

NORTH HERTFORDSHIRE DISTRICT COUNCIL



1 December 2023

Our Ref Finance, Audit and Risk Committee 13
December 2023
Contact. Committee Services
Direct Dial. (01462) 474655
Email. committee.services@north-herts.gov.uk

To: Members of the Committee Councillors: Sean Nolan (Chair), Terry Tyler (Vice-Chair), Terry Hone, Chris Lucas, Tom Plater, Mandi Tandi and Tamsin Thomas.

Substitute Councillors: Matt Barnes, Clare Billing, Sam Collins, Adam Compton, Juan Cowell and Daniel Marsh.

Independent Member: John Cannon.

NOTICE IS HEREBY GIVEN OF A

MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE

to be held in the

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

On

WEDNESDAY, 13TH DECEMBER, 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**

Item		Page
1. APOLOGIES FOR ABSENCE	Members are required to notify any substitutions by midday on the day of the meeting. Late substitutions will not be accepted and Members attending as a substitute without having given the due notice will not be able to take part in the meeting.	
2. MINUTES - 8 NOVEMBER 2023	To take as read and approve as a true record the minutes of the meeting of the Committee held on the 8 November 2023.	(Pages 5 - 10)
3. NOTIFICATION OF OTHER BUSINESS	Members should notify the Chair of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chair will decide whether any item(s) raised will be considered.	
4. CHAIR'S ANNOUNCEMENTS	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. SAFS PROGRESS UPDATE ON 2023-2024 ANTI-FRAUD PLAN REPORT OF THE SHARED ANTI-FRAUD SERVICE	This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's 2023/24 Anti-Fraud plan.	(Pages 11 - 30)
7. MID YEAR UPDATE ON RISK MANAGEMENT GOVERNANCE		(Pages

REPORT OF THE SERVICE DIRECTOR – RESOURCES 31 - 84)

An update of the Risk Management Governance at North Herts Council.

8. **SECOND QUARTER REVENUE BUDGET MONITORING 2023/24** (Pages
REPORT OF THE SERVICE DIRECTOR - RESOURCES 85 - 100)

To consider the Second Quarter Revenue Budget Monitoring report 2023/24.

9. **SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2023/24** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 101 - 130)

To update Cabinet on progress with delivering the capital and treasury strategy for 2023/24, as at the end of September 2023.

10. **DRAFT BUDGET 2024/25** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 131 - 154)

To consider the Draft Budget for 2024/25.

11. **POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS**
The Chair to lead a discussion regarding possible agenda items for future meetings.

This page is intentionally left blank

NORTH HERTFORDSHIRE DISTRICT COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, GERONON ROAD, LETCHWORTH GARDEN CITY, SG6 3JF
ON WEDNESDAY, 8TH NOVEMBER, 2023 AT 7.30 PM

MINUTES

Present: *Councillors: Sean Nolan (Chair), Clare Billing, Terry Hone, Tom Plater and Mandi Tandi.*

John Cannon (Independent Person).

In Attendance: *Ian Couper (Service Director - Resources) and Sjanel Wickenden (Committee, Member and Scrutiny Officer).*

Other Presenters: *Chris Wood (Head of Assurance Services (HCC) & Client Audit Manager (NHDC)).*

Also Present: *Councillor Claire Strong was also present.*

1 APOLOGIES FOR ABSENCE

Audio recording – 1 minute 28 seconds

Apologies for absence were received from Councillors Terry Tyler and Tamsin Thomas.

Having given due notice Councillor Clare Billing substituted for Councillor Thomas.

Councillor Chris Lucas was absent.

2 MINUTES - 13 SEPTEMBER 2023

Audio Recording – 1 minute 56 seconds

Councillor Sean Nolan, as Chair, proposed and Councillor Tom Plater seconded and, following a vote, it was:

RESOLVED: That the Minutes of the Meeting of the Committee held on 13 September 2023 be approved as a true record of the proceedings and be signed by the Chair.

3 NOTIFICATION OF OTHER BUSINESS

Audio recording – 3 minutes

There was no other business notified.

4 CHAIR'S ANNOUNCEMENTS

Audio recording – 3 minutes 6 seconds

(1) The Chair advised that, in accordance with Council Policy, the meeting would be audio recorded.

(2) 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.

(3) The Chair advised that section 4.8.23(a) of the Constitution applied to this meeting.

5 PUBLIC PARTICIPATION

Audio recording – 3 minutes 57 seconds

There was no public participation at this meeting.

6 SIAS PROGRESS REPORT 2023-2024

Audio recording – 4 minutes 4 seconds

The Head of Assurance presented the report entitled 'SIAS Progress Report Update 2023-2024' and drew attention to the following, that:

- At the time of the report there had been two final audit reports a further Freedom of Information (FOI) report had been finalised and sent to the Committee.
- The high priority recommendation was highlighted in appendix D with a revised completion date of 15 December 2023.
- There were no new plan amendments however the Houses in Multiple Occupation (HMO) audit had been moved to quarter four for resourcing reasons.
- The Digital Strategy draft report had now been issued, and the Software Licensing report was imminent.
- The report showed the Planned Projects completion as 25% this had now increased to 33%.
- The delivery of the plan was slightly behind schedule, but there were several projects that had recently commenced field work and there were projects waiting for a mutually agreeable start date.
- The overall picture remained as cautiously optimistically on the completion of the plan.

The following Members asked questions:

- Independent person John Cannon
- Councillor Sean Nolan

In response to questions the Head of Assurance stated that:

- There were three Churchgate audits occurring, the completed audit looked at the Governance Framework to manage the project and that report was returned as reasonable assurance with a consideration regarding the operational risks of the project, which had now been addressed.
- The Churchgate Ongoing Project Assurance was scheduled for quarter 4 and the Churchgate Landlord Compliance was expected in quarter 3.
- The FOI audit looked at the Information Commissioner and internal audit reports from other authorities and compared the findings to practices at NHDC, with the conclusion that there were reasonable assurances, however work was required on staff training and the reporting of statutory information which was a statutory indicator.
- Overall, there had been more Council breaches from the release of personal data through GDPR requests than FOI, however when personal data was released in a FOI request, this may lead to a GDPR breach, ongoing staff training was therefore essential.
- Whilst GDPR was mandatory training the FOI training was optional, and this was being reviewed.

- FOI requests should be completed by Council Officers and screened and controlled by FOI Officers accordingly.
- The FOI training had been completed by 59% of employees, but the training was not mandatory.
- Any FOI requested were dealt with by well-trained FOI Officers.
- There were some concerns that FOI requests were not always received directly to the FOI team and Officers needed to be aware that any requested needed to be logged and sent to FOI team for responses.
- Data protection training was mandatory at most Councils.
- No serious FOI or GDPR breaches had occurred at NHDC.

Councillor Tom Plater proposed and Councillor Clare Billing seconded and, following a vote, it was:

RESOLVED: That the Committee:

- (1) Noted the SIAS Progress Report for the period to 20 October 2023.
- (2) Noted the implementation status of the reported high priority recommendation.
- (3) Noted the plan amendments to the 2023/24 Annual Audit Plan.

7 MEDIUM TERM FINANCIAL STRATEGY 2024-29

Audio Recording 16 minutes 4 seconds

The Service Director – Resources presented the report entitled 'Medium Term Financial Strategy (MTFS) 2024-29' and highlighted that:

- The medium term in Local Government was meant to be the period up to five years.
- Assumptions had been made to set a balanced budget for the next five years and included some draw down of reserves as part of the strategy.
- The MTFS had a target level of savings that would need to be achieved over the five years.
- The budget for 2024-25 would be set in February and the Finance Audit and Risk (FAR) Committee would see the draft budget report before the budget was considered by Cabinet and approved by Council.
- The MTFS sits alongside the Council Plan.
- Appendix A is the MTFS and includes a number of assumptions, such as government funding and the Council Tax increase, these items would be flagged and monitored on the final report as being best estimates.
- The General Fund balance was estimated at £12.7M at the end of March 2023, which was well above the minimum recommended value, and this allowed some headroom to balance out any future shortfalls, however once the reserves had been used, they would be gone.
- There were some business rates reserves that could be released over the next two years.
- There were no ongoing provisions regarding Covid 19, but car parking fees had still not recovered, and remained a risk and would be highlighted in the budget.
- The uncertainty of inflation had impacted the funding, income and expenditure of the budget.
- Current indicator values had been applied to the new waste contract as precise numbers would not be known until May 2024, especially in relation to fuel costs.
- The events in the Middle East may have an effect on the global commodity price of fuel and energy.

- The pay award for 2023/24 had now been agreed and would be paid in November. Negotiations would now commence on the 2024/25 pay award with an assumption in the budget for around 4% decreasing to 2% over the following years.
- Appendix A showed the assumed modelling for fees and charges, and these would become more detailed as the budget process progressed.
- The cost of living crisis had impacted on the new Council Tax Reduction Scheme (CTRS) which had cost more than forecasted, and had impacted on the Council Tax base. The Council Tax base would usually increase each year with new homes but likely to be no increase this year, but with assumed growth again in later years.
- The impact of interest rate changes had not yet been factored in. Interest rates have stayed higher for longer than expected which had generated an income from our investments, however a need to borrow funds was expected in later years in the MTFS.
- There were some uncertainties regarding the recent Waste Legislation Changes and the impact this would have on our waste streams and funding, especially regarding the deposit return scheme and extended producer responsibility.
- The impact of the Council Delivery Plan was highlighted on pages 39 and 40 of the report.
- Maximum allowable Council Tax increases are currently set by the Government and the assumption was for a 3% increase for 2024/25.
- There was an assumption regarding the Retained Business Rates, based on an increase of the baseline set by the Government.
- There were some uncertainties regarding the new homes bonus scheme but other funding grants were expected to provide an overall increase in funding in 2024/25.
- There was an assumption that savings of £3.1 M would need to be made during the next five years as highlighted in the conclusions on page 43 of the report, although this could be affected by changes in Government funding especially in relation to Council Tax and negative Revenue Support Grant.
- There has been an update on the Waste Contract with reports to Cabinet and Overview and Scrutiny detailing that there would be cost increases, which decisions will need to be taken on how to mitigate some of that impact.
- The funding gap was shown on page 43 of the report and highlighted various approaches for addressing that gap.
- The revenue impacts of capital expenditure need to be considered, and include lost interest on money spent, the minimum revenue provision and costs incurred by borrowing.

N.B Councillor Mandi Tandi entered the Council Chamber at 19:58

The following Members asked questions:

- Councillor Terry Hone
- Councillor Tom Plater
- Councillor Mandi Tandi
- Councillor Clare Billing
- Councillor Sean Nolan
- Independent Person John Cannon

In response to questions the Service Director – Resources stated that:

- The report highlighted that there were difficult decisions to be made, predicting that small savings would be required in the next year with larger saving thereafter, some of these could initially be mitigated by the current high interest rate being generated from investments and the release of the business rate reserves.
- Savings could be made earlier but it may not be desirable to cut services when there was a cost of living crisis.
- There were two new contracts pending, which had substantial costs and risks, inflation for these items was included in the MTFS, however it was now apparent that there would be increased costs for the waste contract.

