DLUHC, which is ring fenced for homelessness prevention and relief work. A further top-up of £54,811 was received in December 2022.
- 10.2 Use of the HPG as per recommendations 2.1-2.2 will minimise the net cost to the Council of HB subsidy loss arising from homeless placements in hotels and supported accommodation.
- 10.3 A further report will be presented to Cabinet in due course detailing proposals for the allocation of the remaining HPG for 2023/24 and 2024/25.

## **11. RISK IMPLICATIONS**

- 11.1. There is high uncertainty in the number of hotel placements that will be needed and the cost (subsidy loss) that is subsequently incurred. The report also highlights the uncertainty in relation to subsidy loss from the Keystage Housing service, although there are actions being put in place that should help further reduce the costs. The total estimated cost is therefore uncertain, which is why it will be tracked through the quarterly budget monitoring process. There is a risk that the costs will be higher, which will therefore either limit the other initiatives that can be supported by the HPG funding, or result in an overspend against the General Fund. Whilst it is helpful to have HPG allocations for the next two years, there is inherent uncertainty as to what funding will be from 2025/26 onwards and this will be reflected in an amendment to the existing corporate Financial Risk entry concerning the cost of measures to address homelessness.

## **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 allocations of the remaining HPG funding seek to prevent and relieve homelessness. BSCU provide an affordable homelessness prevention loan service, while Beam help homeless households access the private rented sector and assist homeless people into employment.
- 12.3. Young people are more likely to be faced with homelessness and rough sleeping (under 25s made up 19% of those owed a homelessness duty by the Council in 2021/22). Crashpad provide emergency beds for homeless young people on a short-term basis with the aim of them returning home. Evidence shows that life expectancy of rough sleepers is far shorter than for the population as a whole so services aimed at young people may provide the chance to promote positive health outcomes in the longer-term through early intervention.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and “go local” requirements do not apply to this report; however, the proposals contribute to social value by providing community benefits that would otherwise not be realised.

## **14. ENVIRONMENTAL IMPLICATIONS**

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

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 No impact.

## **16. APPENDICES**

- 16.1 None.

## **17. CONTACT OFFICERS**

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- 17.6 Jodie Penfold, Group Accountant [jodie.penfold@north-herts.gov.uk](mailto:jodie.penfold@north-herts.gov.uk); ext 4332
- 17.7 Anne Banner, Benefits Manager [anne.banner@north-herts.gov.uk](mailto:anne.banner@north-herts.gov.uk); ext 4610

## **18. BACKGROUND PAPERS**

- 18.1 DLUHC's Homelessness Prevention Grant allocations: [Homelessness Prevention Grant: 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/grants/homelessness-prevention-grant-2022-to-2023)
- 18.2 DLUHC announcement confirming allocations of additional HPG: [Homelessness Prevention Grant: 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/dluhc-announces-additional-homelessness-prevention-grant-2022-to-2023)
- 18.3 DLUHC Committee report on Exempt Accommodation: [Exempt Accommodation \(parliament.uk\)](https://www.parliament.uk/business/committees/committees-a-z/commons-select/dluhc/committees/dluhc-reports/exempt-accommodation/)
- 18.4 Black Squirrel Credit Union website: [Black Squirrel Credit Union \(bscu.org.uk\)](https://www.bscu.org.uk/)
- 18.5 Beam website: [Beam Homeless Social Enterprise - Sponsor a Homeless Person in the UK Into a Job](https://www.beam.org.uk/)
- 18.6 DLUHC Single Homelessness Accommodation Programme: [Single Homelessness Accommodation Programme - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/grants/single-homelessness-accommodation-programme)
- 18.7 DLUHC Local Authority Housing Fund Prospectus: [Local-Authority-Housing-Fund-Prospectus-Final.pdf](#)

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<b>CABINET</b> <b>31 January 2023</b>
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<b>PART 1 – PUBLIC DOCUMENT</b>
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**TITLE OF REPORT: REVENUE BUDGET 2023/24**

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: SUSTAINABILITY

**1. EXECUTIVE SUMMARY**

- 1.1. Cabinet is required to recommend a budget for 2023/24 to Council for their consideration and approval. The budget considers the following:
- The funding that the Council should expect to receive in 2023/24 and an estimate of future years funding
  - The forecast net spend required to enable the continued delivery of the Council services in 2023/24 and beyond
  - The estimation of lost income and additional spend in relation to the continuing recovery from 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 Cabinet recommends the following to Council:

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 £2.5 million is recommended.
- 2.3. Notes the net revenue savings that are likely to be required in future years, combined with the Chief Finance Officer's commentary on the reliability of estimates and the resilience index.
- 2.4. Approves the revenue savings and investments as detailed in Appendix B.
- 2.5. Approves a net expenditure budget of £18.123m, as detailed in Appendix C.
- 2.6. Approves a Council Tax increase of 2.99%, which is in line with the provisions in the Medium Term Financial Strategy.

- |   |
|---|
| <p>2.7. Approves that the revenue investment for leisure centre condition surveys (as detailed in Appendix B, reference R13) is brought forward so that it can be spent in 2022/23.</p> |
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### **3. REASONS FOR RECOMMENDATIONS**

- 3.1. To ensure that all relevant factors are considered in arriving at a budget and Council Tax level for 2023/24. To ensure that the budget is aligned to Council priorities for 2023/24 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 2023-28, 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. There have been some changes to these proposals since the budget workshops, and these changes are highlighted in this report.
- 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 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 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 (and review by the Finance, Audit and Risk Committee). 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.

## **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. Cabinet agreed to all the savings and investments that were presented to the budget workshops. They also considered the following:

- That the Overview and Scrutiny Committee will require additional Officer support to help it to be more effective. The current expectation is that this can be afforded from previous savings identified from a restructure in a different part of the Legal and Community directorate.
- That the outdoor pool season at Letchworth Outdoor pool be extended by 4 weeks (2 weeks at the beginning and end of the season) in 2023. A timed wrist band system will be introduced during the school holidays to reduce queuing and maximise income. Season ticket pricing will also be reviewed. The net impact is a budget pressure of up to £25k in 2023/24, but could be lower.
- Noted that Hertfordshire County Council (HCC) are looking to withdraw the support that they provide to Districts and Boroughs to minimise residual (i.e. non-recyclable) waste. This funding was provided through a mechanism known as the Alternative Financial Model (AFM). The amount that we will receive will reduce in 2023/24 (which is a payment based on performance in 2022/23), although it is expected that it will be broadly in line with the budget, after adjusting for the potential ongoing impacts of COVID-19. It will then reduce to zero in 2024/25, which will be a budget pressure of around £400k.

8.6 Excluding the decision by HCC to end AFM support, at that time it was expected that the adopted proposals would result in medium-term net revenue savings of £284k per year. The impact with the HCC decision was expected to be a net pressure of £116k per year. There have been some additional pressures that have been identified since then, as well as changes to the expected level of some of the savings and investments. This includes changes resulting from the Investment Strategy, which were known would not be finalised until this report, as they would be linked to levels of capital spend and investment return forecasts. These changes are detailed in paragraph 8.24.

### **General Funding**

8.7. The Government provided a policy statement on Local Government funding on 12<sup>th</sup> December 2023. This was followed by the draft Local Government Finance Settlement on 19<sup>th</sup> December 2023. The policy statement provided some earlier warning of the principles that were detailed in the draft settlement for 2023/24, as well as some information on funding from 2024/25 onwards. The relevant points for future funding are:

- The baseline amount of Business Rates that Councils can retain will now increase in line with CPI (rather than RPI which is usually higher). Councils will continue to be reimbursed for this inflation even when Government make policy decisions to not increase the amounts that are charged to businesses.
- "Negative Revenue Support Grant" (which would reduce the amount of Business Rates that can be retained) will continue to be eliminated. This is assumed to be for the period until a new funding formula is introduced.

- A new funding formula will not be introduced before 2025/26, and could be later given the work involved.
- District Councils will be able to increase Council Tax by up to 2.99% without the requirement for a local referendum in 2023/24 and 2024/25. It is assumed it will then revert back to 1.99% thereafter.
- Business rate pooling will continue to be available in 2024/25.
- The future of New Homes Bonus will be set out in advance of the 2024/25 settlement, although no detail of how far in advance.
- That all Council's would see at least a 3% increase in their Core Spending Power, before they made a decision on Council Tax increases (but the 3% would be after assumed increases in the Council Tax base).
- Council's should start to receive funding from Extended Producer Responsibility (EPR) from 2024/25. This additional funding will be incorporated into future reviews of Council funding.

8.8. Overall the draft settlement is more positive than the forecasts in the Medium Term Financial Strategy. This is mainly down to the level of New Homes Bonus that we will receive, although the 3% guarantee on Core Spending Power would still have resulted in an increase. However it is necessary to note that the level of funding increases is still far less than inflation over the last two years. Growth in the Council tax base and a 2.99% increase in the rate of Council Tax (which is what will be recommended) also have a positive impact on funding compared with the MTFS position. The table below (table 1) shows a comparison between 2022/23 funding, the MTFS forecast for 2023/24 and the latest 2023/24 forecast. Table 2 provides estimates for future years.

**Table 1 – Estimated General Funding comparison (2023/24)**

£000 Funding	2022/23 Budget Estimate	2023/24 MTFS Forecast	2023/24 Latest Forecast	Difference between MTFS and latest forecast	Comments
Council Tax	12,248	12,560	12,791	231	Increase due to: (1) recommended 2.99% tax rate increase, rather than £5 for a band D (2) increase in Council Tax base by 1.4% rather than 0.5%.
Council Tax Collection Fund Surplus / (Deficit)	(2)	(54)	138	192	Forecast in-year surplus at January 2023 exceeds required repayment of 20/21 deficit spread amount of £54k. MTFS made no assumption as to in-year surplus / deficit position.
RSG	0	0	152	152	Two specific grants received in this year included in general funding for 2023/24. Confirmed that negative RSG delayed until at least 2025/26
Business Rates baseline	2,726	2,868	2,828	144	Whilst the inflationary increase is lower due to using CPI rather than RPI, we had been even more prudent in the level of inflation that would be applied. The split between these two lines is irrelevant in this context.
Compensation for not increasing the Business Rates multiplier	279	298	482		
New Homes Bonus	295	150	932	782	Forecast in the MTFS was low due to uncertainty over New Homes Bonus. Bonus for 2023/24 is based on growth of 807 band D equivalent properties (of which 332 are empty homes brought back in to use)



Lower Tier Services Grant	125	0	0	0	
Services Grant	188	100	106	6	
3% guaranteed increase in CSP	n/a	0	0	0	The level of New Homes Bonus means that our funding is above the 3% increase, without the need for additional grant
Less: grant funding for Council Tax Support administration grant now within base funding	n/a	0	(132)	(132)	This grant was previously a specific grant not contained with general funding. Amount is what we forecast we would receive as a specific grant.
Less: Council Tax support to Parishes	(39)	(39)	(39)	0	
	<b>15,820</b>	<b>15,883</b>	<b>17,258</b>	<b>1,375</b>	

**Table 2 – Estimated General Funding forecasts**

<b>£000 Funding</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Comments</b>
Council Tax	13,239	13,570	13,909	14,257	Assumed 2.99% increase in rate in 2024/25, 1.99% thereafter. Net 0.5% increase in tax base
Negative RSG (or equivalent)	0	(500)	(1,000)	(1,000)	Confirmed that new funding formula delayed until at least 2025/26. Assume net decrease of £1m, with half the impact in the first year.
Business Rates income (including compensation for not indexing the multiplier)	3,543	3,614	3,686	3,759	Assume 2% inflation
Other funding	350	350	350	350	New Homes Bonus will not continue at the 2023/24 level, but to provide the same impact as the promised one-off 3% Core Spending Power there would need to be ongoing funding of £250k per year. Also add in Services Grant at £100k.
Less: grant funding for Council Tax administration grant now within base funding	(132)	(132)	(132)	(132)	This grant was previously a specific grant not contained with general funding
Less: Council Tax support to Parishes	(39)	(33)	(28)	(28)	Reduces to reflect introduction of negative RSG (or equivalent)
	<b>16,950</b>	<b>16,858</b>	<b>16,774</b>	<b>17,195</b>	
<b>% Change on previous year</b>	<b>-1.82%</b>	<b>-0.54%</b>	<b>-0.50%</b>	<b>+2.51%</b>	

- 8.9. The numbers in the table above are just estimates, and we will not get any certainty until at least 2025/26. These will be used for modelling future budget positions and therefore savings requirements, as they provide a realistic scenario. However overall, we will need to be ready to adapt to changes in funding levels.

### **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 3 below, noting that this is not an exhaustive list:

**Table 3 – Forecasts in relation to grants and other contributions**

Grant/ Contribution	Amount in 2022/23 (£000)	Risk/ Opportunity
Healthy Hub funding	35	HCC have confirmed funding for the Healthy Hub Service in 2023/24 of £35k. Funding for future years however has not been confirmed, so there could be a budget pressure if the service were to continue in its current form.
Homelessness Prevention Grant	340	Funding has been confirmed from DLUHC for the next two years of Homelessness Prevention grant. £364k in 2023/24 and £382k in 2024/25. Confirmation of two year funding gives the opportunity of planning and committing to schemes/projects.
Rough Sleeping Initiative Grant	203	DLUHC have confirmed amounts awarded for 2023/24 of £189k and 2024/25 of £157k for projects to address rough sleeping. Confirmation of two year funding provides the opportunity of planning and committing to schemes/projects.
Alternative Financial Model (AFM)	125	See paragraph 8.1. The last payment will be in 2023/24 (for performance up to the end of Q1 in 2022/23). The budget for this income will be completely removed from the service budget from 2024/25 onwards.
Housing Benefit Administration Grant	268	Notification has been received of the provisional Housing Benefit Administration grant for 2023/24 of £248k. The £20k reduction in grant reflects the reduction in case load due to working age clients transferring to universal credit. As there is no corresponding reduction anticipated in administering Housing Benefits in the next financial year, <b>the budget pressure from this grant reduction is included in the budget estimates at Appendix C.</b>
Council Tax Administration Grant	132	As referenced in tables 1 and 2, this funding has been incorporated into general funding, so will no longer be received as a separate grant. This creates a budget pressure which is reflected in the table 1 and 2. The service budget will be adjusted to remove this income.

### **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 2023/24 had been accepted for Hertfordshire County Council and five other Districts (including North Hertfordshire). The Pool had 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 achievement of a 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) had 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. At the time

of writing the report, it had been decided not to go ahead with the Pool. This is due to Business Rates revaluation that has taken place which has seen significant increases in rateable value for certain properties, particularly warehouses and film studios. This affects the levy rate that will be applied to the pool and also could make it more likely that there will be rates appeals. The response provided to Government in relation to the Pool detailed the reasons why it could not go ahead, and that the Business Rates revaluation was not revenue neutral (which was supposed to be the case). The response left it open for the Government to put in place a levy rate that was revenue neutral. In that case, we would then reconsider a Business Rate Pool for 2023/24, although would still need to consider the risk around potential appeals.

## 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, the 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 In the policy statement (12<sup>th</sup> December) reference was made to reviewing the level of Council reserves and gaining a better understanding of what they are being held for. The table below (table 4) demonstrate the reasons why reserves are being held, as well as forecasts of future balances. Apart from the MHCLG Grants reserve, all the balances are held for a specific purpose. The table below already notes that the MHCLG Grants reserve will mainly be used to smooth the impact of funding which has not kept pace with the level of inflation.