- The leisure contract would generate income and this would increase with inflation, however any increase in charges had to be in line with customer expectations.
- The garden waste fees had recently been increased but were for a period of 18 months, it was proposed that this would be returned to being a charge for 12 months.
- Interim steps were also being taken to align the parking fees increase back to the start of April.
- It was acknowledged that there was a Staff recruitment issue, and that this was stated on the Council Delivery Plan.
- The staffing level was impacting on the delivery of services, some areas had an increase of temporary staff and consultant support, and it also put additional pressures on staff in departments where there was a vacancy.
- There was not a budget for the premium of covering posts with temporary staff, but this would be highlighted as a risk in the budget.
- The trade waste market would be reviewed with fees and charges being set appropriately, this is unlikely to lead to an increase of businesses fly tipping.
- The demand for CTRS had led to a reduction of the Council Tax base, even with housing growth.
- Section 106 income was mainly capital and this was reflected as an funding source for relevant items in the capital programme, however payment dates for the S106 money were often uncertain.
- The Town Centre strategies work may be covered by consultants.
- If a Council Tax referendum was successful then revenue would be increased on an ongoing basis and therefore the extra income would cover the referendum costs, however it was unlikely that the District would vote to increase the Council Tax rate.
- General inflation after salaries and contracts would be insignificant as it was only a small proportion in relation to the overall picture.
- A planning assumption was made regarding staff vacancies, which was currently higher than expected.
- There was occasionally grant funding from Area Forums where match funding was unavailable, but generally Parish and County Councils had their own funding streams.
- Ideally the Council should be looking at the next ten years but due to the volume of uncertainties in the next five years this was not considered, and the focus was on five years.
- The £1.86M from business rate income was included in the 'other reserves that we plan to use to fund our expenditure' for 2024-26 on page 43 of the report.
- A Minimum Revenue Provision (MRP) was charged when the Council had capital expenditure not being funded immediately (e.g. from capital reserves), current guidance prohibits the Council from borrowing money in advance of need.
- There was a general assumption of 0.5% housing growth, although with some larger Local Plan schemes being approved this may increase, however the timing from planning approval to paying residents greatly varied.
- Any new houses may also require additional services and staffing, generally with smaller developments this can be absorbed by the current workforce.
- Larger development may generate more income, but this was then required for services, and was not always fully funded by S106 money.
- Some additional resources were budgeted for in the Planning team, this would include situations where specialists are temporarily required.
- Most councils had to borrow for their capital spend, the Council still had some land that could be sold to extend time and to generate capital receipts.
- The Capital Programme would be reviewed to assess the ability to delay spend and therefore borrowing, and this would form part of the budget setting process.
- The Council had several shared services including; Internal Audit Services, Anti-Fraud Services, Building Control, Disabled Facilities Grants, generally they delivered resilience rather than cost savings.
- Previously legal support had been sold to other authorities when the opportunity and resources were available.

- It was complicated to get the right balance of a shared service, but this area may be reviewed in the future.
- Should the funding gap not be addressed then spending would need to come from the Council reserves, the section 151 Officer may then be required to take more formal measures to ensure that the funding gap was addressed.
- Various options would be explored to achieve a balanced budget.
- The review of the Local Plan had commenced.

In response to questions the Executive Member for Finance and IT stated that:

- Due to the recent spending decisions the general fund balance had increased over the last four years which had allowed the Council to make sensible and practical decisions.
- The Council delivered vital services that the North Herts residents appreciated, and this needed to be protected.
- It was acknowledged that there were difficult decisions required in the coming years and it was a challenge to consider when was the right time to start.
- Once new contracts for Waste and Leisure were finalised and the government had released new funding formulas it would be prudent to start looking for savings and efficiencies.
- The public should be consulted about the services that the Council delivered and which services were valued.
- Staff recruitment was a known issue and challenge across the eastern regions of Local Government.
- Work had commenced on the Local Plan review and would be highlighted by Councillor Ruth Brown at the Cabinet meeting on 14 November 2023.
- The Council was fortunate to have some reserves, however these could only be spent once.

Councillor Clare Billing proposed and Councillor Tom Plater seconded and, following a vote, it was:

RECOMMENDED TO CABINET: That Cabinet note and comment to Council on the Medium Term Financial Strategy, as attached at Appendix A.

REASON FOR REFERRAL: Adoption of a MTFS and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2024/2025 to 2028/2029, culminating in the setting of the Council Tax precept for 2024/25 in February 2024. This will (alongside the existing Council Plan) support the Council in setting a budget that is affordable and aligned to Council priorities.

8 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS

Audio recording – 1 hour 16 minutes 39 seconds

The Chair led a discussion on future agenda items.

In response to a question from Councillor Terry Hone, the Chair advised that the Overview and Scrutiny Committee had an outstanding Churchgate report and should there be elements that related to this Committee then it could be a possible future agenda item.

The meeting closed at 8.48 pm

Chair



North Herts Council

Progress with delivery of the 2023/24 Anti-Fraud Plan

Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2023/24 Anti-Fraud Plan**

Contents

Page

3	Introduction
4	Background
4	Summary of anti-fraud activity April- September 2023
8	List of Background Papers

Appendices

- A. NHC Anti-Fraud Plan 2023/24
- B. SAFS KPI monitoring to September

Introduction

1. This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's 2023/24 Anti-Fraud plan. The Committee are asked to note this work.
2. Recent reports on fraud and corruption have been shared with Council officers and are used by SAFS to ensure that the Council is aware of its fraud risks and finding ways to mitigate or manage these effectively wherever possible.
3. Some of the most significant recent reports include:
 - ***Fighting Fraud and Corruption Locally a Strategy for the 2020's***. This strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud. The checklist is maintained and reviewed by SAFS and officers.
 - ***Tackling Fraud in the Public Sector 2020***. In 2019 CIPFA commissioned a survey and round table events for senior managers in local government to establish what local authorities were doing to tackling fraud. The survey was conducted by an independent body with the support of LGA and MHCLG.
 - ***UK Fraud Strategy 'Stopping Scams and Protecting the Public***. The Government launched its latest strategy in 2023 aimed at bringing government and the private sector together to tackle fraud, the pursuit and punishment of fraudsters, providing more recognition of fraud and how to avoid it .
 - ***Lost Homes, Lost Hope***. This paper, published by the Fraud Advisory Panel & Tenancy Fraud Forum in April 2023 uses previous data and research to estimate the current cost to local government of tenancy fraud along with the volume of fraud across the sector. The SAFS Partners have adopted the value of fraud loss used in this academic piece when reporting 'tenancy fraud'.

Background

4. North Herts Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). This Committee has previously received detailed reports about the creation of SAFS, and how this service works closely with the Shared Internal Audit Service (SIAS). SAFS works across the whole Council dealing with many aspects of fraud, from deterrence & prevention to investigation & prosecution.

Anti-Fraud Activity 2023/24

Staffing & Resources

5. In March 2023 (this Committee approved the 2023/24 Anti-Fraud Plan for the Council and KPIs for the SAFS. See **Appendix A** for details of the Plan and **Appendix B** for progress with delivery and KPI Performance.
6. The SAFS Team this year is composed of 23 accredited and trained counter fraud staff and is based at Hertfordshire County Council's offices in Hertford.
7. Each SAFS Partner receives dedicated support and response through a number of 'operational' days where SAFS staff are allocated to various cases, projects, training or other anti-fraud functions at the Council, the Council has also invested further resources into SAFS to provide further anti-fraud capacity around its housing stock. Providing the Service in this manner allows officers to develop working relationships with Council staff, and also provides improved resilience and flexibility across the Partnership as a whole. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.
8. The SAFS allocated 285 operational days exclusively for North Herts Council, this includes SAFS Management, fraud risk assessment & Executive Reports, reactive/proactive investigations, data-matching & data-analytics (NFI etc), face to face and virtual learning sessions for staff, financial investigations, application of sanctions and supporting prosecutions.

Fraud Awareness and Prevention

9. A key objective for the Council is to develop the existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Councils stance on fraud and corruption.
10. The Council took part in the International Fraud Awareness Week in November 2023 with planned activity utilising social media and national/international resources across the whole County. Campaigns such as this encourage

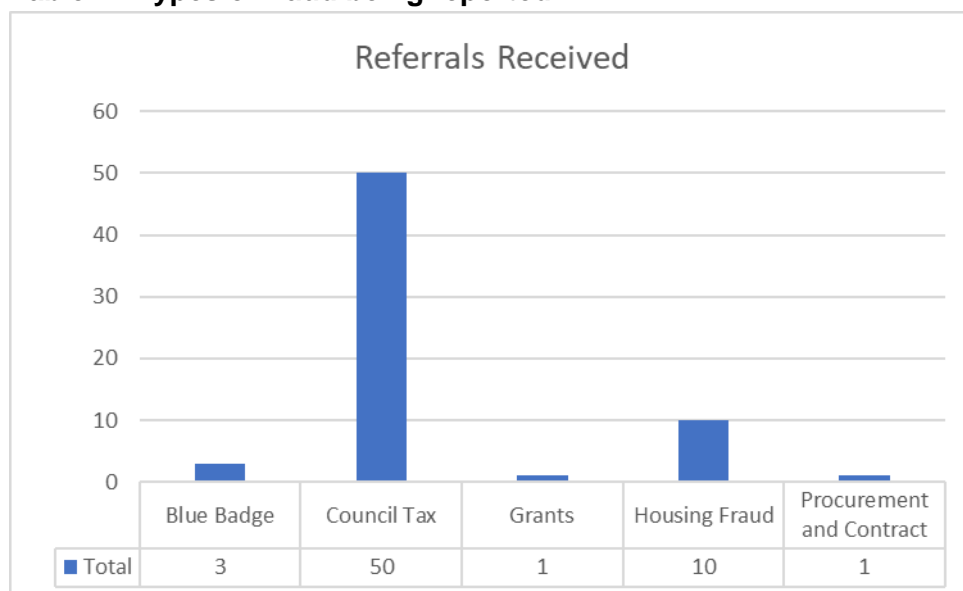
residents to report fraud and provide assurance that the Council takes fraud seriously and acts on those reports.

11. The SAFS webpage – www.hertfordshire.gov.uk/reportfraud includes an online reporting tool, confidential fraud hotline (0300 123 4033) and a secure email account for reporting fraud – fraud.team@hertfordshire.gov.uk. These contact details are also available via the Council's own website on its Fraud and Whistleblowing pages <https://www.north-herts.gov.uk/report-fraud> and on the Council's intranet for staff. None of these functions replace the Council's Whistleblowing reporting procedures.
12. Working with the Council's HR team SAFS maintains the delivery of its e-training package for staff to raise awareness of fraud, bribery, and money laundering. This training package is hosted on the Council's intranet and is mandatory for all staff and elected Members, the modules on anti-fraud/bribery/corruption are being reviewed in 2023/24.

Counter Fraud Activity & Reported Fraud

13. Between April and September SAFS received 65 'referrals', or allegations, of suspected fraud affecting Council services. Allegations received are similar to the same period in 2022/23 and comparable to other District Councils across Hertfordshire in the volume and types of alleged fraud being reported.

Table 1. Types of fraud being reported



'Council Tax' includes linked Housing Benefit as well as Council Tax Reduction Scheme & various discounts.

14. Of the 65 referrals received 25 came from members of the public, 39 from Council staff and 1 from proactive work.

15. SAFS carried forward 13 live cases from 2022/23, with a further 23 at referral stage. Many new cases raised for investigation are still in the early stages (21 referrals) and of 16 live cases under investigation at the end of September the estimated fraud loss/savings for these cases exceeds £318k.
16. Six 'reactive' full investigations have been closed so far this year with all 6 identifying fraud of some nature, a further 28 low level reviews have been undertaken, with fraud losses/savings combined of just over £42k reported.

'Fraud Loss' is where a fraud has occurred resulting in a debt that can be recovered through civil/statutory routes. 'Fraud Savings' reflect attempted frauds that have been prevented or an ongoing 'Loss' that has been stopped.

17. SAFS Continues to work closely with senior management the Councils legal team and legal services at the Council to bring prosecutions against those who commit deliberate acts of fraud or corruption against the Council.

Grant Fraud Investigation

Christopher ANDOH-WILSON appeared at Stevenage Magistrates court on Friday 3rd November 2023 in relation to allegations under the Fraud Act 2006 and Proceeds of Crime Act 2002.

Mr ANDOH-WILSON pleaded guilty to 5 offences under the Fraud Act 2006 and 1 offence under The Proceeds of Crime Act 2002 and was released on unconditional bail to appear at St Albans Crown Court on 24th November 2023 for sentencing in relation to those offences.

The allegations relate to Mr Andoh-Wilson's employment for Letchworth Garden Centre Business Improvement (BID) when he was employed in the capacity as the Town Centre Manager.

This followed an investigation by the Shared Anti-Fraud Service on behalf of North Hertfordshire District Council.

18. A large number of cases continue to be delayed where SAFS works with other agencies, in particular the Department for Work and Pension (DWP), where staff are now being redeployed to deal with an increase in fraud in the Universal Credit system.
19. A report from the Fraud Advisory Panel in 2023, Lost Homes Lost Hope, estimates that the cost of social housing fraud to local councils could exceed £42k for every property that is being illegally sub-let. SAFS response to this fraud threat is to work more closely with the Councils Housing Service as well as with registered housing providers across the County, including Settle Homes, to assist in the investigation and recovery of council properties where illegal sub-letting or 'key-selling', succession and right to buy fraud is identified.

20. SAFS staff continue to work most closely with officers within the Housing Needs and Benefit & Revenue teams as these remain the areas of highest risk, by volume/likelihood, for the Council.

Proactive and Prevention Activity

21. SAFS continues to provide alerts of new and emerging fraud from our network of partners including Cabinet Office, CIFAS, CIPFA, National Fraud Intelligence Bureau (NFIB), Herts Police- OWL, National Cyber Security Centre (NCSC) and NAFN.
22. The Head of SAFS sits on the Hertfordshire Fraud and Cyber Crime Steering which is hosted by Hertfordshire Constabulary and includes stakeholders from a wide range of enforcement partners.
23. SAFS continues to work nationally and regionally with other counter fraud services and to share best practice and initiatives as well as requesting support and guidance from the South-East Counter Fraud Group, London Fraud Forum (LFF), London Borough Fraud Investigators Group (LBFIG) and the Home Counties Tenancy Fraud Forum (TFF).
24. SAFS has worked with the 'District Revenues Manager Group' to develop a framework contract for all district councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. This service is funded by the County Council, with the district councils undertaking the work with selected contractors. The Council is signed up as part of the Framework and will make use of this service in 2023/24.
25. SAFS continues to work in partnership with the DWP to share data and evidence where fraud impacts on local welfare schemes, such as Council Tax Support or Housing Benefit, and national schemes, such as Income Support and Job Seekers Allowance or Universal Credit. But, as mentioned already may cases are delayed due to DWP staff still being redeployed.
26. Council officers and SAFS are working together to review the outcomes from the National Fraud Initiative (NFI) by providing resources and support to deal with reports/matches received in February 2023. To date of 659 matches, 533 have been reviewed and a small number are still subject to investigation. From the reviews conducted, 17 discrepancies have been identified loss and savings in excess of £69k reported.
27. The Council subscribes to the Hertfordshire FraudHub. This project operates using the same legal framework as main NFI exercise but allows data to be matched more frequently helping to prevent fraud or detecting it sooner. In

Quarters 1&2 more than 3,000 matches have been reported of which 261 have been reviewed and 31 cases are being investigated at present. To date 4 discrepancies have identified savings through prevention in excess of £17k.

28. SAFS have provided a number of reports to the Council's senior management about fraud risks identified from investigations, both at the Council and other SAFS Partners, with recommendations on how the Council can better manage/mitigate these risks in future. Where recommendations relate directly to Council services we have shared our reports with SIAS to help inform future audit planning, this has included this year:

- Polygamous Workers
- Procurement Fraud (in review)
- Covid (NHC) Grants Process
- Specific (NHC) Recruitment Risks
- Homes for Ukraine- 2022 Review.
- Threat Report-June 2023- Insider Threat.
- Threat Report September 2023- Deep Fakes Tech.

List of Background Papers - Local Government Act 1972, Section 100D

- (b) ***Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)***
- (c) ***Fighting Fraud and Corruption Locally- A Strategy for the 2020's (CIPFA/CIFAS/LGA 2020)***
- (d) ***Tackling Fraud in the Public Sector (CIPFA 2020)***
- (e) ***Code of Practice – Managing the Risk of Fraud and Corruption (CIPFA 2014)***
- (f) ***Fighting Fraud- Breaking the Chain. (Report of Session 2022-2023 House of Lords)***
- (g) ***HMG Counter Fraud Standards (Cabinet Office 2021)***
- (h) ***HMG Fraud Strategy – Stopping Scams, Protecting the Public (May 2023)***

Appendices

Appendix 1 - SAFS/NHC Anti-Fraud Plan 2023/24

Appendix 2 - SAFS KPI monitoring 2023/24

**North Herts Council
Anti-Fraud Plan 2023-2024**

In partnership with

The Hertfordshire Shared Anti-Fraud Service



**North
Herts
Council**



SAFS

Shared Anti-Fraud Service
Fighting Fraud in Partnership

<u>Contents</u>	Page No.
Introduction	2.
The National Context	3.
SAFS Resources for 2023- 2024	4.
SAFS KPI's & Standards of Service	7.
Appendices	
Anti-Fraud Action Plan 2023-2024	A.
SAFS KPIs 2023-2024	B.
National Fighting Fraud and Corruption Locally Strategy	C.

Introduction

This plan supports the Council's **Fraud Prevention Policy** (including fraud, corruption, money-laundering, bribery and tax evasion) by ensuring that the Council, working in partnership with the Shared Anti-Fraud Service (SAFS), has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The **Fraud Prevention Policy** applies to all staff, elected members, agency staff, temporary staff, volunteers, consultants, contractors and partners and states;

That staff and others must:

- **Be aware of the definitions in relation to fraudulent and related activity, including the various criminal offences they include**
- **Not commit any of the offences detailed**
- **Report any suspicions of these offences being committed**
- **Develop (where applicable to role) and fully comply with policies and processes to reduce the risk of these offences being committed**
- **Disclose any gifts and hospitality that you receive, in line with other policies**

This plan includes objectives and key performance indicators that support the Council's Policy and follows the latest best practice/guidance/directives from the Department for Levelling Up Housing and Communities (DLUHC), National Audit Office (NAO), Local Government Association (LGA) and the Chartered Institute for Public Finance and Accountancy (CIPFA).

National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government “is large, but difficult to quantify with precision”. Since 2013 a number of reports have been published including by CIPFA, NAO and DLUHC (formerly MHCLG) indicating that the threat of fraud against local government is both real, causes substantial loss (including reputational, service and financial) and should be prevented where possible and pursued where it occurs.

In 2022 the Public Sector Fraud Authority (Cabinet Office) published a report stating that in 2021/22 the public sector had experienced more than 5 million acts of fraud, that more than £33bn in public money was lost to fraud each year and that fraud against the Covid-19 Financial Support packages alone had cost £19bn.

The *Fighting Fraud and Corruption Locally, A Strategy for the 2020's*, published in March 2020 and supported by CIPFA, the LGA, SOLCACE and External Auditors provides a framework for the Council to adopt in developing its counter fraud activity and this Anti-Fraud Plan follows the guidance and recommendations of the *Strategy*. Full details of the *Strategy* can be found at <https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>

The *Strategy* compliments work undertaken in 2019 by the LGA, NAO and the Cabinet Office as well as the *Code of practice on managing the risk of fraud and corruption* CIPFA 2015 including the four ‘Pillars’ of **Govern Acknowledge, Prevent, Pursue** with an overarching aim of **Protect**:

For the Council this includes protecting public funds it administers and protecting the Council against fraud and cybercrime.



Anti-Fraud Plan 2023-2024

The Councils Anti-Fraud Plan will be managed by the Hertfordshire Shared Anti-Fraud Service (SAFS), but officers at all levels across the Council will have responsibility for ensuring that the plan is delivered.

The Anti-Fraud Plan highlights specific areas of work to protect the Council against fraud and corruption. The Council also has a duty to protect the public and it does this through its work across all services and in particular by sharing information and knowledge through communications either directly or via its website or social media outlets. The Council has frameworks and procedures in place to prevent fraud and encourage staff and the public to report suspicions of fraud through a number of channels.

The Anti-Fraud Plan for 2023-2024 follows the guidelines and checklists contained in the *Fighting Fraud and Corruption Locally Strategy* and progress against this will be reported to senior management and the Councils Finance Audit and Risk Committee. A break-down of work included in the Plan can be found at **Appendix A** along with the officers with responsibility for ensuring the plan is delivered.

SAFS Resources 2023-2024

Anti-Fraud Arrangements

North Herts Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the Councils anti-fraud arrangements since April 2015. The SAFS Partnership, as well as North Herts Council, includes Stevenage Borough Council, Hertsmere Borough Council, Hertfordshire County Council, Luton Borough Council, Broxbourne Borough Council, East Herts Council and from April 2023 Welwyn and Hatfield Council. The SAFS also provides services to other public sector bodies across Hertfordshire.