**Table 4 – Specific Reserves**

Name of Reserve	Purpose of Reserve	Balance at 1 April 2022	Estimated Balance at 31 March 2023	Estimated Balance at 31 March 2024
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 2023/24 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.	46	6	0
Churchgate Development Reserve	Additional income over and above that necessary to off-set the treasury income that would have been generated from the capital used to purchase the shopping centre freehold will be set aside in a reserve to support the planning and delivery of Churchgate regeneration project. The money will provide necessary professional advice via consultants, architects, quantity surveyors etc.	0	164	Unknown
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.	21	18	15
Growth Area Fund Reserve	Holds the revenue grant awarded. With the Local Plan now in place, this reserve is anticipated to be drawn down to fund relevant projects and activities.	32	20	0

<b>Name of Reserve</b>	<b>Purpose of Reserve</b>	<b>Balance at 1 April 2022</b>	<b>Estimated Balance at 31 March 2023</b>	<b>Estimated Balance at 31 March 2024</b>
Homelessness Grants Reserve	To help prevent homelessness in the district. The grant is earmarked for different homelessness projects or resources.	502	542	351
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.	1,016	906	727
Information Technology Reserve	To ensure the Authority has adequate resources to purchase hardware and software items when they are required.	23	23	Unknown
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. In recent years has been used for additional administration costs and software upgrades.	36	24	Unknown
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.	68	Unknown	Unknown
Leased Vehicles and Equipment Reserve	The incorporation of the accounting standard IFRS 16: Leases in the accounting code, effective from April 2023, 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 2023/24. 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. As detailed and explained in the MTFS, a total of £3m will be released into the General Fund to help bridge the forecast funding gaps in the coming years, as shown in Appendix C..	9,367	6,357	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.	14	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.	120	115	95
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

Name of Reserve	Purpose of Reserve	Balance at 1 April 2022	Estimated Balance at 31 March 2023	Estimated Balance at 31 March 2024
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 at the end of this financial year.	640	0	0
Street Name Plates	To fund Street Name Plates as and when required. To maintain until Local Plan is adopted and then review.	16	Unknown	Unknown
Syrian Refugee Project	The Council has agreed to house Syrian Refugees 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.	566	575	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	7	Unknown
Town Centre Maintenance	For the implementation of the Town Wide Reviews and ad hoc town centre maintenance.	69	77	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.	381	376	371
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.	836	836	Unknown
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.	1,341	1850	2,456
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.	614	547	Unknown

8.17 As at the 31 March 2022 there was a total of £2.493m held as long-term provisions. These are comprised of:

- Business Rates appeals - £2.463m - the Council's estimated share of outstanding business rates appeals
- Insurance - £30k - covers the uninsured aspect of outstanding insurance claims.

8.18 We do not want to be in a position where we are holding such a high level of provision in relation to Business Rates appeals, but it reflects the number of outstanding appeals which need to be dealt with by the Valuation Office Agency (VOA). Until those appeals are resolved, the Council can not use these amounts for another purpose, nor can they go back to businesses.

8.19 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 £18.1million, this means a minimum balance of about £900k. As the Council has become more reliant on generating income to set a balance 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 £13.9m and therefore an additional allowance of £400k will be added.

- 8.20 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 5 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 8.22 below.

**Table 5- Budget Risks in 2023/24**

Category	Number of Risks	Forecast Value of Impact (£000)	Risk Allowance (£000)
Low	14	3,634	0
Medium	14	1,238	310
High	10	1,810	905
<b>Total</b>	<b>38</b>	<b>6,682</b>	<b>1,215</b>

- 8.21 Combining the risk allowance for specific risks and unknown risks means that a General Fund balance of at least £2.5million should be maintained. This is what is recommended by the s151 Officer (Chief Finance Officer).

### **Covid-19 financial risk**

- 8.22 A central contingency budget was created in 2022/23 to cover the estimated costs (including lost income) of Covid-19. An amount was set aside for 2022/23, with a lower amount set aside in 2023/24, and then reducing back to zero impact in 2024/25. Table 6 below details the amounts that were set aside in the MTFS, with comments against these and any further adjustments:

**Table 6- Covid-19 central contingency**

Type of spend/income	Normal budget (£000)	Basis of contingency for 2023/24 (MTFS)	Amount of contingency budget in 2023/24 as per MTFS (£000)	Comments	Revised contingency budget 2023/24 (£000)
Leisure Centre management fee income	820	20% of management fee	160	Based on the performance in 2022/23, the contract may return to paying a full management fee in 2023/24, but seems prudent to retain a provision of 10%	80
Pay as you use parking income	2,020	5% of annual income	100	Forecast shortfall in 2022/23 of around £200k, so maintain a 5% allowance	100
Hitchin Town Hall	230	20% of annual income	40	Performance to date in 2022/23 indicates a faster recovery in demand following the pandemic than anticipated. Contingency in 23/24 can therefore be removed.	0

Trade Waste income	1,010	5% of annual income	50	Based on current monitoring expected to be at normal levels in 2022/23	0
Homeless costs	80	50% increase	40	Temporary accommodation costs have returned to pre-pandemic levels over the last few months and no additional government requirements remain. While costs may increase in 23/24, no longer linked to Covid-19 so should be removed.	0
Car park season tickets	320	20% of annual income	60	Continuing shortfall believed to be due to changes to working patterns, so retain contingency at previous estimate	60
Recyclable materials	290	50% increase	150	High variability but no longer linked to Covid-19 so should be removed.	0
AFM income	420	50% of annual income	210	As HCC will ending payment of AFM, this is expected to cover the majority gap between the budget and what will be received in 2023/24. The shortfall is still mainly due to Covid-19 impacts.	210
			<b>810</b>		<b>450</b>

### Expenditure Forecasts

- 8.23 The starting point for forecasting net expenditure for future years is the previous year's budget, as set in February 2022. 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 7 below. The budgets requested to be carried forward and the ongoing impacts are included in the budget estimates detailed in Appendix C, while the forecast General Fund outturn of £17.28m for 2022/23 informs the opening general fund reserve balance shown in Appendix C.

**Table 7- Summary of forecast variances (amounts £000)**

Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-Forward requested	2023/24 Budget impact
Social Care Levy Central Contingency	88	0	(88)	The Local Government Finance Settlement for 2022/23 included £188k Services Grant. This grant was to cover the increased employee costs that the Council faced from the introduction of the Social Care levy from April 2022 (1.25% increase in the employer NI contribution rate), which was estimated to result in an additional cost of approximately £100k in 2022/23. The balance of £88k was set aside as a central contingency should a contribution from the Council towards additional contractor costs be required as a result of the levy. With the measure now reversed from 6th November 2022, the Council does not anticipate a need to drawdown on this contingency in 2022/23.	0	0
Legal & Community Directorate Staffing Costs	1,815	1,774	(41)	Forecast underspend is largely due to vacant posts in Democratic Services and Community Safety.	0	0
Electric Vehicle Charging Points	73	10	(63)	Officers are currently seeking a private sector partner to participate in the provision of EV chargers within the Council's car parks. The future direction of spend for this budget is dependent upon the outcome of this procurement and a Government grant application in the new year. A carry forward of the unspent budget is requested to fund any ongoing and associated work requirements associated with this project.	63	0
Supplementary Planning Documents (SPDs)	167	0	(167)	The new Local Plan was subject to significant delays before being adopted in November 2022. A programme of work for the supporting SPDs is now being prepared. The programme will include the procurement of external consultancy support, hence substantive costs are now unlikely to be incurred before the start of the 2023/24 financial year.	167	0
Town Centre Strategies	80	0	(80)	Town centre strategy reviews form part of the documents supporting the Local Plan. Following the adoption of the Local Plan in November 2022, a programme of work for the Town Centre Strategy reviews is now being prepared. This will require the procurement of external consultancy support, meaning that substantive costs are unlikely to be incurred until 2023/24.	80	0



Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-Forward requested	2023/24 Budget impact
Transport User Group Forum	47	1	(46)	This budget was originally set up for the costs of facilitating the User Forum, such as venue costs and consultant advice. The Forum has recently been amalgamated with the Transport Cabinet Panel meetings, which is now embarking on a new programme of work. It is therefore unlikely that this budget will be spent in the current financial year and it is requested that the budget is carried forward to fund future projects to be discussed at future meetings that may require consultancy/expert input.	46	0
Local Plan Post Adoption Review	35	13	(22)	Revenue investment was approved by Full Council in February 2022 to support work on an early review of the adopted Local Plan. The narrative supporting the budget bid identified that any year-on-year underspend would help mitigate or reduce further growth bids as the Plan reaches key points (e.g. pre-submission and examination) which require significant financial resource in terms of full, up-to-date evidence bases, legal support and inspection costs. Due to the delay in the adoption of the local plan, the majority of work originally identified for 2022/23 will not commence until 2023/24.	22	0
Brexit Grant Funded Expenditure	12	1	(11)	A carry forward of the balance of the Brexit grant expenditure budget is requested to contribute to the cost of a Social Value Portal in the next financial year.	11	0
<b>Total of Explained Variances</b>	<b>2,317</b>	<b>1,799</b>	<b>(518)</b>		<b>389</b>	<b>0</b>
Other Minor Variances	15,469	15,481	+12		0	(1)
<b>Total General Fund</b>	<b>17,786</b>	<b>17,280</b>	<b>(506)</b>		<b>389</b>	<b>(1)</b>

8.24 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. Since then, the following changes have been made, including new proposals:

- The revenue efficiency (reference E9) relating to treasury income receipts has been updated in line with the Investment Strategy (see paragraphs 8.25 and 8.26 below).
- The revenue efficiency (reference E10) relating to the Local Government Pension Scheme contribution rate has been significantly reduced. It had been understood that the Council's percentage contribution rate would drop by 1% and the lump-sum would remain fixed. However the final actuary position is a much smaller reduction in the total contribution that the Council will need to pay.
- The revenue investment (reference R14) relating to waste related telephone payments has been updated to include the expected costs, previously these had been TBC.

- The inclusion of those budget pressures considered at the Cabinet meeting in December in relation to AFM monies from HCC and outdoor pool opening (references R35 and R36).
- Additional consultancy support for leisure contract procurement (reference R37). Expected to be in 2023/24 only. To support this, recommendation 2.7 proposes that the condition survey work is brought forward so that it can be delivered at the end of 2022/23.
- Ongoing additional funding for the toilet cleaning contract which arises from the prices submitted to a recent tender process. The decision on contract award will need to be made by Cabinet in March.
- Inclusion of the additional pressure (reference R39) for the Minimum Revenue Provision required (see paragraphs 8.25 and 8.26 below).
- Ongoing additional funding for maintenance support for the AV equipment in the Council Chamber (reference R40). This will help with the recent issues that have occurred during committee meetings.

The complete final list of savings and investments is included at Appendix B. The cumulative impact of the changes in the list above is an increase in projected spend, and will therefore affect the savings that need to be delivered in future years.

### Revenue effects of capital

- 8.25 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. In line with the Prudential Code (and as set out in the Investment Strategy), the Council plan to borrow internally against revenue balances first, and only when those balances are insufficient would we borrow externally. Borrowing internally is generally 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.
- 8.26 As identified in the Investment Strategy report, the Council will need to borrow in the medium-term. The revenue costs of that borrowing, alongside the impact of using reserves to fund revenue expenditure (i.e. lost investment interest), need to be reflected in the revenue budget. Table 8 shows the amounts that need to be incorporated in to revenue spend forecasts:

**Table 8- Revenue impacts from the Investment Strategy**

£000	2023/24	2024/25	2025/26	2026/27	2027/28
Forecast external borrowing costs (existing borrowing)	37	36	35	33	32
Forecast interest income from investments	(1,618)	(1,048)	(555)	(502)	(480)
Forecast MRP requirement	0	24	189	225	241
Net budget requirement	(1,581)	(988)	(331)	(244)	(207)
Current allocated budget*	(594)	(668)	(673)	(617)	(617)
Change in budget required	(987)	(320)	342	373	410

\* The current budget includes an adjustment at Quarter 1 (and in the Medium Term Financial Strategy) which increased the ongoing investment income budget by £500k on an ongoing basis. This was a prudent estimate for 2024/25 and 2025/26, but further analysis has shown that it was an over-estimate in later years (as available balances reduce and interest rates are expected to move back to around 4%).

## Reliability of estimates

- 8.27 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 generally been adopted, especially in relation to income where it is only included where there is a high degree of certainty over it being achieved. There are no in-year unidentified savings required.
- 8.28 There are still significant uncertainties in relation to the following:
- Pay Inflation
  - Other inflation
  - Covid-19 recovery
  - Future funding
  - Contract renewal
  - Waste policy changes
- 8.29 The forecast included for the 2023/24 pay award is an average increase of 4%, and then 2% each year thereafter. Due to the delay in agreeing the 2022/23 pay award, the Unions have not yet announced their position on the 2023/24 pay award. In turn this means that the employers (Councils) have not yet considered their response to any proposal. An average 4% pay award (as with the 2022/23 pay award) could mean that the lower paid get a greater percentage increase, and the higher paid a smaller percentage increase. Every additional 1% pay award is an additional ongoing cost of around £200k per year.
- 8.30 Inflation on our contracted services has been estimated for 2023/24 based on the terms of each contract and current/ forecast inflation rates (depending on the date each year that inflation is determined). For 2024/25 onwards it is assumed that inflation will return to around 2% and therefore contract inflation is estimated at this level going forward. The cost of inflation for 2023/24 is around £1.3million.
- 8.31 The impact of Covid-19 remains a significant uncertainty, as detailed in paragraph 8.22 above. It is felt that setting aside a central contingency in 2023/24 is a prudent response to this uncertainty. There remains uncertainty as to whether certain income sources (e.g. parking, especially long-stay) will ever fully recover. Given that there is general improvement towards normal levels of cost/ income, it is considered a return to normal is a feasible outcome. Therefore at this time a permanent adjustment is not included. This will kept under review through budget monitoring reports and in setting future budgets.
- 8.32 Whilst the ministerial statement provided some indication of what funding to expect in 2024/25, the further delay to a new funding formula means that there is no certainty for 2025/26 onwards. In the medium-term we have to work on the prudent assumption that a new funding formula would have a similar impact to 'negative RSG', even if the financial impact transpires in a different way. The 2023/24 Local Government settlement provided a 3% guaranteed increase in Core Spending Power (essentially the main sources of funding). As we got a large amount of New Homes Bonus it is uncertain how this will affect future allocations if (as is most likely) our allocation from New Homes Bonus (or a replacement funding mechanism) drops next year. As the 3% related to inflation that has an ongoing impact, it would seem unfair to let that fully reduce without a partial compensatory increase in another grant. So that is what has been assumed in the forecasts in table 2.
- 8.33 The Council has two large contracts that will be retendered over the next few years, i.e. the waste and street cleansing contract, and the leisure contract. The waste contract will also be subject to Government policy changes in relation to waste collection (see next paragraph). The leisure contract has been affected by Covid-19 but is recovering

well. The Council has also invested in a soft-play facility at North Herts Leisure Centre which should help boost income generated. Whilst there is risk in assuming that net income will stay at the same level, it is considered to be a reasonable assumption.

8.34 Government have consulted on a series of proposals in relation to waste collection. These include:

- Introducing consistent waste collection across all areas of the country (e.g. same materials in the same types of bins) and being stopped from charging for garden waste collections.
- Introduction of a Deposit Return Scheme (DRS), which would have an impact on what we collect at the kerbside. It is likely to mean that higher value recycling materials would be taken to deposit return locations, leaving us to collect the remainder. This would negatively affect the net costs of disposal for recycling materials.
- Extended Producer Responsibility (EPR), which places the financial burden for waste on those that are producing it at source.

The full details of what will be adopted (and when) is still not yet known. Income generated from EPR should come to Councils. It has been said that Council funding will be reviewed in the light of ERP, with the implication being that Government are assuming that if left unchanged the additional income would be more than the additional costs incurred. It is assumed that the Council will be fully compensated for any financial impacts from service changes, DRS and EPR. This budget includes a proposal to change garden waste charges which in the medium term will increase our annual income. This budgeted increase has been set aside to off-set future additional costs of the waste service. A similar approach has been taken in respect of the Cabinet decision to move to 3-weekly residual waste collection. Whilst it will reduce costs, this saving has also prudently been assumed to off-set future additional costs.

8.35 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).

8.36 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**

8.37 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.

8.38 Appendix C also includes a forecast of the remaining savings that the Council still needs to deliver by 2027/28 (i.e. £2.5m in total, with £100k to be delivered in 2024/25, a further £1m in 2025/26, a further £1m in 2026/27 and a further £400k in 2027/28). The better than forecast position on funding for 2023/24 needs to be tempered by the need to make prudent assumptions around funding in later years. Also the changes detailed in

paragraph 8.24 off-set the increase in the medium-term, noting that treasury and capital negative impacts are greater in later years. It is therefore recommended that the capital programme is further reviewed and challenged during 2023/24.

- 8.39 The improved position on funding does mean that over the next couple of years the drawdown on reserves will be lower. This supports the approach that the Council can choose to deliver the majority of its savings (which are likely to involve service change and reduction) after the impacts of high inflation have hopefully subsided, and when there is some greater certainty over future funding (i.e. 2025/26 onwards)
- 8.40 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. It is expected that future Government forecasts of our required funding will assume that we have increased our Council Tax by the maximum amount allowed (without a local referendum).
- 8.41 The profile of savings set out in appendix C (and paragraph 8.38) is forecast to require a reduction in specific reserves of £3m (i.e. use of the MHCLG grants reserve). This means that the General Fund balance is expected to be retained at around £10m. Whilst this is substantially in excess of the minimum recommended level, a failure to deliver the target savings would see a forecast general fund balance at the end of 2027/28 of just over £4m, and a remaining annual budget gap of over £2.5m. The General Fund balance also provides some mitigation against the impact of future risks relating to contract retenders.

## **9 LEGAL IMPLICATIONS**

- 9.1 Council will exercise the following function in accordance with TOR 4.4.1 *“approving or adopting the budget.”*
- 9.2 Section 16 of the Council’s Constitution sets out the Budget and Policy Framework Procedure Rules. TOR 16.1 confirms that the Council will be responsible for the adoption of its budget and that once a budget is in place; *“it will be the responsibility of Cabinet to implement it.”*
- 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 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>

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## Appendix A- Financial Risks 2023/24

Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
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
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.	L	70,000	0%	0
Ransomware attack results in the write-off of some IT hardware and infrastructure.	L	200,000	0%	0
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.	M	50,000	25%	12,500
Adverse possession of land/buildings (litigation costs). Protection of "Village Greens". Signs/fences need to be constructed to avoid residents claiming ownership rights.	L	35,000	0%	0
Reduction in income generated from Hitchin Town Hall due to the impact of the ongoing 'cost of living crisis' on the level of demand for events held at the venue.	M	40,000	25%	10,000
District by-election	M	8,000	25%	2,000
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	H	100,000	50%	50,000
Legal expertise related to employment cases	M	50,000	25%	12,500
The Council is required to meet the cost of any award from new or ongoing judicial reviews.	M	100,000	25%	25,000

Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Possible procurement challenge. Legal costs and costs of re-tendering if necessary.	L	100,000	0%	0
Costs incurred from an increased number of prosecutions pursued in court, for example due to persistent flytipping.	M	50,000	25%	12,500
Domestic Homicide Review – requirement for additional resources to respond	H	15,000	50%	7,500
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
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
Reduction in funding from third party agency agreements for contracted grounds and/or tree maintenance works.	L	50,000	0%	0
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
Cost of felling and destroying trees as a result of pests and tree disease.	L	75,000	0%	0
Cost of maintaining service provision in the event of major contract failure.	L	1,000,000	0%	0
Income from Trade Refuse is adversely affected by economic downturn.	M	300,000	25%	75,000
Lack of resilience in delivering key statutory services, such as Environmental Health, Planning including Enforcement, 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 or other method to maintain service provision.	H	100,000	50%	50,000

Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
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
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
Specialist advice required with regard to planning applications, e.g. town centre schemes and "hostile applications"	M	100,000	25%	25,000
Costs associated with a challenge to a forthcoming decision of the Council or one that has been made, for example: legal challenges, 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
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
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	50,000	25%	12,500
Local Plan: additional costs associated with progressing the Local Plan or associated processes, such as a review.	M	50,000	25%	12,500
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
Theft of, or damage to, parking pay & display equipment	M	20,000	25%	5,000
Disabled Adaptations: Hertfordshire Home Improvement Agency fail to recover sufficient fees, based upon application throughput, resulting in additional payment requested by HCC to cover costs. Increased level of fee exempt Building Control applications for which the Council must reimburse the fee to Hertfordshire Building Control.	H	15,000	50%	7,500
Unfunded Environmental Health costs associated with the Covid-19 pandemic and other infectious diseases including staffing, protective or specialist equipment, target campaigns etc	M	50,000	25%	12,500

Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
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	350,000	0%	0
Breach of partial-exemption calculation for VAT	L	300,000	0%	0
Increases in construction inflation increase the cost of property repairs and maintenance required.	H	20,000	50%	10,000
Localisation of Business Rates – The council is directly exposed to a range of risks including; business rates levy, safety net.	L	225,000	0%	0
Member/Officer Indemnity Agreement is called upon	L	100,000	0%	0
Further payments are required under MMI scheme of arrangement	L	20,000	0%	0
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	100,000	50%	50,000
Relates to an environmental warranty that was provided to North Herts Homes on the transfer of the Housing stock.	L	209,000	0%	0
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
Cost of annual Housing Benefit Subsidy Certification is higher than budgeted due to additional audit fieldwork required.	H	10,000	50%	5,000

**6,682,000**

**1,214,500**

REVENUE BUDGET SAVINGS AND INVESTMENTS

New Revenue Efficiency Proposals

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency				
				2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000
E1	Customers	Expenditure on printing and photocopying. The contract for the rental of Multi Functional Devices (MFD's) has recently expired and we have taken the opportunity to review usage and current requirements. This has resulted in a reduction in the number of devices and therefore a reduction in the ongoing total rental cost.	Expenditure Reduction	(2)	(2)	(2)	(2)	(2)
E2	Customers	IT Software Costs. Following the upgrade of Microsoft licences earlier this year we have been able to eliminate some of the peripheral software costs, as they are now included within the Microsoft Agreement.	Expenditure Reduction	(9)	(9)	(9)	(9)	(9)
E3	Customers	IT Network costs. Following a review of our Public Services Network (PSN) security we have been able to eliminate the use of a dedicated PSN line supplied by Vodafone as this is no longer required.	Expenditure Reduction	(4)	(4)	(4)	(4)	(4)
E4	Customers	Careline equipment maintenance for non-complex clients. This service was provided by an external company. When Careline took on additional clients from HCC the cost of the additional maintenance was unknown, so the budget was estimated and potential higher costs were built in. Now the maintenance and installation is to be provided inhouse (Caretech) this has led to a reduction in estimated costs on the maintenance side, which has resulted in a saving on the maintenance budget.	Expenditure Reduction	(161)	(161)	(161)	(161)	(161)
E5	Customers	Careline equipment maintenance for clients with complex needs. Installation and maintenance is currently provided by an external company under a contract to the end of March 2023. The estimated saving would be from bringing this service in-house from April 2023, subject to approval from Cabinet. The saving relates to maintenance costs only, as installation costs are funded by Herts County Council.	Expenditure Reduction	(51)	(51)	(51)	(51)	(51)
E6	Enterprise	Net income from the acquisition of Churchgate Shopping Centre. Following the acquisition of the head leasehold interest the Council will receive additional income (i.e. the income from the tenants, less associated management costs and previous income levels). This saving reflects the additional income that is necessary to off-set the treasury income that would have been generated from the capital used to purchase the shopping centre. This is estimated at 2% of the total capital acquisition cost. The intention is that the remaining income will be set aside in a reserve to support the planning and delivery of Churchgate regeneration project. The money will provide necessary professional advice via consultants, architects, quantity surveyors etc. The amount required is very uncertain, and will be kept under review. As plans develop further it will become possible to capitalise any costs (subject to a future capital bid) that relate to a final scheme, when that scheme moves in to construction. Based on advice during the acquisition it is estimated that the available funding could be around £750k by the end of 2025/26.	Additional Income	(84)	(84)	(84)	(84)	(84)
E7	Enterprise	Additional net income from appointment to a new Assistant Operations and Events Manager position at Hitchin Town Hall for a fixed term of two years. The new post, whilst supporting and adding resilience to the overall Hitchin Town Hall service, would be primarily responsible for scheduling and planning a range of internally organised public events. Recently the team have begun running such events in small numbers, which have generated good returns for the Council, but without further staff capacity, the team lack the time to program in more of these events over and above the general day to day private hire requests. This new role will allow the service to generate greater income through running more internally organised public events and being able to match increasing demand with more staffing capability. The proposal would also facilitate the requested temporary reduction in hours from 37hpw to 30hpw of the current Operations and Events Manager (saving included in efficiency value).	Additional Income	(8)	(8)	-	-	-
E8	Enterprise	Net direct surplus from the creation of a café kiosk in Bancroft Pavilion, which will enable the council to offer food and refreshments at one of its green spaces. The corresponding capital investment in 2023/24 required to renovate a disused wing of Bancroft Pavilion for this purpose is requested within the Investment Strategy 2023-2033.	Additional Income	(9)	(9)	(9)	(9)	(9)
E9	Managing Director	Interest income return from treasury investments. As noted below, the ongoing budget was increased at Quarter One 2022/23 following the increases to the Bank of England base rate during the calendar year 2022. The base rate was subsequently increased by a further 0.5% to 2.25% on the 22nd September and may rise further in the coming months. The estimated interest income return is also dependent on the anticipated level of cash balances available for investment. These estimates are based on the proposed Investment Strategy (Integrated Capital and Treasury) 2023-2033.	Additional Income	(987)	(344)	153	200	222
E10	Managing Director	Reduction in the contribution rate to the Local Government pension scheme following the triennial revaluation of the scheme. The draft outcome of the revaluation exercise was received in January and, due to an improvement in the Council's position over the three years, the actuary has indicated that a 1% reduction in the overall contribution rate (which includes the amount paid as a lump sum) should be sufficient to maintain a stable position going forward.	Expenditure Reduction	(20)	(20)	(20)	(20)	(20)
E11	Place	Garden waste subscriptions income. We have received feedback from residents that the subscription period should start in spring, rather than autumn. This change would require an 18 month subscription period from October 2023 to March 2025. This length of subscription should be over £60, but using reserves to keep the price at £49, as we are know the impact the cost of living crisis is having on residents. We will have a new waste contract from May 2025 and unfortunately we expect our costs to go up. Garden waste charging from April 2025 will reflect the full cost of the service, which includes the administration costs (including in relation to providing concessionary pricing) and providing bin stickers. The current estimate is that this would be around £49 per year. As the current budget assumption is an annual increase of 2% efficiency value represents the difference between that and the newly estimated income. See also R33 which shows the assumed additional costs from 2025/26 that will be covered by the additional income.	Additional Income	121	253	(168)	(145)	(121)
E12	Place	Waste awareness and minimisation expenditure. Expenditure budget for this purpose in previous years has been directly linked to the value of the AFM receipt received from Herts County Council. It is proposed to adjust the base expenditure budget to reflect expected spend, which will include the joint financing of a Waste Awareness Officer post from 2024/25 with East Herts District Council.	Expenditure Reduction	(93)	(83)	(73)	(73)	(73)
E13	Resources	Provision of safety barriers and man safe systems to various premises to improve safety of roof access for roof maintenance, gutter and outlet maintenance. Estimate includes additional cost of provision of man safe systems to three sites with the ongoing saving from a reduction in access equipment required to access the roofs year on year.	Expenditure Reduction	1	1	(3)	(3)	(3)
E14	Resources	Revenue efficiency associated with capital proposal for the provision of remote testing Emergency Lights and Water Temperature Monitoring at at least four small pavilion and cemetery sites. The equipment will reduce the number of physical inspections / compliance visits required.	Expenditure Reduction	-	(1)	(4)	(4)	(4)
Total Net Budget Reduction from new efficiency proposals			Total Expenditure Reduction	(339)	(330)	(327)	(327)	(327)
			Total Additional Income	(967)	(192)	(108)	(38)	8

	Total Efficiencies	(1,306)	(522)	(435)	(365)	(319)
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**New Revenue Pressures and Investment Proposals**

Ref No	Service Directorate	Description of Proposal	Budget Impact	Investment				
				2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000
R1	Customers	IT software maintenance expenditure. Upgrades to the Public Access module of the Planning management system over a three year period from the start of April 2023. While NHC will undertake all customer installable upgrades, to avoid additional costs of £43k over the 3 years had the software provider completed the upgrades, the public access module is not customer installable and has to be upgraded by the software provider IDOX.	Additional Expenditure	7	7	7	7	7
R2	Enterprise	Economic Development Officer post. The current budget allocation for the shared post with East Herts District Council ends in March 2023. It is proposed that this continues for 2023/24.	Additional Expenditure	25	-	-	-	-
R3	Enterprise	Development of a new Enterprise Strategy. Appointment of specialists/consultants to help the Council produce a new Enterprise strategy, which will include Economic Development, Tourism and Commercial.	Additional Expenditure	15	-	-	-	-
R4	Enterprise	Appointment of Architect (Royal Institute of British Architects "RIBA" qualified) to undertake four stages of consultancy on proposed repurposing/redevelopment of Royston Town Hall Annexe, off Melbourn Street, Royston. Four stages are: (1) Strategic Definition; (2) Preparation & Brief; (3) Concept Design; and (4) Developed Design.	Additional Expenditure	20	-	-	-	-
R5	Enterprise	Purchase of Wireless Gallery Climate Monitoring Devices for North Herts Museum. These devices are important for ensuring that our museum has the correct environment for storing and displaying artwork and historical artefacts. The current devices we have are reaching the end of their life and have various technological limitations compared with modern devices. The new devices would enable us to monitor gallery conditions remotely and be alerted to emerging issues along with being able to share this data with other prospective museums considering loaning their exhibits to us. This would hopefully allow us to convincingly demonstrate the stable environment within our galleries and stores to other museums and would also allow us to take ever greater care of our exhibits.	Additional Expenditure	3	-	-	-	-
R6	Legal & Community	One off financial support to Citizens Advice for North Herts to ensure operations provided under the Memorandum of Understanding continue in the current economic climate and can accommodate the increase in need. The proposed investment for Citizens Advice will contribute to the upgrading of the IT infrastructure underlying their service delivery.	Additional Expenditure	20	-	-	-	-
R7	Legal & Community	One off financial support to North Herts Minority Ethnic Forum to ensure operations provided under the Memorandum of Understanding continue in the current economic climate and can accommodate the increase in need. The proposed investment will address the anticipated shortfall in funding to cover the core costs of their service provision.	Additional Expenditure	25	-	-	-	-
R8	Legal & Community	One off financial support to North Herts Centre for Voluntary Services to ensure operations provided under the Memorandum of Understanding continue in the current economic climate and can accommodate the increase in need. The proposed investment will help CVS to build capacity in the community through greater partnership working and the hosting of a Voluntary Sector conference.	Additional Expenditure	5	-	-	-	-
R9	Legal & Community	Annual Remembrance event in Letchworth. The event requires the closure of one road, for which an application must be submitted to the County Council. The budget requested is for the appointment of a Traffic Management Company to prepare a plan to support the application. For events beyond 2023/24, Officers are seeking to gain appropriate training and accreditation to enable the Council to successfully submit a road closure application without requiring the involvement of a traffic management company.	Additional Expenditure	5	-	-	-	-
R10	Legal & Community	Additional resource required to respond to Domestic Homicide Reviews (DHRs). This takes the total contribution up to £5k. Since 13 April 2011, there has been a statutory requirement for local areas (i.e. Community Safety Partnerships) to conduct a multi agency DHR following a domestic homicide of a person aged 16 or over which has, or appears to have, resulted from violence, abuse or neglect. If we do not contribute to the county-wide arrangement, then we would be required to fund the full cost of any DHR in our area (upwards of £12k per DHR).	Additional Expenditure	2	2	2	2	2
R11	Place	Recruitment of fixed term Sustainability Project Manager to help enable the council to meet its net zero commitments. The cost will be partially offset by temporary salary savings within the Place directorate.	Additional Expenditure	40	40	40	-	-
R12	Place	Sustainability projects expenditure budget. To support the Council and Herts Climate Change and Sustainability Partnership projects, which will assist with delivery of aspirations within the climate change strategy and to work towards shared county wide climate goals.	Additional Expenditure	25	-	-	-	-
R13	Place	Commissioning of consultants to carry out a ten year condition survey of the Council's Leisure Centre buildings. The survey will identify the level of investment required to maintain and improve the current offer over the next 10 years and will inform capital allocations required in future years. This survey will also form part of the leisure procurement documentation, with potential providers given a better understanding of the condition of the assets they will be tendering to manage and the future plan in place.	Additional Expenditure	32	-	-	-	-
R14	Place	Waste related telephone payments, including garden waste payments, are currently facilitated by Urbaser. It is intended to bring payments back in-house and this will require an upgrade to the telephone payment system to allow for immediate confirmation of payment receipt to ensure additional back office reconciliation is not required.	Additional Expenditure	43	13	13	13	13
R15	Place	Integration of waste management IT systems with CRM. Costs associated with additional part time staff resource procured to provide integration on a fixed term contract.	Additional Expenditure	20	20	10	-	-
R16	Place	Anticipated waste collection catchup costs associated with the additional bank holiday for the Coronation of King Charles III.	Additional Expenditure	20	-	-	-	-