The SAFS Team is made up of 21.5 full time equivalent staff in 2023/24. All staff are fully trained and accredited (or working towards this) specialising in fraud prevention, fraud investigation, fraud awareness, fraud risk assessment as well as proceeds of crime, anti-bribery and anti-money laundering.

Since 2019 the SAFS Team has been nominated for and/or won awards for the services it provides including the **Tackling Economic Crime Awards** (TECAS), the **Institute of Revenue Rating and Valuation Awards** (IRRV), the **Public Finance Awards** (PFA), and most recently in February 2023 the **Public Sector Counter Fraud Awards**.

SAFS is a Partnership with each organisation paying an annual fee to Hertfordshire County Council for a contracted service to all Partners. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has a seat on that Board. For the North Herts Council the Service Director: Resources is the Board representative.

Although SAFS will provide much of the Councils operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council against fraud, corruption and bribery.

Budget

In December 2022 the SAFS Board agreed fees for all Partners from April 2023. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for at least the next three years.

Fees for North Herts Council in 2023-2024 have been set at £89,180+ VAT.

Staffing

The full complement for SAFS in 2023-2024 is planned to be 21.5 FTE.

The Council will have access to 285 days of counter fraud work, access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* (hosted by Cabinet Office) and can call on SAFS management for liaison meetings, management meetings and three reports per annum to the Audit and Standards Committee. An Accredited Financial Investigator is available to assist in money laundering or proceeds of crime investigations.

SAFS also has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services to support the Councils legal team.

SAFS will also provide alerts (local and national) to Council officers and senior management of new and emerging fraud risks through its membership of anti-fraud forums and specialist providers including the Fighting Fraud and Corruption Locally Board (FFCLB) the Credit Industry Fraud Avoidance Service (CIFAS), Certified Institute of Public Finance and Accountancy (CIPFA) Finance, National Fraud Intelligence Bureau (NFIB), Fraud Advisory Panel (FAP) and the National Anti-Fraud Network (NAFN).

Workplans & Projects 2023-2024

As well as an agreed programme of work (see **Appendix A**) SAFS will work in the following areas delivering specific activity agreed with service managers. Progress with this work will be reported to the relevant head of service/managers on a quarterly basis.

Service Area	Agreed Projects
Cross Cutting Corporate Initiatives	<p>General Support. Three Reports to Finance Audit and Risk Committee. SAFS attendance at Corporate Governance Groups and management meetings. Assisting with any review of the Councils existing anti-fraud policies. Money Laundering Reporting Officer (MLRO) role. Assist with NFI Output and Herts FraudHub- across all service areas. Assisting with Payroll fraud matters including disciplinary investigations. Identify new fraud risks and fraud alerts across all Council services- providing a resource to support any investigation, reporting or risk assessment required from any emerging fraud or corruption.</p> <p>Training. Five fraud training/awareness events for staff/members in year delivered face to face/virtually/hybrid. Review and re-release of SAFS I-Learn training package on fraud/bribery/money laundering – accessible via the Councils intranet. Roll out of NAFN training and registration for appropriate services/officers.</p> <p>Procurement. Work with internal procurement service developing a bespoke risk assessment for fraud in procurement/contracts.</p>
Revenues and Benefits	<p>This work will be arranged with the in-house Revenues and Benefits Service. Proactive training and awareness for management and front-line staff. Reactive investigations for housing benefit, council tax support/discount and business rate fraud. Support for single person discount review utilising 3rd party framework managed by SAFS Identify systems/processes/new developments to assist in recovery of debt created by fraud. Use of data-analytics to identify fraud/evasion of business rate liability and collection. Joint working with DWP where council tax support and other ‘national’ benefits are in payment.</p>
Housing Services	<p>This work will be arranged with the Councils housing services and in partnership with Settle Group, Catalyst Group Housing (Now part of Peabody), Clarion Housing Group and B3Living as well as other housing providers with stock within the Councils area. Proactive training and awareness for management and front-line staff. Reactive investigations for Housing Application, tenancy fraud- including sub-letting or right to buy fraud, and misuse of temporary accommodation. Provide a focus on fraud risks affecting temporary accommodation costs. Review housing register to identify fraud risks and, where appropriate, investigate these.</p>

SAFS KPIs & Standards of Service.

SAFS will work to a set of KPIs agreed with senior officers and these targets will assist in delivering the Council's Anti-Fraud Plan. The KPI's can be found at **Appendix B** and will be reported to senior officers and Finance Audit and Risk Committee throughout the year.

SAFS - Standards of Service.

SAFS will provide the Council with the following anti-fraud services.

1. 24/7 Access to a fraud hotline, email and online solution for public reporting.
2. Process for Council staff to report suspected fraud to SAFS via email/phone/weblinks.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Money Laundering.
4. A Money Laundering Reporting Officer service as laid out in the relevant Council policies.
5. Assistance in the design/review of Council policies, processes and documents to deter/prevent fraud.
6. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
7. SAFS will continue to develop with the Cabinet Office and Council officers a data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification and prevention of fraud.
 - The FraudHub will be funded by the Council.
 - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
 - Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually.
 - SAFS will work with Council officers to identify data-sets (and frequency) of the upload of these.
 - SAFS will work with Council officers to determine the most appropriate data-matching.
8. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
9. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA* and relevant Council policies.
10. Reactive fraud investigations.
 - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response within 24 hours of receipt.
 - All cases reported to SAFS will be reviewed within 2 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation or referral to 3rd parties including police, DWP, Action Fraud.
 - The Council will be informed of all reported fraud affecting its services.
 - SAFS will allocate an officer to each case.
 - SAFS officers will liaise with nominated officers at the Council to access data/systems to undertake investigations.
 - SAFS officers will provide updates on cases and a summary of facts and supporting evidence on conclusion of the investigation for Council officers to review and make any decisions.
 - Where criminal offences are identified SAFS will draft a report for Council officers to make a decision on any further sanctions/prosecutions.
11. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal in line with the Council's policies.
12. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
13. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
14. SAFS will provide reports through the SAFS Board and to the Council's Audit Committee as agreed in the SAFS Partnership Contract.

**Data Protection Act, General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act, Investigatory Powers Act.*

Appendix A

NHC / SAFS Action Plan 2023/2024			
FFCL Pillars	Objectives	Activities	Responsible Officer
Governance	Having robust arrangements and executive support to ensure anti fraud, bribery and corruption measures are embedded throughout the organisation.	Ensure the Councils Anti-Fraud and Corruption Strategy & Fraud Response Plan and associated policies to deter, prevent, investigate and punish acts of fraud or corruption are reviewed against latest best practice. Review and update the Councils Money Laundering/ Bribery/ Cyber-Crime Policies	Managing Director / Monitoring Officer / Service Director-Resources
		The Councils Finance Audit and Risk Committee will receive reports during the year about the arrangements in place to protect the Council against fraud and the effectiveness of these.	Head of SIAS /Head of SAFS
		The Chair of Finance Audit and Risk Committee, along with the Leadership Team, will ensure compliance with the latest best practice in the Councils anti-fraud arrangements including that published by CIPFA, NAO and LGA.	AC Chair/ Service Director-Resources / Monitoring Officer
		System/process weaknesses or risks revealed by instances of actual fraud will be fed back to departments/services with recommendations to manage/mitigate these risks. Reports will be shared with senior managers or SIAS to review outcomes and management response to recommendation.	Head of SIAS / Head of SAFS
		SAFS will assist the Council in providing its Fraud Data for the Transparency Code each year	Head of SAFS
		The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.	Service Director-Resources / HR Services Manager/ Monitoring Officer
ACKNOWLEDGE	Accessing and understanding fraud risks. Committing the right support and tackling fraud and corruption. Demonstrating that it has a robust anti-fraud response. Communicating the risks to those	Inclusion of Fraud Risks and actions to manage/mitigate/reduce this in its Annual Governance Statement.	Head of SIAS /Service Director-Resources/ Monitoring Officer
		The Councils Communication Team will publicise anti-fraud campaigns and provide internal communications to staff on fraud awareness	Head of SAFS/ Communications Mgr
		The Council and SAFS will provide fraud awareness & specific anti-fraud training across all Council services and implement E-Learning modules available for staff that is mandatory.	Service Director- Resources / Head of SAFS
		The Council is a member of the Hertfordshire Shared Anti-Fraud Service (SAFS). Officers will ensure that the services provided by SAFS are appropriate and provide an effective ROI in both savings delivered and added value.	Service Director-Resources
		Audits conducted by SIAS will take account of known or emerging fraud risks when audit activity is being planned. SIAS will report any suspected fraud to senior management and SAFS to review.	Head of SIAS
		All SAFS staff will be fully trained and accredited. SAFS will continue to work with the Cabinet Office to support the Counter-Fraud Profession.	Head of SAFS
PREVENT	Making the best use of information and technology. Enhancing fraud controls and processes. Developing a more effective anti-fraud culture. Communicating its' activity and successes.	SAFS will provide fraud alerts and new and emerging fraud threats to be disseminated to appropriate officers/staff/services.	Head of SAFS
		SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA, CIFAS.	Head of SAFS
		Develop the Councils use of the Herts FraudHub and support Council officers with the output from NFI 2022/2023 Exercise	Head of SAFS/ Service Director-Customers
		The Council, and SAFS, will seek to work with other organisations, including private sector, to improve access to data and data-services that will assist in the detection or prevention of fraud.	Head of SAFS/ Service Director-Resources
		The SAFS Mgt will provide reports to the SAFS Board quarterly on anti-fraud activity across the Partnership and any learning to be shared with all Partners	Head of SAFS
		The Council will review data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA to maximise the use of sharing data with others to help prevent/identify fraud.	Monitoring Officer
PURSUE	Prioritising fraud recovery and use of civil sanctions. Developing capability and capacity to punish offenders. Collaborating across geographical and sectoral boundaries.	SAFS will provide fraud alerts and new and emerging fraud threats to be disseminated to appropriate officers/staff/services.	Head of SAFS
		SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA, CIFAS.	Head of SAFS
		Develop the Councils use of the Herts FraudHub and support Council officers with the output from NFI 2022/2023 Exercise	Head of SAFS/ Service Director-Customers
		The Council, and SAFS, will seek to work with other organisations, including private sector, to improve access to data and data-services that will assist in the detection or prevention of fraud.	Head of SAFS/ Service Director-Resources
		The SAFS Mgt will provide reports to the SAFS Board quarterly on anti-fraud activity across the Partnership and any learning to be shared with all Partners	Head of SAFS
		The Council will review data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA to maximise the use of sharing data with others to help prevent/identify fraud.	Monitoring Officer
PROTECT	Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.	All fraud reported to the Council will be captured via SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members. SAFS will work with officers to promote the reporting of suspected fraud by officers and the public.	Head of SAFS
		All investigations will comply with relevant legislation and Council Policies. Investigations will include civil, criminal and disciplinary disposals	Head of SAFS
		SAFS will use its case management system to record and report on all fraud referred, investigated and identified.	Head of SAFS
		Legal Services and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses- supported by relevant policies.	Monitoring Officer/ Service Director- Customers
		SAFS and the Councils R&B Service will work with DWP to deliver joint investigations where fraud affects both HB and CTRS	Head of SAFS/ Service Director-Customers
		SAFS will use its in-house expertise as well as external partners when considering the use of POCA, Surveillance or IT Forensics.	Head of SAFS

Appendix B

SAFS KPIs - 2023/ 2024- NHC

KPI	Measure	Objectives	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. A. Meetings to take place with the Councils Service Director-Resources and Service Director-Customers. B. Service Director-Resources will sit on the SAFS Board that meets quarterly. C. Regular meetings to take place with Service Leads to agree and update local work plans. D. Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. 285 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management). B. 3 Reports to Finance Audit and Risk Committee. C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases will be responded to within 24 hours. B. All other cases 2 Days, on Average.	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts, trends, best practice C. NAFN Access/Training for relevant Council Staff D. 5 Training events for staff/Members in year. (To be agreed with Service leads and HR)	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to officers by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers. C. SAFS will work with social housing providers across the District.	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Support the output from NFI 2022/23 Council services. B. Membership and VFM from the Herts FraudHub in 2023/24.	Build a data hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.