R17	Regulatory	Hitchin Rail Station - Eastern Access options appraisal - funding required to appoint consultants to undertake a wider Strategic Sustainable transport option appraisal to improve east - west access across Hitchin including Hitchin Station, the town centre and Wilbury industrial estate. Project fee estimated at £60k - £30k required to match fund a bid being sought by HCC.	Additional Expenditure	30	-	-	-	-
R18	Regulatory	Recruitment of Planning Enforcement Officer. With the receipt of the Inspectors letter and the approval of some large scale housing sites within the District, the planning enforcement team requires additional resource to met the expectations placed upon it. Currently the team has one manager and two junior officers (one being part time in this role). This bid seeks funding for an experienced enforcement officer to cater for the additional workload arising from the Local Plan. Investment value indicates maximum cost of proposal.	Additional Expenditure	53	53	53	53	53
R19	Regulatory	Recruitment of Major Projects Development Management Officer. The receipt of The Inspectors letter and the adoption of the master planning process has identified a need to recruit a qualified major projects officer. Planning is a hard to recruit to service and, as such, often the most suitable candidates only wish to work part time. In addition staff often request flexible working arrangements, such as following maternity leave. As such, the additional cost of this post can be offset by the salary lag generated from where full time posts within the service have been recruited to at part time hours. The investment bid is therefore for the remaining funding to seek a full time officer. Investment value indicates maximum cost of proposal.	Additional Expenditure	17	17	17	17	17
R20	Regulatory	Recruitment of Housing Improvement Officer subject to job evaluation). The new role would be to identify & facilitate energy improvements or 'green' energy grants, target & bring into use vacant residential premises including via CPO & Management Orders & help residents live longer & healthier in their homes. Investment value indicates maximum cost of proposal.	Additional Expenditure	47	47	47	47	47
R21	Regulatory	Recruitment of a Housing Register and Accommodation Officer. This post would be to focus on the resettlement of refugees and any associated asylum seeker activity, which is an increasing area of work. Given the nature of the role, the estimated additional cost of the post would be eligible to be financed from the grant monies currently held in the Syrian Refugee earmarked Reserve.	Additional Expenditure	-	-	-	-	-
R22	Regulatory	Local Plan Review - the examination of the Local Plan 2011-2031 cost ~£1m (this excludes the preparatory costs of the earlier consultation stages and evidence base) and contains a commitment to begin the next review by the end of the 2023, looking forward over the period to the 2040s.  Although it is presently anticipated that the cost of the next 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 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.). Proposed reforms to the planning system are currently in the early stages of progress through Parliament and may result in new or additional requirements.  The 2022/23 budget included approved funding of £60k per annum over a five period (£300k in total). This bid is based upon a more defined work programme and is for a further £60k per year over the next five years which would provide a working budget of £120k per year for the next four years and a total commitment of £600k over a six year period.	Additional Expenditure	60	60	60	60	60
R23	Regulatory	Chilterns Area of Outstanding National Beauty (AONB) extension. The Council previously supported an application to extend the AONB boundary and approved an associated budget. The application failed to progress for a number of years and the budget was removed. Natural England are now in the early stages of considering the potential for such an extension of the Chilterns Area of Outstanding Natural Beauty, which lies partially within the District. Further areas within North Hertfordshire may be considered for inclusion or amendment. The process is expected to take 2-3 years to complete. The Growth Bid reflects the previous budget and would be used to secure ongoing expert support from a Landscape Consultant to advise the Council on any emerging proposals.	Additional Expenditure	10	10	10	-	-
R24	Regulatory	Local Cycling Walking Infrastructure Plan (LCWIP) - Rural Areas. Match funding is required in working with HCC to review the adopted Plan for the inclusion of rural areas and to prepare and undertake survey work associated with an extension to the NHC LCWIP.	Additional Expenditure	-	20	30	-	-
R25	Regulatory	Electric Vehicle (EV) charge point maintenance. Resource is required to cover existing 10 EV vehicle charge points within NHC public car parks cost at an estimated cost of £500 per socket per year. Only one year of funding has been sought as officers are seeking to extend the provision through a Government Grant and partnership with a private sector operator who will take over the existing charge points. If the bid is unsuccessful or the operator declines to take over the existing chargers, further investment bids will be required in the future.	Additional Expenditure	5	-	-	-	-
R26	Regulatory	Maintenance of existing Air Quality Monitoring Equipment within the Air Quality Management Areas. The equipment has been insitu for some time and is beginning to require an increasing degree of repair for which there is no budget. This bid seeks to rectify that need for on-going maintenance and repair.	Additional Expenditure	-	-	-	-	-
R27	Regulatory	Sustainable Travel Town. Funding is requested for North Herts Council's contribution towards the preparation of the Sustainable Travel Town Implementation Plans in Letchworth and Royston, including community engagement and promotion.	Additional Expenditure	20	10	10	-	-
R28	Resources	Lighting maintenance at Letchworth Multi Storey Car Park (LMSCP). All the current lighting was installed nearly nine years ago and the number of failures has increased recently. The budget pressure is to recognise both; the additional cost from the higher number of visits anticipated in next year to address issues with the lighting; to engage a lighting design specialist to look at Letchworth MSCP to, 1) give a view on the longevity of the existing installation at LMSCP and 2) provide an estimate for a large scale replacement, which can be used to form a future capital bid.	Additional Expenditure	25	-	-	-	-
R29	Resources	Repair of the surface water drain at District Council Offices, Letchworth.	Additional Expenditure	-	15	-	-	-
R30	Resources	Implementation and ongoing licence and support fees of a computer aided facilities management system (CAFM). This is the net additional cost after reallocation of some other linked budgets. The CAFM system will help deliver a number of benefits including: improved property compliance and resilience, better reporting on progress of fixing property issues and improved works management which will help deliver better value for money.	Additional Expenditure	10	10	10	10	10



R31	Resources	Estimated additional cost from the reprocurement of the property compliance contract. The previous contract was based on a fixed price over the contract period. So this mainly reflects the accumulated inflation on costs, which are particularly high in relation to materials. This estimate is based on Community Centres taking on monthly checks. This will be subject to a Cabinet decision in December. The additional cost would be around £15k higher, if the Council continues to provide these monthly checks.	Additional Expenditure	30	30	30	30	30
R32	Enterprise	Contribution to Better Business for All. This service provided through the Local Enterprise Partnership supports works to boost business productivity and growth by making it easier for businesses to access the regulatory support they need from Local Authorities such as Trading Standards, Environmental Health, Licensing and others. BBFA also works with regulators to help them better understand the challenges faced by businesses.	Additional Expenditure	3	6	-	-	-
R33	Place	Additional garden waste collection costs that are covered by increased income. Note the additional costs will be only be known when the new contract is awarded in early 2024.	Additional Expenditure	-	-	168	145	121
R34	Enterprise	Repairs to the riverside footpath near Jill Grey Place in Hitchin that will be required when it is taken on by the Council. This is part of the overall project to provide a link from Bridge Street to Biggin Lane.	Additional Expenditure	26	-	-	-	-
R35	Place	AFM Income. Hertfordshire County Council are looking to withdraw the support that they provide to Districts and Boroughs to minimise residual (i.e. non-recyclable) waste. This funding was provided through a mechanism known as the Alternative Financial Model (AFM). The amount that we will receive will reduce in 2023/24 (which is a payment based on performance in 2022/23), although it is expected that it will be broadly in line with the budget, after adjusting for the potential ongoing impacts of COVID-19 (as detailed in the Medium-Term Financial Strategy). It will then reduce to zero in 2024/25.	Income Reduction	-	395	395	395	395
R36	Place	Extension of the outdoor pool season at Letchworth Outdoor pool by 4 weeks (2 weeks at the beginning and end of the season) in 2023. Based on experience of usage and to minimise the financial impact to the council, the opening hours will be restricted to peak periods. A timed session wrist band system is also being introduced during the school holidays to reduce queuing and maximise income. A review of season ticket pricing will also be undertaken prior to the new season.	Additional Expenditure	25	-	-	-	-
R37	Place	Additional consultancy support for the leisure contract procurement. As resource in the Leisure team is extremely stretched, the appointment of consultants to provide pre procurement support, draft the documentation for, and project manage, the procurement process and the production of the leisure contract, draft tender documents and support the tender process. Investment value also includes an allowance for external legal advice where this cannot be provided in-house.	Additional Expenditure	52	-	-	-	-
R38	Place	Public conveniences cleaning contract expenditure. Increase in estimated cost follows the outcome of the recent contract tender exercise.	Additional Expenditure	52	52	52	52	52
R39	Managing Director	Revenue cost of internal borrowing required to finance the proposed capital programme 2023-2033. Value only reflects Minimum Revenue Provision, as additional impact of lost interest income is included in the interest income projection above.	Additional Expenditure	-	24	189	173	189
R40	Legal & Community	Council chamber audio visual equipment maintenance support costs. Recent issues with the Council Chambers AV equipment have highlighted the need for a support contract with the equipment provider.	Additional Expenditure	6	6	6	6	6
Total Net Budget Increase from new pressures and investment proposals			Total Additional Expenditure	778	442	754	615	607
			Total Income Reduction	-	395	395	395	395
			Total Investments	778	837	1,149	1,010	1,002

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**Appendix C - General Fund Estimates for 2023/24 to 2027/28**

Flat £1,925 pay award in 2022/23, 4% Pay Award in 2023/24, Annual Council Tax increase higher of £5 or 2.99% in 2023/24 and 2024/25 and 0.5% growth in Council Tax Base in years beyond 2023/24.

<b>All amounts £000</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Net expenditure brought forward	17,593	18,166	18,282	17,919	17,316
Planned delivery of savings previously identified	-94	-141	-203	-22	-25
Planned Investments previously approved	74	-42	-30	52	0
Other previously identified adjustments in future years	19	-19	16	-19	17
Savings and Cost Reductions reported in year	-690	0	0	0	0
Investments and Pressures reported in year	1,170	-48	-37	0	0
Phased reduction in Covid-19 Recovery Provision	-1,290	-450	0	0	0
New savings proposals	-1,306	784	87	70	46
New investment proposals	778	59	312	-139	-8
Health & Social Care Levy Reversal	-100	0	0	0	0
Health & Social Care Levy Contingency	-88	0	0	0	0
Local Council Tax Support Administration Grant Roll-in	132	0	0	0	0
Net pay increments	77	50	50	50	50
Pay inflation	630	300	300	300	300
Pension contribution inflation	0	31	32	0	0
Forecast Contractual Inflation	1,273	300	325	325	325
Forecast Income Inflation	-422	-198	-215	-220	-224
2022/23 Budgets Carried Forward	409	-409	0	0	0
Further savings tbc	0	-100	-1,000	-1,000	-400
<b>Total Net Expenditure</b>	<b>18,166</b>	<b>18,282</b>	<b>17,919</b>	<b>17,316</b>	<b>17,397</b>
Council Tax Income	-12,791	-13,239	-13,570	-13,909	-14,257
Council Tax Collection Fund (Surplus) / Deficit	-138	0	0	0	0
Negative Revenue Support Grant	0	0	500	1,000	1,000
Business Rates	-2,980	-3,040	-3,101	-3,163	-3,226
Business Rates - Under-indexing of multiplier compensation	-482	-492	-502	-512	-522
New Homes Bonus / Other Funding	-932	-350	-350	-350	-350
Services Grant	-106	0	0	0	0
Other	39	39	33	28	28
<b>Total Funding</b>	<b>-17,390</b>	<b>-17,082</b>	<b>-16,990</b>	<b>-16,906</b>	<b>-17,327</b>
<b>Net funding position (use of reserves)</b>	<b>776</b>	<b>1,200</b>	<b>929</b>	<b>410</b>	<b>71</b>
General Fund b/f	10,330	10,330	10,330	10,330	10,015
MHCLG Grants Transfer	-776	-1,200	-929	-96	0
General Fund c/f	10,330	10,330	10,330	10,015	9,945

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## Appendix D- CIPFA Resilience Index results and detailed commentary

The screenshots below show the results from the CIPFA resilience index. The data is for 2021-22 with trends over a 6 year period. The data comes from a Revenue Outturn form that all Local Authorities are required to complete. The full index is published on the CIPFA website (<https://www.cipfa.org/services/financial-resilience-index-2022>).

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, Maidstone, Stroud, Test Valley, Tonbridge and Malling, and Welwyn Hatfield. The only change to the “nearest neighbours” from last year is that Welwyn Hatfield have replaced Huntingdonshire.

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 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 6 years. In the middle of the page is a box showing the Auditors VFM (Value for Money) Assessment. As the Council’s audit for 2021/22 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.

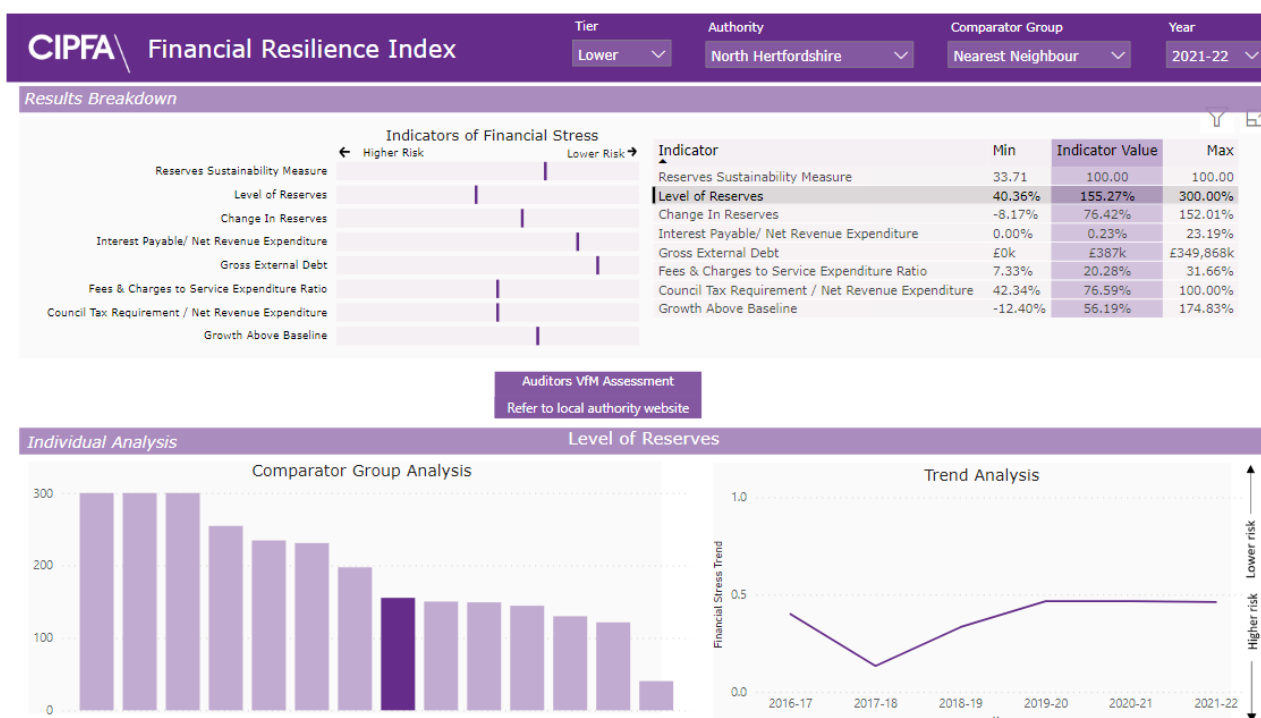
To keep the number of screenshots manageable, the bottom section has only been included for the indicator where North Herts Council is showing as highest risk on each of the 2 pages.

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

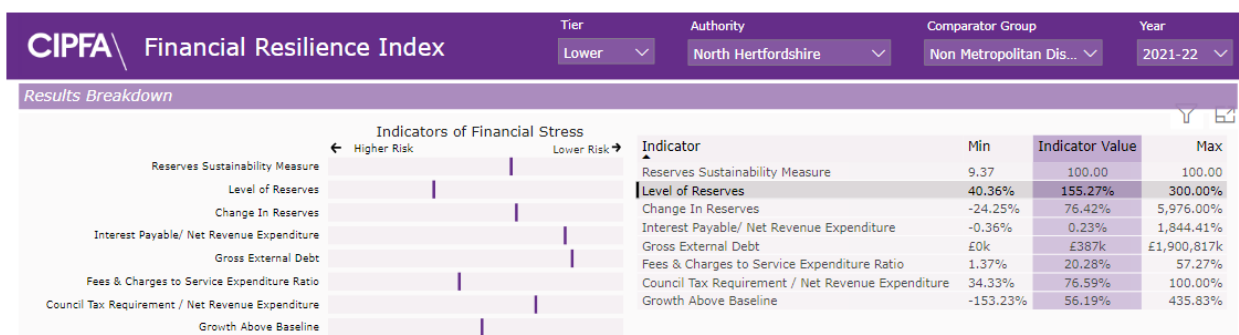
Indicator	Detail/ Impact	Supporting Notes
Reserves Sustainability	How long an authority's reserves will last if they continue drawing them down at the same rate. The longer an authority's reserves will last, the less risk	Without reserves, councils have no ability to weather financial storms. It is the 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.

		<p>Good financial management can be achieved with relatively low reserves, while high reserves do not always indicate good financial management.</p> <p>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.</p>
Change in reserves	<p>Percentage change in reserves over the past three years.</p> <p>Negative changes imply higher risk</p>	<p>This indicator shows the degree of change in reserve levels as an average over the last three years.</p> <p>An increasing use of reserves over this period indicates a higher risk to financial sustainability.</p> <p>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.</p> <p>We would not suggest inter-authority comparison, as each will have differing reserves policy, reserves levels and planned use.</p> <p>This figure will be impacted by the increase in reserves as a result of the COVID payment.</p>
Interest Payable/ Net Revenue Expenditure	The higher the interest that needs to be paid, the higher the risk	<p>The Prudential Code is clear that local authorities should borrow within their means. Minimum revenue provision ensures that there is suitable debt cover.</p> <p>Substantial debt must be monitored, and effective risk management must be evident.</p>
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	<p>You have greater control over your own ability to put charges up or down, giving more control over budget.</p> <p>Local authorities have the ability to raise income through certain fees and charges. Fees and charges across different sources may reduce risk.</p> <p>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.</p> <p>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.</p>
Council Tax Requirement / Net Revenue Expenditure	Higher the ratio the lower the risk (income)	<p>Council Tax is a stable form of income.</p> <p>Collection rates and hardship schemes have resulted in minimal impact across the board.</p> <p>Awareness of the pressures from COVID and the requirement for Government support.</p>
Growth above baseline	The higher the ratio the higher the risk	<p>Local authorities have been able to maintain their growth in business rates.</p> <p>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.</p> <p>Business rates changes have been delayed along with the fair funding review but the risk continues to exist.</p>
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		

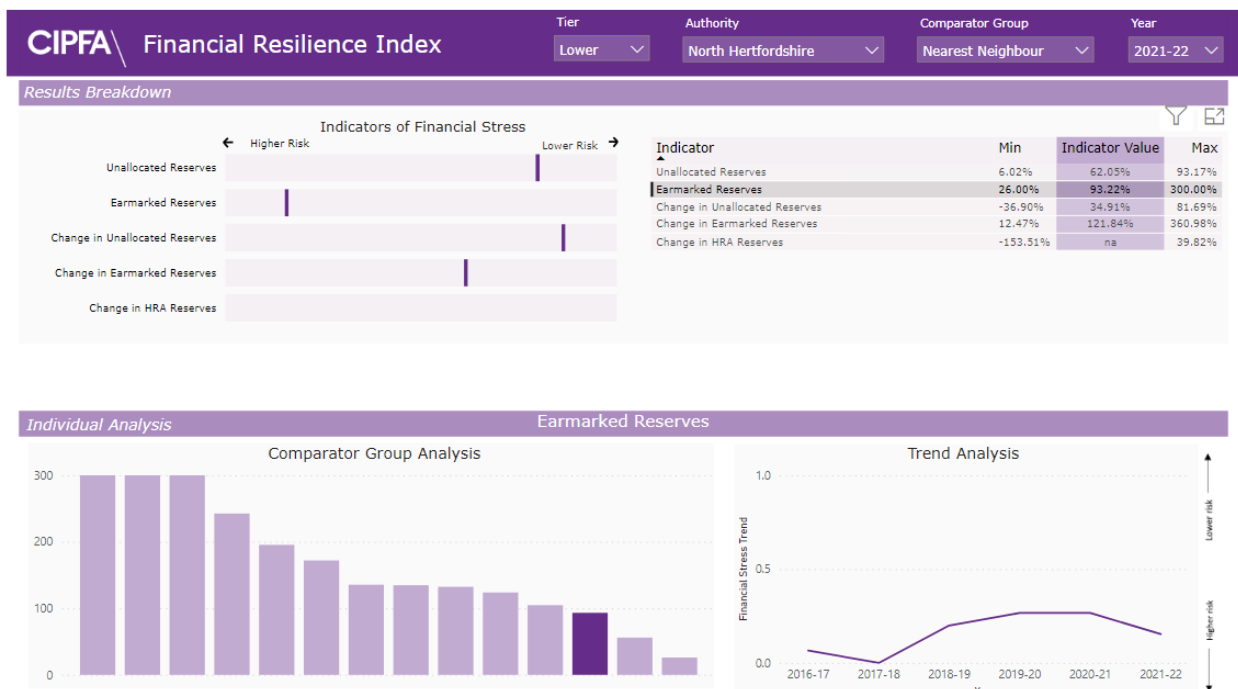
Page 1- Nearest Neighbour comparator (additional detail relates to “level of reserves” measure)



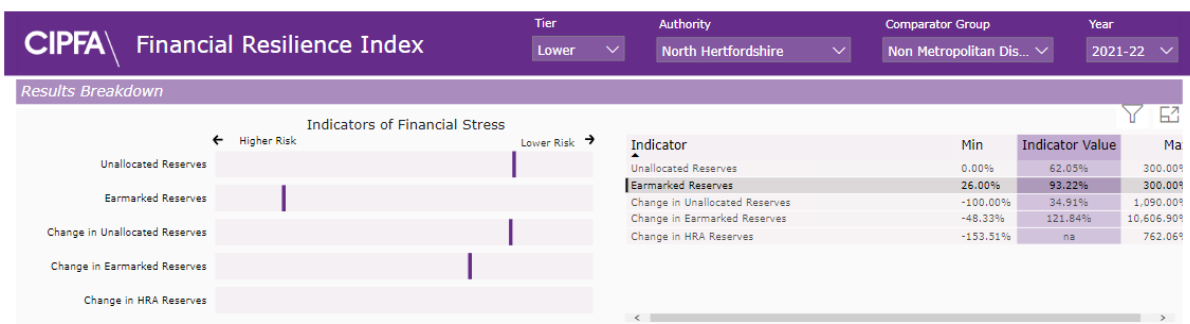
Page 1- Non-Metropolitan Districts comparator



## 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, slightly lower risk when compared to Nearest Neighbours	<p>Based on the data North Herts Council is not currently using reserves to balance its budget. The position is therefore just the ordering of the data when a large number of Councils have the same indicator value (i.e. all have an indicator value of the lowest risk, i.e. 100).</p> <p>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.</p>
Level of Reserves	Around the middle against Nearest Neighbours, slightly higher risk when compared to all Non-Metropolitan Districts	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.
Change in Reserves	Around the middle against both comparator groups	<p>The Council's reserves have increased over the last 3 years. This is a combination of (1) we need to keep preparing for the introduction of "negative RSG", including using reserves as a strategy to mitigate the impact when it happens, and (2) we were holding Government money in relation to Covid-19 payments. Other Councils have increased their reserves by more, so that will affect our ranking.</p> <p>We are not currently using our reserves to balance the budget. Whilst we do plan to use our reserves to balance the budget, subject to the identification and delivery of savings, this will be in a way that ensures our budget stays sustainable.</p>
Fees and Charges as a proportion of service expenditure	Around the middle against Nearest Neighbours, slightly higher risk when compared to all Non-Metropolitan Districts	<p>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.</p> <p>We would also need to consider the willingness and ability of our customers/ residents to pay if we chose to increase our charges.</p>
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.

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**CABINET**  
**31 January 2023**

**\*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: SUSTAINABILITY

**1. EXECUTIVE SUMMARY**

*The Investment Strategy provides the following key information:*

- A capital programme of £8.028m in 2023/24 and £19.294m for the period 2024/25 to 2027/28.
- Recommendations on the Prudential and other Treasury indicators that will be monitored and reported on during the year (2023/24)
- 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 8.11 to 8.16).

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes
- 3.2 To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from the 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 2022. Notes of the comments raised at the workshops were provided to Cabinet in December. There has been two additional schemes added to the capital programme since the budget workshop:
- £0.015m in 2023/24 re CCTV camera replacement. This was mentioned at the budget workshop, but a value was not provided.
  - £0.400m across 2023/24 and 2024/25 for Charnwood House, Hitchin. This is the estimated contribution required by the Council to refurbish and update the building for community use. It is also likely to require a community organisation being able to access further funding. This project was included in last year's capital proposals but did not include a financial value.
- 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 2022/23. The report advised that total expenditure of £37.457m would be required to deliver the current capital programme for 2022-2032, with £9.815m forecast to be spent in 2022/23. 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 2022.

Table 1

	<b>2022/23 £M</b>	<b>2023/24 £M</b>	<b>2024/25 to 2031/32 £M</b>
<b>Original Estimates approved by Full Council February 2022</b>	<b>7.546</b>	<b>5.522</b>	<b>17.311</b>
<b>Changes approved by Cabinet in 3rd Qrt 2021/22</b>	0.821	0	0
<b>Changes approved by Cabinet in 2021/22 Capital Outturn report</b>	0.980	0	0
<b>Revised Capital estimates at start of 2022/23</b>	<b>9.347</b>	<b>5.522</b>	<b>17.311</b>
<b>Full Council approved additional Expenditure – Acquisition of Churchgate</b>	4.350	0	0
<b>Executive Member – Finance and I.T. approved additional Expenditure – Installation of Electric Charging Points at DCO</b>	0.015	0	0
<b>Executive Member – Finance and I.T. approved additional Expenditure – Shared Prosperity Fund Interventions (two separate projects at £50k and £10k each)</b>	0.060	0	0
<b>Changes at Q1</b>	-1.520	2.048	0
<b>Full Council approved additional Expenditure – NHLHC Soft Play</b>	<b>0.250</b>	<b>-0.100</b>	<b>0</b>
<b>Executive Member – Finance and I.T. approved additional Expenditure - Gum Gun</b>	<b>0.038</b>		
<b>Changes at Q2</b>	<b>-2.725</b>	<b>0.861</b>	<b>2.000</b>
<b>Current Capital Estimates</b>	<b>9.815</b>	<b>8.331</b>	<b>19.311</b>

- 7.3 The Treasury Strategy Statement for 2022/23 was approved by Council in February 2022. A mid year review of the Treasury Strategy will be provided to Council in January 2023. There have been no changes made to the Strategy during the course of 2022/23.

## 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 £1.701m
  - A total capital programme for the period of 2023/24 to 2027/28 of £27.322m.
  - 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 list of new capital schemes and schemes planned to commence from 2023/24.
- 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 15 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 £0.976m of borrowing in 2024/25, an additional £6.566m in 2025/26, and a further £5.990m between 2026-2033. As detailed on page 19, the Council can consider whether to borrow internally or externally. However as detailed on page 20, changes to the Prudential Code requires 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:
- 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.
  - Reduce the sovereign rating for non-UK banks from AAA to AA- following discussion with our Treasury Consultants. An additional control will be added for the Service Director: Resources to exclude any countries with concerns over Governmental, Social and Human Rights issues.
- 8.10 The Code of Practice on Treasury Management requires that a report be submitted to Full Council setting out four clauses which should be formally passed in order to approve adoption of the code. The four clauses are detailed below, including how they are met by the Council. As recommended by CIPFA, where appropriate these are included within the Council's Constitution and Financial Regulations.
- 8.11 Clause 1 relates to creating and maintaining a Policy and practices as a cornerstone for effective treasury management.
- 8.12 Full Council are asked to approve the adoption of the following Treasury Management Policy Statement, which is the same as in previous years:
- This organisation defines its treasury management activities as: "The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
  - This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
  - This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 8.13 The Council has adopted treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. The majority of the 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 (Changed to include Environment, Social and Governance (ESG) considerations)
- TMP2- Performance Measurement
- TMP3- Decision making and analysis
- TMP4- Approved instruments, methods and techniques
- TMP5- Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP6- Reporting requirements and management information arrangements
- TMP7- Budgeting accounting and audit arrangements
- TMP8- Cash and cash-flow management
- TMP9- Money laundering
- TMP10- Staff training and qualifications
- TMP11- Use of external service providers
- TMP12- Corporate Governance

- 8.14 Clause 2 relates to the reporting on treasury activities. These are set out in the Investment Strategy on page 3.
- 8.15 Clause 3 relates to the delegation of responsibility for the implementation and regular monitoring of its treasury management policies. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet (Constitution 5.6.9) and for the execution and administration of treasury management decisions to the Service Director: Resources (Constitution 14.6.12 (a) (iii) and Financial Regulations section 13) who will act in accordance with the Council's policy statement and treasury management practices and the CIPFA Standard of Professional Practice on Treasury Management.
- 8.16 Clause 4 relates to the scrutiny of treasury management strategy and policies. The Council nominates the Finance, Audit and Risk Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies (Constitution 10.1.5 (c)).

## **9. LEGAL IMPLICATIONS**

- 9.1 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 2023/24 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.
- 12.3 As referenced in paragraph 8.9, the inclusion of banks on our counter-party list will consider the Country that they are in and an objective analysis of the approach to equalities in that Country. This will be in addition to any sovereign (Country) and institution credit rating.

## **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 list of new capital schemes and schemes planned to commence from 2023/24

#### **17. CONTACT OFFICERS**

- 17.1 Ian Couper, Service Director- Resources, Ext: 4243, E-mail: [ian.couper@north-herts.gov.uk](mailto:ian.couper@north-herts.gov.uk)  
17.2 Dean Fury, Corporate Support Accountant, Ext 4509, [dean.fury@north-herts.gov.uk](mailto:dean.fury@north-herts.gov.uk)  
17.3 Reuben Ayavoo, Policy and Community Manager, Ext 4212, [reuben.ayavoo@north-herts.gov.uk](mailto: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 current economic conditions and the impact of

inflation. 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

TMP1 has been amended to include our policy and practices relating to ESG investment considerations.