This page is intentionally left blank

SAFS KPIs - 2023/ 2024

KPI	Measure	Target 2023/24	Performance to October 2023
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. A. Meetings to take place with the Councils Service Director-Resources and Service Director-Customers. B. Service Director-Resources will sit on the SAFS Board that meets quarterly. C. Regular meetings to take place with Service Leads to agree and update local work plans. D. Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.	A. SAFS Mgt have meetings planned throughout the year with Director-Resources and Service Director-Customers B. Service Director-Resources, invited to attend all SAFS Board meetings in 23/24 and has attended Board meetings in June/September/December with a 4 th meeting planned for March 2024 C. Meetings with service leads are taking place on regular basis. D. This report, and others are available upon request.
2	Provide an investigation service.	A. 285 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management). B. 3 Reports to Finance Audit and Risk Committee. C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.	A. 102 Days reported in Q1 & Q2 combined – 36%. More work is planned in Q3 to support NFI outcomes and use of Data to support NDR. We are also aware that some officers assigned to work on NHC projects have been under-reporting their time spent on these matters. B. Reports to FAR Committee in September and December 2023 and third report planned for March 2024. C. SAFS has close working with relationship with R&B & Housing Services and regular liaison is taking place. SAFS takes part in the Councils Corporate Enforcement Group.
Page 29	Action on reported fraud.	A. All urgent/ high risk cases will be responded to within 24 hours. B. All other cases 2 Days, on Average.	A. SAFS CMS currently unable to recognise urgent from non-urgent, we are working with the CMS provider to rectify this. B. At present we are responding to referrals for NHC within 24 hours on average, but we are ensuring that any urgent cases are sifted and selected ahead of other work.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts, trends, best practice C. NAFN Access/Training for relevant Council Staff D. 5 Training events for staff/Members in year. (To be agreed with Service leads and HR)	A. SAFS have procured licenses to NAFN and PNLD for Council staff. B. SAFS Mgt are members of the CF Centre. HCC has membership of CIFAS with alerts shared with SAFS Partners. C. Council staff have access to NAFN training & support. D. Training events are still being developed with HR, including a review of the E-Learning modules on fraud/bribery/AML.
5	Allegations of fraud received & Outcomes recorded.	A. All reported fraud (referrals) will be logged and reported to officers by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers. C. SAFS will work with social housing providers across the District.	A. This is happening daily as referrals are received. B. The SAFS CMS allows the reporting of granular detail on each referral received, every case investigated, and the MI from this is, is used to manage workflow and workloads. C. SAFS have investigated a number of tenancy fraud matters and we are awaiting the outcomes of notice/court procedures to recover further properties.
6	Making better use of data to prevent/identify fraud.	A. Support the output from NFI 2022/23 Council services. B. Membership and VFM from the Herts FraudHub in 2023/24.	A. Access to NFI data and relevant systems arranged for SAFS officers. Output and matches reviewed are being reported. This work is progressing very well. B. Contracts with C/O signed for the Council to take part in the Herts FHUB in 23/24. Data-upload and dissemination of matches in place. We are now working with officers to begin clearing matches.

FINANCE, AUDIT AND RISK COMMITTEE 13 December 2023

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: MID-YEAR REPORT ON RISK MANAGEMENT GOVERNANCE

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND IT

COUNCIL PRIORITY: ALL

1. EXECUTIVE SUMMARY

To provide the Committee with an update on the effectiveness of the Risk Management Governance arrangements at North Herts Council.

2. RECOMMENDATIONS

- 2.1. That Finance, Audit and Risk Committee note and provide comments to Cabinet on the mid-year Risk Management Governance update, including progress made with completion of audit recommendations.
- 2.2. That Finance, Audit and Risk Committee comment on the type of Risk Management training they would like to receive going forward.
- 2.3. That Finance, Audit and Risk Committee note the review of the Performance and Risk Management Group Terms of Reference.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. There are no applicable alternative options.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Consultation has been undertaken with Leadership Team and the Risk and Performance Management Group (RPMG). The Executive Member for Finance and IT (as Risk Management Member Champion) and the Chairs of the Finance, Audit and Risk and Overview and Scrutiny Committees are invited to RPMG meetings, as well as key Officers. Lead Officers discuss risks with relevant Executive Members.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision first notified on the Forward Plan on the 13 October 2023.

7. BACKGROUND

- 7.1 In March 2022, Cabinet agreed that the Council Delivery Plan, incorporating key projects, risks and performance indicators, would be reported to the Overview and Scrutiny Committee. As a result, this Committee now focusses on its role (as set out in the Constitution) of “monitor[ing] the effective development and operation of risk management and corporate governance, agree actions (where appropriate) and make recommendations to Cabinet.” To help achieve this, the Committee now receives a mid-year (in December) and end of year (in June) report. The June report is entitled the Annual Report on Risk Management Governance, which also goes to Full Council.
- 7.2 The six-monthly reports aim to provide a wider commentary on risk, a broader view of risks and associated mitigations, and assurance that risk governance arrangements are working and effective risk management processes are in place. Detailed reviews of specific risks can be requested on an ad hoc basis, which provides the opportunity to hear directly from the risk owner.

8. RELEVANT CONSIDERATIONS

8.1 Risk Management Governance

- 8.1.1 The Council's Risk Management Framework (RMF) requires us to:

- Identify and document key risks in all areas of our business, understand them and seek to proactively manage them.
- Assess each risk, identify existing controls, and if required, take further action to reduce the risk.
- Have Business Continuity Plans in place for each of our service areas, which identify the key functions, what the risks are and how they can be mitigated, to allow services to continue operating.
- Develop capacity and skills in identifying, understanding, and managing the risks facing the Council.
- Regularly review the Risk Management Framework and update it in line with statutory and best practice requirements.

8.2 Risk Identification and Assessment

- 8.2.1 Corporate Risks in the Council Delivery Plan are the responsibility of Leadership Team and Cabinet, with Cabinet ensuring risks are managed appropriately and proportionately. These risks cut across the delivery of all services, relate to key projects, or could significantly affect the delivery of Council objectives. They could also require a high level of resources to manage and need to be monitored at a strategic level. As the Council Delivery Plan also includes details of project milestones and performance measures, it ensures that Cabinet has oversight of both risk and performance.
- 8.2.2 Reporting of Corporate Risks to Cabinet via the Finance, Audit and Risk Committee reports and the quarterly Council Delivery Plan updates to Overview and Scrutiny Committee, allows the top risks facing the Council and the actions we are taking to manage them to be approved and monitored.
- 8.2.3 Details of the 29 Corporate Risks in the 2023/24 Council Delivery Plan are provided in Appendix A. Risks are assessed on Ideagen Risk Management, our risk and performance management system, with an original, current, and target risk score recorded. Risk records highlight the controls in place and mitigating actions we have taken or plan to take to manage the risk to the target level or to maintain it at the lowest practicable level. Where risks have been managed to the target level, any residual risks are likely to be tolerated.
- 8.2.4 In addition to formal committee reports, Corporate and Service Risks can be viewed on Ideagen Risk Management. Access to the system and guidance on its use is available on the Intranet - [Ideagen Risk Management | Intranet \(north-herts.gov.uk\)](https://north-herts.gov.uk/intranet/ideagen-risk-management).
- 8.2.5 The risks in the Q2 Council Delivery Plan monitoring report have been plotted on the matrix below to show a visual risk profile of the Plan:

Likelihood	3 - High	4	7	9	<ul style="list-style-type: none"> - Waste and Street Cleansing procurement - Financial Sustainability - Waste Depots - Resourcing
	2 - Medium	2	5	8	<ul style="list-style-type: none"> - Empty Homes Strategy - Enterprise Strategy - Cycling Network - Oughtonhead Common Weir - Town Centre Recovery - Charnwood House - Local Plan Delivery - Museum Storage - New ways of delivering Housing - Resident/EV charging - Solar PV leisure centres - Leisure contract procurement - Master Planning - Pursue Commercial Leasing Opportunity for Royston town hall - Royston LC solar Thermal - Shared Prosperity Fund - Town Centre Strategies - Churchgate - Homelessness Prevention - Cyber Risks
	1 - Low	1	3	6	<ul style="list-style-type: none"> - Local Authority Housing Fund - Finalise pay on exit parking review - Playground Renovation - Create Place Narrative - Health Inequalities
		1 - Low	2 - Medium	3 - High	
		Impact			

8.2.6 Table 1 below shows analysis of risk data between 1 April 2023 and production of this report:

Table 1	Council Delivery Plan Risks	Service Risks
Green (Low) Risks – score 1-3	10	8
Amber (Medium) Risks – score 4-6	12	18
Red (High) Risks – score 7-9	7	5
TOTAL (period end)	29	31
Reduced risk scores	6	1
Increased risk scores	1	1
Unchanged risk scores	22	23
Risks not yet reviewed	0	6

TOTAL (period end)	29	31
Risks at start of period	31	39
New Risks	11	4
(Less) Archived Risks	(11)	(12)
Risks reclassified as service risks	(2)	
TOTAL (period end)	29	31

8.4 Review of Risks

- 8.4.1 Risk reviews are scheduled within Ideagen Risk Management, with automated reminders sent to service areas when risks are due to be reviewed. Risks with a Red status should be reviewed every 3 months, with Amber risks every 6 months and Green risks at least once a year. Service areas work with the Performance and Risk Officer to ensure that assumptions are challenged, and information is captured in line with RMF requirements.
- 8.4.2 For the period from April 2023 to September 2023, all Corporate Risk reviews were carried out in line with the RMF requirements. For Service Risks, 62% were completed in line with the RMF requirements, 12% were completed within one month of their review date and 26% were completed more than a month late. It should be noted that reviews over the summer months may take place later than usual due to staff holidays.

8.5 New / Emerging and Archived Risks

- 8.5.1 Since the start of 2023/24, 11 new Corporate Risks, relating to the Council Delivery plan, have been entered on the Risk Register. These are detailed in Appendix B. Two new service risk entries have also been entered on the Risk Register:

- Baldock Industrial Estate Fire
- Reinforced Autoclaved Aerated Concrete (RAAC)

The other two service risks included in Table 1 above were previously recorded as Council Delivery Plan risks. These were re-categorised following completion of the related Council Delivery Plan projects (Museum/HTH Recovery and Help Residents Make Payments at Convenient Locations) in 2022/23.

- 8.5.2 Since the start of 2023/24, 11 Corporate risks were archived and are included as Appendix C. In line with the RMF, archived risks are risks that have been managed down to the lowest practicable level and are now controlled via business-as-usual processes or are risk entries that have been replaced by more relevant risk entries.

8.6 Risk Awareness and Appetite

- 8.6.1 The Council is committed to the proactive identification and management of key external and internal risks that may affect the delivery of objectives. This allows us to be risk aware, understanding that risks may increase as services evolve and more commercial opportunities are developed and undertaken. Following an audit recommendation, the

Council's Senior Management Group will regularly carry out horizon scanning to consider potential future risks. Whilst this exercise may not generate anything to add to the risk register, it will provide an early warning so that the Council is better able to react to such risks if the impact or likelihood increases. The next review will take place in mid-December.

- 8.6.2 The Council's risk appetite is its willingness to accept risks to realise opportunities and achieve objectives. We must take risks and 'be brave' to evolve and to continue to deliver services effectively, deciding what risks we want to take and what ones we want to avoid, whilst acknowledging that we cannot or should not avoid all risks. The Risk Management Framework recognises that risks accompany all new objectives and opportunities, and it provides guidance on managing them appropriately.
- 8.6.3 A review of the links between Business Continuity Plans and the Risk Register is due to be undertaken in early 2024 to ensure that key risks are reflected in both. It has also been decided that the Council's Senior Manager Group should undertake a review of emerging risks. This has been added to the meeting agenda for December 2023.
- 8.6.4 The Council will have a range of different appetites for different risks depending on the circumstances and these will vary over time. The Risk Management Framework specifies that we will actively manage and monitor risks scoring 4 or higher on the risk matrix. This includes monitoring the completion of risk management activities and assessing their effectiveness.
- 8.6.5 Discussions on risk appetite have taken place, particularly among the Officer Leadership Team and the Officer/Cabinet Leadership Team. This has determined that we will assess our risk appetite on a project-by-project basis. This allows the benefits of a project to be balanced against both the resources and risks involved.
- 8.6.6 As reported in the latest Council Delivery Plan monitoring report, 19 Corporate Risks had a score of 4 or above:
- Financial Sustainability/Balancing our Budget (9)
 - Waste and Street Cleansing (9)
 - Securing Waste Depot (9)
 - Resourcing (9) increased from 8
 - Work with Partners to Prevent Homelessness (8)
 - Cyber Risks (8)
 - Churchgate (8) down from 9
 - Local Plan Delivery and Review (5)
 - Charnwood House (5)
 - Leisure Contract Procurement (5)
 - Master Planning (5)
 - Museum Storage (5)
 - New Ways of Delivering Housing on Council Land (5)
 - Pursue commercial leasing opportunity for Royston Town Hall Annexe (5)
 - Resident/Public EV Charging in our Car Parks (5)
 - Royston Leisure Centre Solar Thermal (5)

- Solar PV on Leisure Centres (5)
- Shared Prosperity Fund (5)
- Town Centre Strategies (5)

8.6.7 The FAR Committee has a role in monitoring how effectively the Council delivers against its strategic approach to risk appetite.

9. Developing Capacity and Skills

9.1 The Performance and Risk Officer provides advice and guidance to Officers when each risk review is completed. However, further work is required to ensure Officer and Member skills in this area are developed. In 2021, an E-Learning module for Risk Management was set up on GROW Zone for completion by Officers. As of 30 September 2023, 113 officers had completed the learning. This training is also available to Members and can be accessed via GROW Zone via the link below.

[Risk Management E-Learning on GROW Zone](#)

9.2 The SIAS audit of Risk and Performance Management reported in April 2023 provided reasonable assurance that effective controls are in place. However, it contained five recommendations (one high, three medium and one low priority), equating to 7 actions to help us strengthen our processes, including developing bespoke Member training. Appendix D provides details of the progress we have made towards implementing the recommendations.

9.3 Members of this Committee are asked to specify any additional training that they require.

10. Business Continuity

10.1 Following full review and completion of the Business Impact Analysis process (BIA 1) across all services, critical areas were identified that must be prioritised in the event of any business disruption. Those critical areas, approved by Leadership Team, went on to complete a 'BIA 2' form to identify the most appropriate way of controlling the risks.

10.2 All critical functions are to be included in a new Service Continuity Plan. The Resilience Team have produced a new template which is being circulated to services for completion by the end of 2023. The plan allows services to consider all key risks, based on the national and local resilience risk register, and to identify contingency arrangements that will reduce the risk of business failure.

10.3 Once all the information from service plans is compiled, a review of the links between Business Continuity Plans and the Council's Risk Register is due to be undertaken in early 2024 to ensure that key risks are reflected in both.

11. Review of the Risk and Performance Management Group Terms of Reference.

11.1 The RPMG Terms of reference were reviewed by the group, with a few changes. The updated document is provided as Appendix E.

12. LEGAL IMPLICATIONS

- 12.1 The Committee's Terms of Reference include "to monitor the effective development and operation of risk management and corporate governance, agree actions (where appropriate) and make recommendations to Cabinet" (Constitution 10.1.5 (u)).

13. FINANCIAL IMPLICATIONS

- 13.1 There are no direct financial implications arising from this report. However, it should be noted that there are issues linked to the Resourcing risk (e.g., cost of living, and inflation) that will affect the Council's financial position.

14. RISK IMPLICATIONS

- 14.1 The Risk Management Framework requires the Finance, Audit and Risk Committee to consider six-monthly reports on the development and operation of Risk Management at the Council. Failure to provide these reports would conflict with the agreed Framework and would mean that this Committee could not provide assurance to Cabinet that effective Risk Management is taking place and that key risks are being managed.

15. EQUALITIES IMPLICATIONS

- 15.1 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.
- 15.2 Reporting on the management of risk provides a means to monitor whether the Council is meeting the stated outcomes of the district priorities, its targets and delivering accessible and appropriate services to the community to meet different people's needs. The Council's risk management approach is holistic, taking account of commercial and physical risks. It should also consider the risk of not delivering a service in an equitable, accessible manner, and especially to its most vulnerable residents, such as those who are homeless.

16. SOCIAL VALUE IMPLICATIONS

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

17. ENVIRONMENTAL IMPLICATIONS

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

18. HUMAN RESOURCE IMPLICATIONS

- 18.1 The Resourcing Corporate Risk highlights the potential impact on staff of taking on new tasks.

19. APPENDICES

- 19.1. Appendix A – All Corporate Risks
Appendix B – New Corporate Risks
Appendix C - Archived Corporate Risks
Appendix D – Performance and Risk Management Audit Report update
Appendix E – Draft RPMG Terms of Reference

20. CONTACT OFFICERS

- 20.1 Rachel Cooper, Controls, Risk & Performance Manager
Rachel.cooper@north-herts.gov.uk, ext. 4606

Ian Couper, Service Director – Resources
Ian.couper@north-herts.gov.uk, ext. 4243

Reuben Ayavoo, Policy and Communities Manager
Reuben.ayavoo@north-herts.gov.uk, ext. 4212

Rebecca Webb, HR Services Manager
Rebecca.webb@north-herts.gov.uk, ext. 4481

Tim Everitt, Performance and Risk Officer
Tim.everitt@north-herts.gov.uk, ext. 4646

Isabelle Alajooz, Legal Commercial Team Manager
Isabelle.alajooz@north-herts.gov.uk, ext. 4346

Paula Busby, Resilience Manager
Paula.busby@north-herts.gov.uk ext. 4246

19. BACKGROUND PAPERS

- 19.1 None


This page is intentionally left blank


NHC Risk Register


Generated on: 10 November 2023





Risk Code	CDP04	Risk Title	Town Centre Recovery
Service Area	Regulatory	Risk Owner	Ian Fullstone
Year Identified	2022	Corporate Objective	A Brighter Future Together
Risk Description	<ul style="list-style-type: none"> - Limited budget available via the Shared Prosperity Fund. - Town Centre Programmes for each town not yet in place. - Reputational damage if improvements/initiatives are not progressed or delayed. 		
Current Risk Matrix	<p>The matrix is a 3x3 grid. The top row has two yellow squares and one red square. The middle row has one yellow square and two red squares. The bottom row has two green squares and one yellow square. A white circle is in the middle-left square (yellow). The word "Lifelihood" is written vertically to the left of the grid, and "Impact" is written below it.</p>	Date Reviewed	06-Nov-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Allocated SPF funding. 		
Ongoing Work	<ul style="list-style-type: none"> - Investigating options for external grants to enhance available funding. - People & Places working with key stakeholders to develop delivery programmes. 		


Risk Code	CDP05	Risk Title	Health Inequalities
Service Area	Legal & Community	Risk Owner	Jeanette Thompson
Year Identified	2022	Corporate Objective	People First
Risk Description	<p>Risks</p> <ul style="list-style-type: none"> - Inability to achieve funding for future years. - Delays in achieving funding. - Restrictive funding terms. - Staff shortages/competing priorities. <p>Leading to:</p> <ul style="list-style-type: none"> - Cessation of current projects/services. - Delays in achieving outcomes. - Limited scope of projects. - Limited progress with pursuing funding opportunities/delivering projects. 		
Current Risk Matrix		Date Reviewed	09-Oct-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Funding secured and intervention plan approved (Health and Wellbeing). - HCC confirmed continued funding for 2024/25. 		
Ongoing Work	<ul style="list-style-type: none"> - Working with partner organisations to deliver projects. - Quarterly updates on usage and take up. 		


Risk Code	CDP07	Risk Title	Resident/Public EV Charging in our Car Parks
Service Area	Regulatory	Risk Owner	Ian Fullstone
Year Identified	2022	Corporate Objective	Sustainability
Risk Description	1. Not successful in obtaining grant funding (no longer a risk). 2. Unable to identify/procure a private sector partner (no longer a risk). 3. Unable to agree contract conditions/relevant lease arrangements with contractor. 4. Unable to deliver project in accordance with OZEV requirements.		
Current Risk Matrix		Date Reviewed	25-Oct-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Grant application submitted to OZEV. - Private sector partner identified, with experience of delivering OZEV funded projects. - Revised grant application submitted to OZEV. - Grant application successful. 		
Ongoing Work	<ul style="list-style-type: none"> - Working with partner to finalise contract, lease arrangements and implementation programme. 		