### 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 and extended for 6 months until end of March 2023. A tender will be undertaken in the new calendar for our Treasury Advisors to be in place for the beginning of April. It is recognised that the responsibility for treasury management decisions remains with the Council at all times and the Council will ensure that undue reliance is not placed upon Link. However, there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented.

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

### Skills and culture

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

Table 1

Group	Reason for training	Training that has been made available
Full Council (All Councillors)	Required to formally adopt this Strategy.  Required to approve any capital purchase over £2.5m.	Annual training that provides an introduction to Local Authority funding and accounting was provided in June 2022. All Councillors were invited to attend, with a particular focus on Cabinet members and Finance, Audit and Risk Committee members.
Finance, Audit and Risk Committee	To review the Council's policies on Treasury, Capital and the Medium-Term Financial Strategy.  To monitor the effective development and operation of risk management.	Members of the Committee (and substitutes) are encouraged to consider their skills and there is a standing item for future agenda items, which includes training ideas. This allows the targeting of specific training.  Where relevant (particularly early in the civic year) the presenter of reports provides a more detailed introduction to ensure the key information and context is fully understood.  Regular reporting to the Committee on Capital, Risk and Treasury provides the opportunity to ask questions.
Chief Finance Officer and Finance Team	Responsibility for the financial management of the Council (under s151 of Local Government Act, 1972), including capital and treasury management. Provide advice to Budget Holders in respect of financial management.  Responsible for reviewing and amending the financial implications sections of reports.	Ongoing Continuing Professional Development for all qualified members of the finance team, including focused training for specific areas of responsibility.
Leadership Team (LT)	Individual Service Directors will be responsible for putting forward proposals.  Proposals will be reviewed by the Senior Management Team prior to taking through the Committee process.  Members of SMT are likely to be involved in negotiating commercial deals.	Previous training session on risk, risk appetite and assessing risk.  Regular updates on the Council's funding and finances, including significant changes in regulations.  Updates on the core principles of the prudential framework.  Training on finance and the Local Government context provided over the summer. This was made available to Leadership Team and the Senior Management Group.
Political Liaison Board (Joint Member and Officer Leadership Team)	Cabinet makes recommendations to Council on the policy direction and budget for the Council.  Approves capital spend up to £2.5m.	Previous presentations on the implications of the CIPFA Financial Management Code to help ensure effective financial governance and sustainability.  Regular updates on key financial issues.



## **Part 2- Capital Spend**

### **Current Capital Assets**

As at 31<sup>st</sup> March 2022, a summary of the capital assets owned by the Council is shown in table 2 below.

**Table 2**

<b>Asset Type</b>	<b>Asset</b>	<b>Reason for ownership</b>	<b>Value (£000)</b>
Investment Properties	Various	Retained to generate income	26,437
Surplus Land and buildings	Various	Held for future sale or development	10,392
Offices and Storage	DCO	Staff offices, customer service centre and democratic facilities	4,097
Offices and Storage	Unit 3	Off-site storage, back-up IT and emergency planning	417
Leisure Facilities	Hitchin Swim Centre / Archers	Service use	9,386
Leisure Facilities	Letchworth Outdoor Pool	Service use	3,374
Leisure Facilities	North Herts Leisure Centre	Service use	13,817
Leisure Facilities	Royston Leisure Centre	Service use	9,029
Leisure Facilities	Pavilions / Bandstands	Service use	2,457
Leisure Facilities	Recreation Grounds / Play Areas / Gardens/Allotments	Service use	5,463
Community Centres and Halls	Various	Community facilities, generally operated by third parties	13,389
Markets	Hitchin Market	To provide a market	178
Museums and Arts	Hitchin Town Hall and District Museum	District-wide museum and community facility	13,035
Museums and Arts	Letchworth and Hitchin museums, Burymead store	Museum storage	1,808
Cemeteries	Various	Service use	1,477
Community Safety	Various CCTV cameras	Service use	0
IT	Various computer equipment and software	To enable the delivery of other services	480
Parking	Various car parks	Service use	9,757
Waste Collection	Bins	Service use	206
Waste Collection	Vehicles	Service use	1,362
Public Conveniences	Various	Subject to leases/ management arrangements	602
Other	Various	Various	763
<b>Total</b>			<b>127,926</b>

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**

<b>Asset Type</b>	<b>Asset</b>	<b>Reason for purchase/ expenditure</b>	<b>Value (£000)</b>
Cemeteries	Icknield Way	Path Enhancement	50
Community Centres and Halls	Various	Grants for refurbishment of community facilities. Relates to properties that are not owned by the Council (REFCUS)	199
Grants	Various	Park Homes Insulation	341
Grants	Various	Private Sector Housing Grants	120
Grants	Various	S106 Grants (REFCUS)	177
Grants	Various	Shared Prosperity Fund	60
Investment Properties	Churchgate	To generate rental income/ capital appreciation	4,214
Investment Properties	Residential Housing	To enable the conversion of Harkness Court to increase housing provision in the District	42
IT	Various computer equipment and software	To maintain IT service and provision of equipment	946
Leisure Facilities	Hitchin Swim Centre	Replace Outdoor Boiler and Hot Water Calorifer	72
Leisure Facilities	Leisure Condition Survey	Improvements to various Leisure sites	246
Leisure Facilities	Letchworth Outdoor Pool	Replace Outdoor Boiler	58
Leisure Facilities	North Herts Leisure Centre	Create Soft Play Area and Sauna Refurbishment	453
Leisure Facilities	Recreation Grounds / Play Areas / Gardens	Refurbishment of play areas.	515
Leisure Facilities	Royston Leisure Centre	Thermal Installation	70
Museums and Arts	Hitchin Town Hall and District Museum	Mainly works to the Town Hall	94
Parking	Multi-storey car parks	Structural repairs, resurfacing and Lift refurbishment at Lairage, Decoration at Letchworth Multi-storey	123
Parking	Off Street	Match Funding for Electric Vehicle charging and DCO charging points	115
Parking	Off Street	Upgrade pay and display machines, resurfacing and Replacement of Floodlights	560
Parking	On Street	Instal On Street Charging	50
REFCUS	Cycle Strategy / Transport Plans / Green Infrastructure	Cycle Strategy / Transport Plans / Green Infrastructure	713
Various	Various	Capital maintenance of Council buildings/land	439
Waste	Bins	Service Use	90
Waste	Bury Mead Road Transfer Facility	Service Use	30
Waste	Gum Gun	Service Use	38
<b>Total</b>			<b>9,815</b>

**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**

<b>Asset (or type of asset)</b>	<b>Security</b>	<b>Liquidity</b>	<b>Yield</b>
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£22.4m 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 £1.8m)	The Council now has combined ownership of the freehold and leasehold. The Council now generates income directly from the tenants. This income will be affected by economic conditions, but overall is projected to remain fairly stable.  Note that the primary reason for holding the asset is regeneration.	On the basis that it generates a reasonable rental stream, likely to be some interest as an investment. Liquidity likely to be improved now that the ownership of the freehold and leasehold are combined.	Forecasts (based on independent advice) when the leasehold was acquired, was that net income would exceed the capital costs of acquiring the asset and the existing income from the freehold interest.
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 £0.2m)	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 and initial building regulations approval. The final completion of the works (including snagging items) will result in having 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 (£0.4m 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**

<b>Asset (or type of asset)</b>	<b>Fair value assessment</b>	<b>Assessment of the risk of loss</b>
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£22.4m 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 £1.8m)	Valued on a fair value basis. The valuation is based on rental yields.	External valuations were commissioned to support the decision to acquire the leasehold interest. Whilst there are difficulties that face retail and shopping centres in particular, Hitchin is a good retail location, and this shopping centre is fairly unique in the rents that it offers. However, there is still risk in the context of current economic conditions. As part of the acquisition, the Council commissioned condition surveys and has a plan in relation to high and immediate priority works. These works are generally expected to be funded from current and forecast balances in the service charge account.
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.

<b>Asset (or type of asset)</b>	<b>Fair value assessment</b>	<b>Assessment of the risk of loss</b>
Beverley Close Store, Royston (value £0.2m)	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 (£0.4m 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 was last 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 2023/24– 2027/28.

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)					
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29 to 2032/33
Existing Capital Programme-schemes 2023/24 onwards							
Various	Capital maintenance based on condition surveys	304	0	0	0	0	0
Cemeteries	St Johns, Wilbury Hills Icknield Way and new Mausoleum	266	50	0	30	0	0
Computer Software & Equipment	To maintain IT services	119	396	1,124	136	62	2,317
Council Car Fleet	New accounting Standard requires the Council’s leased Vehicles to be recorded on the Council’s Asset Register	141	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
Grounds Maintenance Vehicles	New accounting Standard requires the Council’s leased Vehicles to be recorded on the Council’s Asset Register	315	0	0	0	0	0
Hitchin Swim Centre	Refurbishments / Boiler Replacement	0	230	300	605	0	0
Hitchin Swim Centre / NH Leisure Centre / Royston Leisure Centre	Solar PV installation	721	0	0	0	0	0
Mrs Howard Hall	Replacement Boiler and windows	63	0	0	0	0	0
Newark Close	Road Replacement	65	0	0	0	0	0
North Herts Leisure Centre	Refurbishments / Boiler Replacement	0	200	0	0	120	150
Royston Leisure Centre	Refurbishments / Boiler Replacement	0	150	30	200	100	0
Various	Private sector housing grants (REFCUS)	60	60	60	60	60	180
Various	Creation of and improvements to local green spaces	20	100	0	0	0	0
Various	Funding for local sports facilities,	100	100	0	0	0	0

	tournaments, teams and leagues						
Various Off-Street Car Parks	Resurfacing / Enhancements	558	0	0	0	0	0
Various Parks and Playgrounds	Enhancements	780	215	180	180	180	900
Waste and Recycling	Bin replacements	90	90	90	90	90	360
<b>New Capital Programme</b>							
CCTV Replacement	Replace CCTV	150	0	0	0	0	0
Cemeteries	Icknield Way path resurfacing	100	0	0	0	0	0
Hitchin Swim Centre	Enhancements	65	0	0	0	0	0
North Herts Leisure Centre	Various Enhancements	70	0	0	0	0	0
Off-Street Car Park	Resurfacing Weston Hills	20	0	0	0	0	0
Royston Leisure Centre	Various Enhancements	75	150	0	0	0	0
Various	Community Engagement Schemes	0	163	0	0	0	0
Various Parks and Playgrounds	Enhancements	465	10	0	10	10	0
Various	Testing Emergency Lights and Water Temperature Monitoring at 4 small pavilion and cemetery sites	0	13	0	0	0	0
<b>Total</b>		<b>4,572</b>	<b>1,927</b>	<b>1,784</b>	<b>1,311</b>	<b>622</b>	<b>3,907</b>

The totals for 2028/29 to 2032/33 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 £201k 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)					
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29 to 2032/33
Existing Capital Programme-schemes 2023/24 onwards							
Develop housing at market rents	Increase provision of housing at market rents	10	0	0	0	0	0
NH Museum and Community Facility	Museum Storage Solution	2,000	2,000	0	0	0	0
Off-Street Parking	Parking Machines Replacement	0	0	150	150	0	0
Walsworth Common Pavilion	New pavilion	300	0	0	0	0	0
Royston Leisure Centre	Extension to provide a new multi-functional room and increase size of fitness room	0	0	1,000	0	0	0
John Barker Place	Contribution to redevelopment	1,096	0	0	0	0	0
Waste and Recycling	Vehicles	0	0	4,000	0	0	0
Waste and Recycling	Recyclable material transfer facility, vehicle depot and offer facility co-located with a residual waste transfer facility	0	3,000	3,000	0	0	0
Charnwood House	Refurbish and update the building for community use.	50	350	0	0	0	0
Total		3,456	5,350	8,150	150	0	0

Below is an estimate of the total capital expenditure to be incurred in the years 2023/24 to 2027/28. 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 2023/24 to 2027/28**

Year	£m
2023/24	8.028
2024/25	7.277
2025/24	9.934
2026/27	1.461
2027/28	0.622

A list of new capital schemes and schemes planned to commence from 2022/23 is provided in Appendix A1.

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**

<b>Asset (or type of asset)</b>	<b>Security</b>	<b>Liquidity</b>	<b>Yield</b>
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</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>

		more liquid e.g. they have a wider range of tenants and/ or uses.	
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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, then that could result in a reduced capital receipt. An allowance has been incorporated for higher environmental standards for new disposals, but the impact is uncertain as it will be affected by the cost of those enhanced standards (which is expected to fall over time) and any premium that the end purchaser of the property is prepared to pay. If there were changes in the receipts that could be achieved, 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**

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Balance B/Fwd	3,194	2,541	4,317	0	0	0
Used in Year	6,231	6,424	4,317	0	0	0
Forecast Receipts (£000)	5,578	8,200	0	Tbc	Tbc	Tbc
Balance C/Fwd	2,541	4,317	0	0	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 2022/23 and future years, the Council forecasts the following use of funding for capital (table 11).

**Table 11**

Funding Source	Brought forward (at 31/3/22)	Forecast expenditure and funding sources (£000)						
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29 to 2032/33
Capital Expenditure		9,815	8,028	7,277	9,934	1,461	622	3,907
Less: Set-aside receipts used	4,449	2,071	756	1,622	0	0	0	0
Less: Capital receipts used	3,194	6,231	6,424	4,316	0	0	0	0
Less: Grant funding used		1,206	120	363	0	0	0	0
Less: IT Reserve used		0	0	0	0	0	0	0
Less: S106 receipts used		258	308	0	168	0	0	0
Less: Funding from revenue		0	170	0	3,200	0	0	0
Less: Other Capital Contributions		49	250	0	0	0	0	0
<b>Borrowing requirement</b>		<b>0</b>	<b>0</b>	<b>976</b>	<b>6,566</b>	<b>1,461</b>	<b>622</b>	<b>3,907</b>
<b>Cumulative borrowing requirement</b>		<b>0</b>	<b>0</b>	<b>976</b>	<b>7,542</b>	<b>9,003</b>	<b>9,625</b>	<b>13,532</b>

**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 <sup>st</sup> March 2022 (actual)	-4.6
As at 31 <sup>st</sup> March 2023 (forecast)	-2.5
As at 31 <sup>st</sup> March 2024 (forecast)	-1.8
As at 31 <sup>st</sup> March 2025 (forecast)	0.4
As at 31 <sup>st</sup> March 2026 (forecast)	7.0
As at 31 <sup>st</sup> March 2027 (forecast)	8.4

- 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 2024/25 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 31/3/22)	Forecast balance at year end					
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
General Fund <sup>1</sup>	10,606	10,330	9,660	8,976	8,056	7,202	6,980
Add back MRP	0	0	0	24	189	225	241
Revenue Reserves <sup>2</sup>	15,935	16,444	17,050	17,772	13,772	14,272	14,772
S106 balances	4,171	4,488	4,181	4,181	4,013	4,013	4,013
Provisions	2,493	2,493	2,493	2,493	2,493	2,493	2,493
Outstanding Debt	387	367	347	325	305	290	275
<b>Total</b>	<b>33,592</b>	<b>34,122</b>	<b>33,731</b>	<b>33,771</b>	<b>28,828</b>	<b>28,495</b>	<b>28,774</b>

1 Based on General Fund forecasts as per 'Revenue Budget 2023/24' report.

2 Revenue Reserve balance as at 31/3/22. Then increases in line with contributions to waste vehicle reserve at an average of £454k per year for 7 years. (First year £253K final year £727K). At the 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 2023/24' 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. The Revenue budget includes forecasts of the MRP charge.

During 2021/22 CIPFA consulted on an update to the Prudential Code. One of the main resulting 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 31/3/22)	Forecast amount of borrowing in year (£000)							Carried forward (at 31/3/33)
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29 to 2032/33	
Total borrowing requirement	387	0	0	976	7,542	9,003	9,625	13,532	
Made up of:									
Internal borrowing	0	0	0	976	7,542	9,003	9,625	13,532	13,532
External borrowing	387	(20)	(20)	(22)	(20)	(15)	(15)	(25)	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 <sup>1</sup> £m	Less: Internal Borrowing £m	Forecast Total External Debt £m	Operational Boundary £m	Authorised Limit £m
As at 31 <sup>st</sup> March 2022 (Actual)	0.387	1.239	0	1.626	2.7	7.7
As at 31 <sup>st</sup> March 2023 (forecast)	0.367	0.731	0	1.098	3.0	8.0
As at 31 <sup>st</sup> March 2024 (forecast)	0.347	0.224	0	0.571	2.0	7.0
As at 31 <sup>st</sup> March 2025 (forecast)	0.901	0.106	(0.576)	0.431	2.0	7.0
As at 31 <sup>st</sup> March 2026 (forecast)	7.447	4.100	(7.142)	4.405	13.0	18.0
As at 31 <sup>st</sup> March 2027 (forecast)	8.893	3.592	(8.603)	3.882	14.0	19.0
As at 31 <sup>st</sup> March 2028 (forecast)	9.500	3.082	(9.225)	3.357	14.0	19.0

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 31/03/23 (£)	Interest Rate (actual or forecast) (%)	Current Annual interest cost (£)
PWLb	08/01/49	80	Oct 2025	5,346	518	3.125	20
	16/09/49	80	Jul 2029	380	31	3.0	1
	10/05/46	80	Jan 2026	10,150	940	3.125	36
	12/11/48	80	Jul 2028	13,885	2,311	3.0	78
	28/07/64	60	Jul 2024	15,801	1,381	6.0	122
	02/03/65	60	Jan 2025	19,558	2,245	6.0	181
	01/10/65	60	Jul 2025	33,976	4,806	6.0	367
	05/07/66	60	Jan 2026	35,000	5,857	6.0	430
	02/08/66	60	Jul 2026	50,000	9,622	6.0	686
	18/03/68	60	Jan 2028	40,000	12,311	7.375	1,018
	03/01/69	60	Jul 2028	53,027	18,966	8.125	1,703
	06/03/70	60	Jan 2030	20,100	9,115	8.75	858
	24/11/70	60	Jul 2030	18,714	9,420	9.5	955
	26/01/71	60	Jan 2031	25,000	13,368	9.75	1,382
	05/03/71	60	Jan 2031	12,500	6,461	9.25	634
	05/03/71	60	Jan 2031	25,0000	12,927	9.25	1,269
	31/05/46	80	Jan 2026	9,570	928	3.125	36
	28/02/47	80	Jan 2027	5,832	640	2.5	19
	18/10/46	80	Jul 2026	1,527	147	2.5	4
	20/02/48	80	Jan 2028	14,952	2,279	3.0	78
	22/09/50	80	Jul 2030	654	144	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	121	3.125	5
	16/09/49	80	Sep 2029	640	125	3.0	4
	20/03/53	80	Mar 2033	1,020	358	4.125	16
	23/10/53	80	Sep 2033	750	261	4.0	11
	20/11/53	80	Sep 2033	420	149	4.0	6
	25/04/52	80	Mar 2032	480	156	4.25	7
	30/01/48	80	Sep 2027	1,560	216	3.0	7
	20/09/45	80	Sep 2025	16,690	1,609	3.125	66
<b>Total</b>					<b>367,412</b>		

**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 at a high level 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, all the limits have a broad range. This is particularly necessary for the 'under 12 months' limit, to allow for cash-flow borrowing (if it was required).



**Treasury Indicator 4: Maturity Structure of Fixed Interest Rate Borrowing**

<b>Maturity period</b>	<b>Lower %</b>	<b>Upper %</b>
Under 12 months	0	100
12 months to 2 years	0	100
2 years to 5 years	0	100
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**

<b>Year</b>	<b>Operational Boundary relating to borrowing excluding long term liabilities £m</b>	<b>Limit on Fixed Rate borrowing £m</b>	<b>Limit on Variable Rate borrowing £m</b>
2022/23	2.3	2.3	0.7
2023/24	1.8	1.8	0.5
2024/25	1.9	1.9	0.6
2025/26	8.9	8.9	2.7
2026/27	10.4	10.4	3.1
2027/28	10.9	10.9	3.3

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 £4m 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
2023/24	30.635	1.521	0	0
2024/25	32.635	1.587	0.426	0
2025/26	34.635	1.560	6.992	0.019
2026/27	34.635	1.586	8.453	0.315
2027/28	34.635	1.586	9.075	0.380

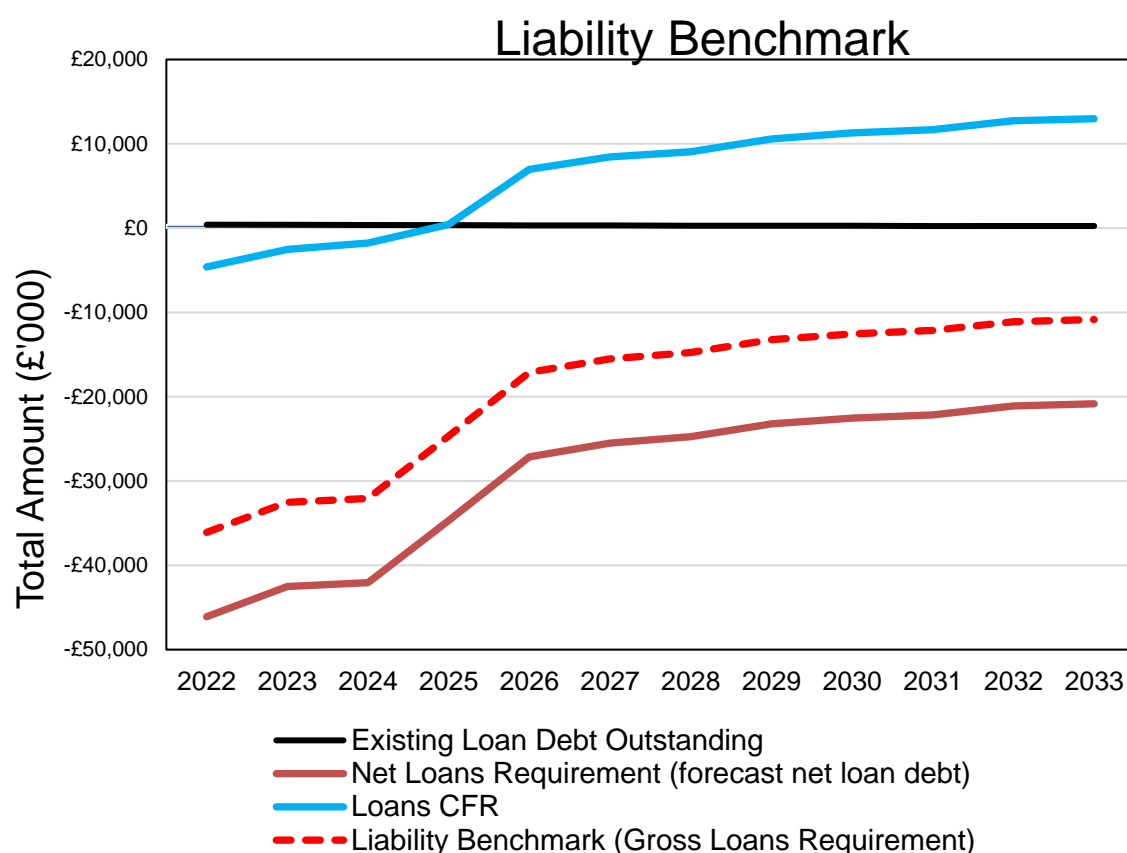
The Council would not borrow money in advance of need or at a low rate to try and reinvest that money to earn a higher interest rate, and profit from the margin between the two rates. However, the waste contract requires the use of vehicles that are provided by the contractor. The Council has taken the 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.

As part of the revised CIPFA Treasury Management Code and Prudential Code, Councils are required to adopt a new Liability Benchmark (LB) treasury indicator to support the financing risk management of the capital financing requirement. The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority's existing loans and their repayment over time (black line).
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on forecast capital spend and MRP charges (light blue line).
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

The purpose of this indicator is to compare the authority's existing loans outstanding (the black line) against its future need for loan debt, or liability benchmark (the orange line). If the black line is below the orange line, the existing portfolio outstanding is less than the loan debt required, and the

authority will need to borrow to meet the shortfall. If the black line is above the orange line (as above), the authority will (based on current plans) have more debt than it needs, and the excess will have to be invested. The chart therefore tells an authority how much it needs to borrow and when. It therefore shows that the Council does not need to take out any further external borrowing.

### 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 2024/25 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 2022/23 to 2026/27**

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	0.217
2023/24	0.037	18.060	0.205
2024/25	0.080	18.261	0.438
2025/26	0.373	18.188	2.052
2026/27	0.438	18.128	2.417
2027/28	0.440	18.135	2.565

## Part 5- Investment Strategy

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

**Table 15**

Balances	Brought forward (at 31/3/22)	Forecast balance at year end (£000)					
		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue balances (including MRP added back)	33,592	34,122	33,731	33,771	28,828	28,495	28,774
Capital Receipts	3,194	2,540	4,516	0	0	0	0
Capital Grants Unapplied	899	186	186	186	186	186	186
Add: Long-term liabilities <sup>1</sup>	1,482	1,023	900	418	3,770	3,123	2,474
Less: Capital Financing Requirement	-4,608	-2,536	-1,780	818	7,388	8,845	9,467
Less: Borrowing repayments	18	20	20	22	20	15	15
<b>Total forecast of available for investment</b>	<b>43,757</b>	<b>40,387</b>	<b>41,093</b>	<b>33,535</b>	<b>25,376</b>	<b>22,944</b>	<b>21,952</b>

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**

<b>Loan</b>	<b>Amount</b>	<b>Reason for Loan</b>	<b>Proportionality of value</b>	<b>Expected Credit Loss model and credit control</b>
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 <sup>th</sup> of the shares.	Insignificant in the context of overall cash balances. Under 1% 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.	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.
Stevenage Leisure Ltd	£315K	To purchase Technogym Equipment, which enables the provision of fitness activities at the Leisure Centres.	As above.	The Covid-19 pandemic has affected the financial performance of SLL, and a repayment holiday has been agreed. It is forecast that SLL will return to paying a full management fee during 2023/24, and when that happens they should be able to start making loan repayments.  Regular meetings are held with SLL to discuss their financial position, as the contract is currently being paid for on an open-book basis.

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 AA- rating and the institution has an A+ and above rating. The Service Director: Resources will exclude any countries with concerns over Governmental, Social and Human Rights issues.
- 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 (2023/24)\* 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 £41.093m

**Table 17**

<b>Investment Type</b>	<b>Maximum amount in that type of investment (£m)</b>	<b>Maximum amount in group (£m)</b>	<b>Maximum amount with any individual counterparty (£m)</b>	<b>Rationale and details</b>
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	31	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	AA- or above Country rating and A+ or 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	25	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	3		3	Due to long-term nature of investment 10% of 2027/28 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	3		3	Due to long-term nature of investment 10% of 2027/28 year end cash balance to be invested in any one fund or combination of funds. No durational limits.



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 **£17m**, 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 are not being taken forward, but will remain as options in this strategy. This is partly due to the potential for a capital investment in the regeneration of the Churchgate area of Hitchin, which could significantly affect our cash balances over the medium-term period.

Within the investment market, the opportunity for 'green' and ESG (environmental, social and governance) investments is starting to emerge. In some cases these can offer returns that are similar to, or the same as, non-green/ ESG 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/ ESG alternatives. In some cases these will be with counterparties that the Council is not registered with, so it may time to register with them.

The Council will generally access treasury deals directly, rather than using a cash manager, as it is often possible 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 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**

<b>Year</b>	<b>Forecast of Bank of England Base Rate as at end of the year (%)</b>	<b>Forecast of average interest earned on investments (%)</b>
2023/24	4.0	3.94
2024/25	3.0	3.13
2025/26	2.5	2.19

Combining these average interest rates with expected balances, gives a forecast of the interest that will be earned in each year. Although the Council has retained the option to invest in longer term Property and Multi-asset funds, these type of investments are unlikely to happen (due to expected need to fund future investments in the Churchgate shopping centre) so have not been assumed in calculating the forecast interest returns.

**Table 19**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Forecast of average balance available for investment (£m)- short to medium term	41.1	33.5	25.4	22.9	22.0
Forecast of interest earned (£m)*	1.618	1.048	0.555	0.502	0.480
Current interest assumed in the revenue budget.	0.631	0.704	0.708	0.702	0.702

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**

<b>Year</b>	<b>Cost of borrowing £m</b>	<b>Less: Forecast of interest earned £m</b>	<b>Net Financing costs £m</b>	<b>Net Revenue Budget £m</b>	<b>Financing Costs as a % of Net Revenue Budget £m</b>
2022/23	0.039	1.212	-1.173	17.992	-6.517
2023/24	0.037	1.618	-1.581	18.060	-8.754
2024/25	0.080	1.048	-0.968	18.261	-5.301
2025/26	0.373	0.555	-0.182	18.188	-0.999
2026/27	0.438	0.502	-0.064	18.128	-0.352
2027/28	0.465	0.480	-0.015	18.135	-0.083

## **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. 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.

Description of Proposal	Total Project Investment 2023/24 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment 2027/28	Proposed Investment 2028 - 2033	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Asset Management and Investment									
Replacement of Newark Close, Royston.	65	-	65	0	0	0	0	0	Newark Close is owned by North Herts Council. It is not adopted public highway. It provides vehicle and pedestrian access to several of NHDC's investment property tenants, their under-tenants, customers and the public. The road is in poor and hazardous condition with pot holes, cracks and unevenness. Wholesale replacement of the road, including surface and sub-surface, is now required to maintain safe access.
Provide housing at market rents	10	-	10	0	0	0	0	0	The budget allocation remaining is for the works to complete the conversion of Harkness Court. The opportunities for further spend were limited by the changes to the CIPFA Prudential Code, which precluded the purchase of existing residential property as generally this would be seen as investment primarily for a financial return (unless there was a clear redevelopment plan).
Sub-Total: Asset Management and Investm	75	-	75	-	-	-	-	-	
Corporate Items									
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). The Council has elected to defer implementation to April 2023.
Sub-Total: Corporate Items	141	-	141	-	-	-	-	-	
Externally financed projects									
Shared Prosperity Fund Community and Place Intervention: Community Engagement Schemes	163	163	0	163	0	0	0	0	Planned capital expenditure, financed from the UK Shared Prosperity Fund, to support town centre regeneration and community initiatives, in line with the investment plan submitted to government.
Shared Prosperity Fund Community and Place Intervention: Creation of and improvements to local green spaces	120	120	20	100	0	0	0	0	Planned capital expenditure, financed from the UK Shared Prosperity Fund, to support town centre regeneration and community initiatives, in line with the three year investment plan submitted to government. An allocation of £10k in 2022/23 was approved by the Executive Member for Finance & IT. Capital allocations are now requested for 2023/24 and 2024/25 (years 2 and 3 of the Investment Plan).
Shared Prosperity Fund Community and Place Intervention: Local sports facilities, tournaments, teams and leagues	200	200	100	100	0	0	0	0	Planned capital expenditure, financed from the UK Shared Prosperity Fund, to support town centre regeneration and community initiatives, in line with the investment plan submitted to government. An allocation of £50k in 2022/23 was approved by the Executive Member for Finance & IT. Capital allocations are now requested for 2023/24 and 2024/25 (years 2 and 3 of the Investment Plan).