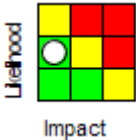
Risk Code	CDP08	Risk Title	Cycling Network
Service Area	Regulatory	Risk Owner	Ian Fullstone
Year Identified	2022	Corporate Objective	Sustainability
Risk Description	1. Resourcing for NHC and HCC. 2. Timing and adoption of LCWIP by HCC Transport Panel/Cabinet (no longer a risk). 3. Limits to what can be achieved in the short-term.		
Current Risk Matrix		Date Reviewed	25-Oct-2023
Opportunities			
Consequences			
Work Completed	- HCC adopted LCWIP (September 2023).		
Ongoing Work	- Awaiting adoption of Hertfordshire Active Travel Strategy by HCC (early 2024). - Regular communication and partnership working with HCC to help identify, fund and deliver the best schemes for North Herts (ongoing). - Seeking related S106 contributions from planning applications (ongoing).		

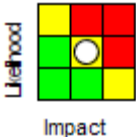
Risk Code	CDP10	Risk Title	Royston Leisure Centre Solar Thermal
Service Area	Place	Risk Owner	Sarah Kingsley
Year Identified	2022	Corporate Objective	Sustainability
Risk Description	1. Solar Thermal not viable alongside installation of Solar PV. 2. Tender returns over budget. 3. Delays to procurement/project delivery.		
Current Risk Matrix		Date Reviewed	04-Oct-2023
Opportunities			
Consequences			
Work Completed	- Cabinet approved increased capital budget (13 September 2022). - Feasibility report received June 2023.		
Ongoing Work	- Reviewing feasibility report findings alongside progressing Solar PV project (on hold).		

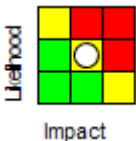
Risk Code	CDP11	Risk Title	Town Centre Strategies
Service Area	Regulatory	Risk Owner	Ian Fullstone
Year Identified	2022	Corporate Objective	Sustainability
Risk Description	1. Lack of available resource to produce and deliver identified strategies. 2. Lack of strategic direction leads to speculative development that undermines function of town centres.		
Current Risk Matrix		Date Reviewed	25-Oct-2023
Opportunities			
Consequences			
Work Completed	- Recruited Town Centre Project Officer.		
Ongoing Work	- Procurement of technical expertise to help prepare evidence base. - Preparation of evidence base to inform strategies. - Look for external funding. - Take applications through master planning process.		

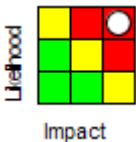
Risk Code	CDP12	Risk Title	Finalise Pay on Exit Parking Review
Service Area	Regulatory	Risk Owner	Ian Fullstone
Year Identified	2022	Corporate Objective	A Brighter Future Together
Risk Description	1. Budget implications of selected scheme. 2. Inability to procure suppliers within approved budget. 3. Negative public reaction to changes and disruption during works. 4. Loss of income during associated works.		
Current Risk Matrix		Date Reviewed	25-Oct-2023
Opportunities			
Consequences			
Work Completed	- Capital budget approved.		
Ongoing Work	- Procure suppliers to replace existing machines/software and tariff boards.		

Risk Code	CDP13	Risk Title	Pursue commercial leasing opportunity for Royston Town Hall Annexe
Service Area	Enterprise	Risk Owner	Steve Crowley
Year Identified	2022	Corporate Objective	People First
Risk Description	1. Lack of engagement from HCC restricts our ability to acquire access rights. 2. Cost and time in acquiring rights or addressing restrictions are prohibitive. 3. Planning permission refused or subject to unviable conditions. 4. Desire to retain partial community use impinges on viability. 5. Build cost inflation impinges on viability.		
Current Risk Matrix		Date Reviewed	31-Oct-2023
Opportunities			
Consequences			
Work Completed			
Ongoing Work	<ul style="list-style-type: none"> - Continue to pursue engagement with HCC regarding access rights. - Attempt to improve momentum in negotiations with interested party. - Exploring options following unsolicited solid interest in site (ongoing). - As the project progresses, proactive and frequent discussion with key site stakeholders e.g., RTC and Citizens Advice. - If required, engage reputable local and national agents to garner wide audience for marketing and generate maximum interest. - Frequent communication with Town and NHC Ward Councillors, as appropriate. - At the appropriate time, and if feasible, consider adopting modern methods of construction. 		


Risk Code	CDP17	Risk Title	Empty Homes Strategy
Service Area	Housing & Environmental Health	Risk Owner	Jo Doggett
Year Identified	2022	Corporate Objective	Sustainability
Risk Description	<u>Development of Strategy</u> Risks: - Staff shortages/competing priorities limit progress with developing Strategy. - Potential political/reputational risk associated with not having an agreed strategic approach in place. - Resource implications/limitations relating to the different options available. <u>Implementation of Adopted Strategy</u> Risks (dependent on the agreed approach): - Securing the resources required to deliver the Strategy and achieve objectives. - Limited number of empty homes that we can actually take forward under the Strategy. - Cost to Council of maintaining empty properties that we acquire. - Political/reputational risk associated with a perceived lack of progress and/or cost/benefit analysis of our approach.		
Current Risk Matrix	 <p>Uxbridge Impact</p>	Date Reviewed	06-Nov-2023
Opportunities			
Consequences			
Work Completed	<u>Controls/Mitigations</u> - Draft Strategy produced and considered by Executive Member and Deputy in September 2022. - Staff resource to enable delivery of the final Strategy as part of a new Housing Improvement Officer role approved by Full Council on 23 February 2023. - Agreed timeframe for adoption (now January 2024).		
Ongoing Work	- Refining draft Strategy, with outcomes and delivery linked directly to the preferred approach and resources available.		


Risk Code	CDP18	Risk Title	New Ways of Delivering Housing on Council Land
Service Area	Enterprise	Risk Owner	Steve Crowley
Year Identified	2022	Corporate Objective	A Brighter Future Together
Risk Description	1. Being able to develop a viable project. 2. Ensuring Contract Procurement Rules are adhered to. 3. Housing development subject to planning. 4. Working with the right supplier(s) for the Council. 5. Lack of demand and absorption rate for tenure and build type.		
Current Risk Matrix		Date Reviewed	31-Oct-2023
Opportunities			
Consequences			
Work Completed	- Undertook market research exercise with a cross-section of the development market regarding options for joint ventures. - Market research report received.		
Ongoing Work	Based on the additional focussed work to supplement market research report findings: - Work closely with the Finance team and selected supplier to try to develop a viable project, factoring in borrowing costs. - Work closely with relevant service areas and selected supplier to ensure the proposed developments are in line with expectations. - Work with the Procurement and Legal team to run a successful tender that will allow us to work with the right supplier. - Align relevant policies and company values when selecting supplier.		


Risk Code	CDP21	Risk Title	Master Planning
Service Area	Regulatory	Risk Owner	Ian Fullstone
Year Identified	2022	Corporate Objective	A Brighter Future Together
Risk Description	1. Risk of poor scheme outcomes that do not appropriately respond to local character and context. 2. Risk that strategic sites do not maximise contribution to corporate objectives and priorities of climate change, environment, economy and place. 3. Risk of delay to delivery of strategic sites if masterplan process is delayed or stalled or provides insufficient information to guide subsequent planning applications. 4. Failure to secure funding to resource the process. 5. Reduction in pre-application income and delay to income from planning applications. 6. Failure to retain/recruit sufficiently experienced officers. 7. Risk of adverse appeal findings on other/non-Local Plan sites if delivery is delayed or stalled.		
Current Risk Matrix		Date Reviewed	02-Nov-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Adoption of Local Plan by Full Council on 8 November 2022. - Provision of additional information by applicant leading to positive Planning Control Committee resolution on Highover Farm scheme. - Internal restructure of Strategic Planning Teams finalised and implemented. - Senior Urban Designer post filled on an initial fixed-term through the 'Public Practice' scheme. - Principal Planner/Urban Design Officer vacancy advertised. - Interim consultant resources extended and expanded to provide additional capacity within the team pending recruitment to vacancies. 		
Ongoing Work	<ul style="list-style-type: none"> - Secure funding for resources through Planning Performance Agreements. - Monthly Project Board meetings to escalate barriers to progress. - Ongoing recruitment to vacant planning positions. - Ongoing monitoring of workload and service-wide budgets to ensure sufficient resource to progress. 		

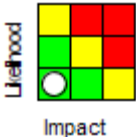
Risk Code	CDP22	Risk Title	Financial Sustainability/Balancing our Budget
Service Area	Resources	Risk Owner	Ian Couper
Year Identified	2022	Corporate Objective	Sustainability
Risk Description	1. Funding reductions as a result of new funding formula. 2. Sales, fees, and charges income continues at a lower level due to changes in behaviour from Covid-19 and impact of 'cost of living'. 3. Not able to make the required decisions to deliver budget savings required. 4. Increases in costs (reductions in income) when contracts are renewed and as a result of inflationary increases.		
Current Risk Matrix		Date Reviewed	10-Nov-2023
Opportunities			
Consequences			
Work Completed	- Latest round of MTFS (September 2022) and budget (February 2023) completed.		
Ongoing Work	- Revise funding projections as a result of formula changes and insight of future direction. - MTFS sets out a strategy for addressing funding gaps, including how difficult service funding decisions will need to be made. - Regular budget monitoring to highlight any issues.		

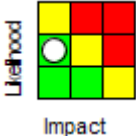
Risk Code	CDP26	Risk Title	Charnwood House
Service Area	Enterprise	Risk Owner	Steve Crowley
Year Identified	2022	Corporate Objective	People First
Risk Description	1. Covenant restriction on use. 2. Statute restriction on use. 3. Viability of Listed Building consent conditions. 4. Demand for community hub. 5. Delays due to Asset of Community Value (ACV) listing.		
Current Risk Matrix		Date Reviewed	31-Oct-2023
Opportunities			
Consequences			
Work Completed	- Public communication and open days to market research intricacies of demand for community hub. - ACV nomination accepted, placing the asset on the list of successful nominations for a period of five years.		
Ongoing Work	- Proactive and frequent discussion of community hub proposals with covenant beneficiary and local interest groups. - Continue to update the public, as appropriate. - Possible need to select an architect with verifiable Listed Building experience. - Continue to monitor relevant changes to ACV legislation and Localism Act.		