Description of Proposal	Total Project Investment 2023/24 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment 2027/28	Proposed Investment 2028 - 2033	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Sub-Total: Externally financed projects	483	483	120	363	-	-	-	-	
Grants to Third Parties									
Private Sector Grants	480	-	60	60	60	60	60	180	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.
John Barker Place, Hitchin	1,096	270	1096	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 Development Agreement in place for the development states that the full payment will be made on completion of all the properties in phases 1 and 2. Phase 1 is complete but phase 2 is not expected to be completed until the autumn of 2023.
Sub-Total: Grants to Third Parties	1,576	270	1,156	60	60	60	60	180	
Green Space Developments									
Remote testing equipment - Emergency Lights and Water Temperature Monitoring	13	-	0	13	0	0	0	0	Provision of remote testing Emergency Lights and Water Temperature Monitoring at at least 4 small pavilion and cemetery sites.
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. The Council has elected to defer implementation to April 2023.
Playground Renovation District Wide	1,800	-	180	180	180	180	180	900	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.  Proposed to extend annual allocation to cover all of ten year programme.
Sub-Total: Green Space Developments	2,128	-	495	193	180	180	180	900	
Green Space Developments - Baldock									
Weston Hills Baldock	20	-	20	0	0	0	0	0	Resurface car park off Lime Kiln Lane Baldock



Description of Proposal	Total Project Investment 2023/24 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment 2027/28	Proposed Investment 2028 - 2033	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Avenue Park Splash Pad	70	-	70	0	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 - Bancroft	90	-	90	-	-	-	-	-	
Green Space Developments - Hitchin									
Swinburne Rec Hitchin	30	-	30	0	0	0	0	0	Enlarge the car park and improve the footpaths around the site.
Oughtonhead Common Hitchin Weir	400	-	400	0	0	0	0	0	Restoration of collapsed weir in accordance with guidance received from the Environment Agency. Some of this cost may ultimately be financed by grant funding from Herts County Council and the Environment Agency but this is not currently guaranteed.
Bancroft Café Kiosk	-	-	0	0	0	0	0	0	Creation of a Café Kiosk within Bancroft Gardens. The proposed site will be a disused wing of Bancroft Pavilion. It is expected that the cost of renovating this site into a suitable food preparation and service area will be around £20k. See corresponding efficiency proposal for details of anticipated revenue impact. It is shown as zero value here as expecting to carry out the works in 2022/23 and will be added to the capital programme via Finance and IT Executive Member approval (as per the financial regulations)
Walsworth Common Pavilion - contribution to scheme	300	287	300	0	0	0	0	0	This project was originally listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The project was slipped into 2017/18 pending the outcome of the Green Space Strategy review. 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 is dependent on securing section 106 contributions and/or external grants.
Renovate skate park at KGV Hitchin	250	-	250	0	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.
Bancroft Lighting	45	-	45	0	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.
Oughtonhead Common Footpaths	20	-	20	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.

Description of Proposal	Total Project Investment 2023/24 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment 2027/28	Proposed Investment 2028 - 2033	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Ransoms Rec Footpaths, Gates and Railing	20	-	20	0	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.
St Johns Cemetery Footpath	40	-	0	40	0	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.
Bancroft and Priory Splash Pads	35	-	0	35	0	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 - H	1,140	287	1,065	75	-	-	-	-	
Green Space Developments - Letchworth									
Icknield Way Cemetery Letchworth Road and Path Resurfacing	100	-	100	0	0	0	0	0	Undertake resurfacing of whole site roadways and footpaths.
Norton Common Letchworth Tennis Courts	25	-	25	0	0	0	0	0	Resurface tennis courts. The courts are well used but the playing surface is worn out.
Howard Park Letchworth Path Resurfacing	40	-	10	10	0	10	10	0	Phased approach to resurfacing the pathways at Howard Park.
Wilbury Hills Cemetery Footpaths	50	-	10	10	0	30	0	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.
Norton Common Footpaths	10	-	10	0	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 - Le	225	-	155	20	-	40	10	-	

Description of Proposal	Total Project Investment 2023/24 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment 2027/28	Proposed Investment 2028 - 2033	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Green Space Developments - Royston</b>									
<b>Newmarket Road Royston Skatepark and Access</b>	100	-	100	0	0	0	0	0	<p>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 skatepark requires improvement and formalising. The Service Manager for Greenspace will investigate options to fund this project from existing or future S106 contributions.</p> <p>Council approved a capital allocation of £90k for this project in February 2022. An additional £10k is requested to extend the access improvements to the whole site to facilitate the expected increase in usage.</p>
<b>Sub-Total: Green Space Developments - Royston</b>	100	-	100	-	-	-	-	-	
<b>IT Schemes:</b>									
<b>Member Laptops - Refresh Programme</b>	120	-	30	0	0	30	0	60	<p>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.</p> <p>A capital allocation of £30k is requested to be earmarked in 2032/33.</p>
<b>Laptops - Refresh Programme</b>	961	-	35	40	319	49	35	483	<p>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.</p> <p>Update to include continuing replacement programme (previously only up to 2025/26) and additional allocation (£25k) per year for breakages/ new staff.</p>
<b>Tablets - Android Devices</b>	60	-	10	10	10	10	4	16	<p>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.</p>
<b>PC Refresh Programme</b>	61	-	7	13	7	8	5	21	<p>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.</p>
<b>Backup and Business Continuity Hardware</b>	122	-	37	0	69	0	0	16	<p>Hardware relating to Back Up and Disaster Recovery / Business Continuity. Items previously listed separately including:  DR Hardware Refresh inc UPS Battery Pack for Unit 3 (DR site) - this includes, servers, switches and UPS at Unit 3  Back Up Diesel Generator at the DCO - Renewal of hardware in 2023/24 to ensure continued generator back up. Expected to be a non-diesel alternative.  3 x 40 UPS Device or Battery replacement - lifespan of these items is 3 years therefore ongoing replacement is required to ensure the UPS continues to work effectively.</p>

Description of Proposal	Total Project Investment 2023/24 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment 2027/28	Proposed Investment 2028 - 2033	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Infrastructure Hardware	540	-	0	314	0	18	18	190	Physical hardware supporting the corporate IT infrastructure which require updating at regular intervals. Includes Items previously listed separately: Dell servers - upgrade and maintenance of servers at regular intervals New Blade Enclosures - an integral part of the servers, require updating at the same time as the servers Core Backbone Switch - links the virtual servers to the Storage Area Network Data Switch Upgrade - 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 Cabinet Switches to ensure that traffic is routed immediately from the servers to the desktops / laptops
Security - Firewalls	52	-	0	16	0	18	0	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.
Alternative to safeword tokens for staff/members working remotely	25	-	0	3	0	3	0	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.
Microsoft Enterprise Software Assurance	2,173	-	0	0	679	0	0	1494	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.  An additional allocation of £747k is requested to be earmarked in 2031/32 for the renewal of the three year licenses.
WiFi Upgrade	40	-	0	0	40	0	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	4,154	-	119	396	1,124	136	62	2,317	
Leisure Related Proposals									
Leisure Condition Survey Enhancements	-	-	0	0	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.  Officers have evaluated the remaining projects identified in the condition survey with those capital needs identified subsequently and prioritised accordingly. As a result, it is proposed to remove the existing capital budget of £80k in 2023/24 and reallocate funds to finance the NHLC gym toilet and reception refurbishments and Hitchin Swim Centre Improvements projects.
Sub-Total: Leisure	-	-	-	-	-	-	-	-	
Leisure - Hitchin Swim Centre									

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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Enhancements to Hitchin Swim Centre facility	65	-	65	0	0	0	0	0	Proposed enhancements comprise: - Replacement of the windows of the outdoor pool building, which are over 20 years old and are not fit for purpose, at an estimated cost of £10k. - Replacement of the carpet in the reception area and lower lobby area, which is in poor condition and requires replacement to ensure customer satisfaction -£20k. - Replacement of the Fire Exit Doors in the pool hall and lower lobby - £15k - Replacement of the perimeter security fencing - £20k
Solar PV installation at Hitchin Swim Centre	142	-	142	0	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.  The Ongen / Energy Hub report carried out in March 22 at HSC detailed a solar PV budget with a 9 year payback. The existing Capital budget of £115k is lower than what is stated in the report. An increase of £27k is therefore proposed to ensure sufficient budget
Hitchin Swim Centre Outdoor Pool Boiler Replacement	-	-	0	0	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.  A new boiler and control panel was installed in 2022. The facility is operating efficiently with one boiler, therefore it is proposed to remove the existing £40k capital budget for the second boiler until future years (+10).
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 existing investment allocation from 2023/24 to 2024/25.
HSC: Boiler Replacement	200	-	0	200	0	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.
HSC: Archers Member Change and Relaxation Area Refurbishment	300	-	0	0	300	0	0	0	Refurbishment of the changing rooms and relaxation areas at Archers Health and Fitness Club to ensure customer satisfaction is maintained.
HSC: Fitness Equipment Replacement	300	-	0	0	0	300	0	0	Replacement of the cardio and resistance fitness equipment to maintain membership levels and ensure customer satisfaction.
HSC: Change Village Refurbishment	225	-	0	0	0	225	0	0	Full refurbishment of the change village, which has not been refurbished since 2005.

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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
HSC: Fitness Facility Refurbishment	50	-	0	0	0	50	0	0	Refurbishment of the gym area in preparation for the new cardio and resistance fitness equipment
HSC: Outdoor Pool Cover Replacement	30	-	0	0	0	30	0	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	1,342	-	207	230	300	605	-	-	
Leisure - Letchworth									
NHLC Gym toilets and accessible toilet refurbishment	40	-	40	0	0	0	0	0	The gym toilets were last refurbished in 2006. To ensure customer satisfaction is maintained a project to fully refurbish the male/ female and accessible toilet is proposed.
NHLC Reconfiguration of reception area	30	-	30	0	0	0	0	0	Due to increased usage, e.g. from gymnastics and the likely impact on visitor numbers from the soft play development, a project to reconfigure the reception area is proposed to ensure customers can enter and exit the building efficiently.
Solar PV installation at North Herts Leisure Centre	338	-	338	0	0	0	0	0	<p>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.</p> <p>Due to increases in the prices of the panels and materials involved, an additional capital amount of £78k, equivalent to 30% of the existing capital allocation of £260k, is requested.</p>
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>The CHP continues to reduce pressure on the boilers. Officers have reviewed the boiler condition and recommend the replacement to be deferred from 2023/24 to 2024/25.</p>
NHLC Dryside Changing Area	-	-	0	0	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>On 13 September Cabinet approved a £250k project to develop soft play at NHLC. On 22 September Council agreed the Cabinet recommendation to bring the £100k allocation for this project in 2023/24 forward to 2022/23 and make the necessary addition of £150k to the Capital programme in 2022/23 to fund the soft play project.</p>

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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Letchworth Outdoor Pool Boiler Replacement	-	-	0	0	0	0	0	0	Letchworth outdoor pool is currently operating with one boiler due to an irreparable fault with the second boiler. A replacement of the redundant boilers is proposed to ensure the facility remains operational.  A new boiler and control panel was installed in 2022. The facility is operating efficiently with one boiler, therefore it is proposed to remove the existing £40k capital budget for a second boiler until future years (+10).
NHLC: Interactive Water Feature	120	-	0	0	0	0	120	0	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.
NHLC: Pool Flume Replacement	150	-	0	0	0	0	0	150	Investment proposal earmarked for 2028/29. The pool flume was installed in 1992 and due to its age a proposal to replace the fume with a newer model is proposed. This will ensure continued customer satisfaction for users of the leisure pool.
Sub-Total: Leisure - Letchworth	878	-	408	200	-	-	120	150	

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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Leisure - Royston Leisure Centre</b>									
<b>RLC swim showers and change village toilet refurbishment</b>	75	-	75	0	0	0	0	0	The swim showers and change village toilets are over 17 years old. To ensure customer satisfaction is maintained a project to fully refurbish these areas is proposed.
<b>RLC change village refurbishment – replacement of cubicles, lockers, vanity area and group change.</b>	150	-	0	150	0	0	0	0	The change village is over 17 years old, to ensure customer satisfaction is maintained a refurbishment is proposed.
<b>Royston Leisure Centre extension</b>	1,000	170	0	0	1000	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.  It is requested to defer this project from 2023/24 to 2025/26. Following the procurement of the Leisure Management Contracts in 2024/25, the Council will work with the leisure contractor in determining the final design.
<b>Royston Leisure Centre Changing Village Refurbishment</b>	-	-	0	0	0	0	0	0	The change village is over 17 years old and has not been refurbished since opening in 2005. A full refurbishment of the change village is proposed to ensure customer satisfaction is maintained.  The current condition of cubicles and lockers in the change village is acceptable, however the swim shower area and toilets no longer meet customer expectations. Therefore it is proposed that the £225k allocation in 2023/24 for this project be removed and instead split into two separate projects; Swim shower and change village toilet refurbishment (2023/24) and Change Village cubicles, lockers, vanity area and group change refurbishment (2024/25).
<b>Solar PV installation at Royston Leisure Centre</b>	241	-	241	0	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.  Due to increases in the prices of the panels and materials involved, an additional capital amount of £56k, equivalent to 30% of the existing capital allocation of £185k, is requested.
<b>RLC: Members Change Refurbishment</b>	150	-	0	150	0	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.
<b>Royston Leisure Centre Dry Side Toilet Refurbishment</b>	30	-	0	0	30	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled dry side toilet areas is proposed.



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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
RLC: Fitness Equipment Replacement	150	-	0	0	0	150	0	0	Replacement of the cardio and resistance fitness equipment to maintain membership levels and customer satisfaction.
RLC: Fitness Facility Refurbishment	50	-	0	0	0	50	0	0	Refurbishment of the gym area in preparation for new cardio and resistance fitness equipment.
RLC: Boiler Replacement	100	-	0	0	0	0	100	0	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 Centr	1,946	170	316	300	1,030	200	100	-	
Museum and Arts Development									
Museum and Commercial Storage Facility at Burymead Hitchin	2,000	-	2000	0	0	0	0	0	The Museum Store in Burymead is no longer fit for purpose. Objects from the collection are being held in make shift storage units, garages and dilapidated structures which are increasingly posing a health and safety risk to our staff. This project will involve relocating parts of the museum collection whilst the previously mentioned storage units are levelled and a new purpose built storage unit is built on the site. The storage unit will comprise of space saving roller racking, climate controlled spaces for fragile items of the collection and a small amount of office space for museum staff to utilise when on site. This office space could also be used under supervision to assist with third party research such as students or historians. The completion of this work would see the former Hitchin Museum and Letchworth Museum sites be completely cleared of museum storage. The capital budget 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. Total project budget is £4million, with £2million capital allocation approved for 2022/23.
Sub-Total: Museum and Arts Development	2,000	-	2,000	-	-	-	-	-	
Parking Related Proposals									
Off Street Car Parks resurfacing and enhancement	8	-	8	0	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.

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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Resurfacing of the top deck of the Lairage Car Park, Hitchin	346	-	346.3	0	0	0	0	0	The top deck of the Lairage Car Park needs resurfacing due to water ingress. Currently there is water ingress that is permeating through the surfacing and affecting two parking bays. To prevent cars being damaged the affected bays have been sectioned off. It is expected that this ingress could get worse over time, and could affect more parking spaces.
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.
Parking Machines Replacement	300	-	0	0	150	150	0	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	729	-	429	-	150	150	-	-	
Waste Collection									
Refuse and Recycling Bins	810	-	90	90	90	90	90	360	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.
Waste depot facility co-located with a residual waste transfer facility	6,000	-	0	3000	3000	0	0	0	Herts County Council are planning to build a waste and recycling transfer station which could accommodate both North and East Herts Councils residual, food and garden waste. 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.
Vehicle fleet replacement program (Waste and Recycling)	4,000	3,200	0	0	4000	0	0	0	<p>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.</p> <p>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.</p>
Sub-Total: Waste Collection	10,810	3,200	90	3,090	7,090	90	90	360	
TOTAL	27,817	4,410	6,966	4,927	9,934	1,461	622	3,907	