Risk Code	CDP27	Risk Title	Museum Storage
Service Area	Enterprise	Risk Owner	Steve Crowley
Year Identified	2022	Corporate Objective	A Brighter Future Together
Risk Description	1. Funding the project. 2. Unforeseen issues with the development. 3. Lower utilisation of the commercial storage opportunity than expected. 4. Until the project is completed, risk of damage to items stored at the current facility (mainly reputational, but potentially financial).		
Current Risk Matrix		Date Reviewed	01-Nov-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Action taken to address previously highlighted Health & Safety concerns. - Allocated £4million of capital funding. - Reviewed commercial/feasibility reports and assessed options. - Scrutinised Business Plans and consultants reports to ensure all reasonable due diligence around forecasting/modelling had been conducted. 		
Ongoing Work	<ul style="list-style-type: none"> - Preparing Cabinet report, which will seek a decision on progressing the preferred option. The Cabinet report has been deferred and the relevant meeting date has not yet been confirmed. Should project proceed: <ul style="list-style-type: none"> - Ensure progress made aligns with potential grant bid submissions. - Ensure preliminary reports and surveys are conducted and that main developer accepts certain risks. 		

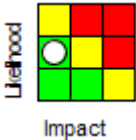
Risk Code	CDP29	Risk Title	Shared Prosperity Fund
Service Area	Resources	Risk Owner	Ian Couper
Year Identified	2022	Corporate Objective	A Brighter Future Together
Risk Description	1. Lack of general resources to deliver these projects as they are on top of core Council activities. 2. Failure to spend the money by the end of the grant period. 3. Lack of expertise in providing the required returns to Government on use of the grant. 4. Long lead times for capital elements means that items are unavailable until beyond the end of the funding period.		
Current Risk Matrix		Date Reviewed	10-Nov-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Undertook preparation work and responded promptly to requests from Government to get plan approved. - Investigated the availability of outdoor fitness equipment and started the procurement. - Engaged with third parties. 		
Ongoing Work	<ul style="list-style-type: none"> - As the general "Resourcing" risk, a need to prioritise and drop the delivery of lower priority projects. - Use admin element of the grant to buy-in support for monitoring and returns. 		


Risk Code	CDP30	Risk Title	Churchgate
Service Area	Enterprise	Risk Owner	Steve Crowley
Year Identified	2022	Corporate Objective	A Brighter Future Together
Risk Description	1. The regeneration will not meet expectations of stakeholders. 2. Regeneration of the Centre and surrounding area is not cost effective/not affordable. Including impacts of high inflation and likely recession.		
Current Risk Matrix		Date Reviewed	06-Nov-2023
Opportunities			
Consequences			
Work Completed			
Ongoing Work	1. Controls: - Communications and consultation plan in place, which is kept updated. - Decisions explained, including that there will need to be compromises. 2. Controls: - Financial and consultancy support (as needed) is in place. - Cost effectiveness/value for money is a key part of developing options.		

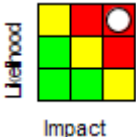
Risk Code	CDP31	Risk Title	Create and Communicate a Place Narrative for North Herts
Service Area	Place	Risk Owner	Sarah Kingsley
Year Identified	2023	Corporate Objective	A Brighter Future Together
Risk Description	Risk: - Other unplanned urgent communication workload/projects take priority. Leading to: - Target project stage dates being missed/needing to be moved and our Core Place Narrative going live later than expected.		
Current Risk Matrix		Date Reviewed	19-Oct-2023
Opportunities			
Consequences			
Work Completed	- Planned key stages/dates. - Day-to-day management of workload/resources during project.		
Ongoing Work			


Risk Code	CDP32	Risk Title	Enterprise Strategy
Service Area	Enterprise	Risk Owner	Steve Crowley
Year Identified	2023	Corporate Objective	A Brighter Future Together
Risk Description	Risks: - Delay in procuring consultants, if required. - Shortage of resource and staff capacity within the Enterprise team. Leading to: - A delay in developing/approving the Strategy and associated resourcing.		
Current Risk Matrix		Date Reviewed	06-Nov-2023
Opportunities			
Consequences			
Work Completed			
Ongoing Work	<u>Ongoing Controls/Mitigations</u> - Engagement with Leadership Team/Exec Members. - Ongoing management of Enterprise Team workload. - Consultancy support in place.		


Risk Code	CDP33	Risk Title	Local Plan Delivery and Review
Service Area	Regulatory	Risk Owner	Ian Fullstone
Year Identified	2023	Corporate Objective	A Brighter Future Together
Risk Description	<p>Risks:</p> <ul style="list-style-type: none"> - Inadequate guidance leads to scheme outcomes that do not appropriately respond to, or contribute towards, corporate objectives and priorities of climate change, environment, economy and place. - Poor scheme outcomes that do not appropriately respond to local character and context. - Failure to retain/recruit sufficiently experienced officers to implement required programme of work. - Failure to secure funding to resource the process. - Adverse appeal findings on other/non-Local Plan sites if progress on the Local Plan Review is delayed or stalled. - Government intervention if inadequate progress is made upon Local Plan Review. 		
Current Risk Matrix		Date Reviewed	02-Nov-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Adoption of Local Plan by Full Council on 8 November 2022. - Recruitment to career-grade planning post. - Approval of related budgets and broad milestones by Cabinet and Full Council. - Internal restructure of Strategic Planning Teams finalised and implemented. 		
Ongoing Work	<ul style="list-style-type: none"> - Monthly Project Board meetings to escalate barriers to progress. - Ongoing monitoring of workload and service-wide budgets to ensure sufficient resource to progress. 		


Risk Code	CDP34	Risk Title	Oughtonhead Common Weir
Service Area	Place	Risk Owner	Sarah Kingsley
Year Identified	2023	Corporate Objective	Sustainability
Risk Description	<p>Risks:</p> <ul style="list-style-type: none"> - External funding from HCC, EA and residents is not available. - Existing situation deteriorates quickly prior to any works being undertaken. - Issues with contractor resources delay design stage, procurement process or completion of works on site. <p>Leading to:</p> <ul style="list-style-type: none"> - Full allocated Capital budget being used. - Planned timeline for delivery not being achieved. - Further urgent temporary solutions being required to manage an immediate changing situation. 		
Current Risk Matrix		Date Reviewed	04-Oct-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Capital budget (£400K) in place. - Affected area fenced off until all works have been completed. - Appointed CMS to manage delivery of the project. - Contractor appointed to deliver detailed design. 		
Ongoing Work	<p><u>Controls</u></p> <ul style="list-style-type: none"> - Regular project updates from CMS. 		

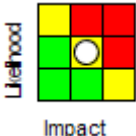
Risk Code	CDP35	Risk Title	Playground Renovation Programme
Service Area	Place	Risk Owner	Sarah Kingsley
Year Identified	2023	Corporate Objective	People First
Risk Description	Risks: - Budget insufficient to deliver project following appropriate public consultation. - Supply issues linked to materials/equipment. Leading to: - Planned playground renovations being revised/delayed.		
Current Risk Matrix		Date Reviewed	04-Oct-2023
Opportunities			
Consequences			
Work Completed	- Budget approved. - 2023/24 work programme received from Groundwork. - Existing facilities okay in the short-term.		
Ongoing Work	<u>Controls</u> - 6-weekly meetings with Groundwork scheduled (latest meeting held on 13 September 2023).		

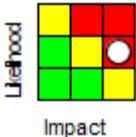
Risk Code	CDP36	Risk Title	Waste and Street Cleansing Contract Procurement
Service Area	Place	Risk Owner	Sarah Kingsley
Year Identified	2023	Corporate Objective	A Brighter Future Together
Risk Description	Risks: - Unable to secure interested bidders (although this risk is unlikely to materialise). - Capacity of key staff. - Depots not fit for purpose/available. - Governments Resources & Waste Strategy differs from specification (outcomes of new Strategy not yet finalised). - Costs are over budget.		
Current Risk Matrix		Date Reviewed	03-Aug-2023
Opportunities			
Consequences			
Work Completed	- New contract will change to 3-weekly collections. - Robust inflationary models used. - Included management mechanisms for anticipated changes in law.		
Ongoing Work	- Support from consultants, and project management support from East Herts. - Estates/Legal working with Urbaser/Landlords to secure Letchworth depot. - Uncertainty relating to Waste costs referenced in the MTFS 2023-28.		

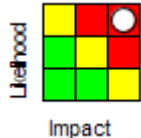
Risk Code	CDP37	Risk Title	Waste Depots
Service Area	Place	Risk Owner	Sarah Kingsley
Year Identified	2023	Corporate Objective	A Brighter Future Together
Risk Description	Risks: - Existing depot not fit for purpose. - Unable to secure existing depots in short/medium-term. - Funding not available for EV charging. - Fuel tank not fit for purpose/available for HVO. - Planning permission refused for Buntingford depot, shared space impacts leading to depot not being fit for purpose. - EA change permitting requirements making Buntingford not fit for purpose. - Capital works money not available. - Business case and planning permission not approved for new depot.		
Current Risk Matrix		Date Reviewed	03-Aug-2023
Opportunities			
Consequences			
Work Completed			
Ongoing Work	- Ongoing discussions regarding space at Buntingford depot. - Ongoing discussions and negotiations for the assignment of the Letchworth Depot Lease. - Project to investigate EV charging solutions for both depots and secure funding.		


Risk Code	CDP38	Risk Title	Local Authority Housing Fund
Service Area	Housing & Environmental Health	Risk Owner	Jo Doggett
Year Identified	2023	Corporate Objective	A Brighter Future Together
Risk Description	<p>Risks:</p> <ul style="list-style-type: none"> - Reputational risk of not being able to use funding made available by Government, as it is not enough to make delivery viable. - Terms of the funding are not flexible enough to allow the partial delivery against our allocation. - Uncertainty relating to grant conditions leads to an inability to recover all expected costs. - Low risk associated with signing expression of interest or subsequent Memorandum of Understanding, as the grant allows withdrawal at any time. 		
Current Risk Matrix		Date Reviewed	27-Oct-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Agreement with settle for delivery via Round One allocated funding. - Initial contact with Registered Providers to see if any were able to assist with Round Two allocation. - Clarified Round Two grant conditions. - Round Two allocation confirmed. 		
Ongoing Work	<ul style="list-style-type: none"> - Awaiting DLUHC confirmation of agreement with Round Two Memorandum of Understanding. 		

Risk Code	CDP39	Risk Title	Leisure Contract Procurement
Service Area	Place	Risk Owner	Sarah Kingsley
Year Identified	2023	Corporate Objective	Sustainability
Risk Description	Risks: - In-house staff capacity to deliver procurement on time. - Limited flexibility in project plan leaves little room for manoeuvre if key milestone dates are not met. - Poor quality specification will impact contract delivery. - Lack of responses to tender. - Low value bids from respondents. - Awarding contract to new supplier could lead to mobilisation/operational issues at handover.		
Current Risk Matrix		Date Reviewed	18-Oct-2023
Opportunities			
Consequences			
Work Completed	- Allocated internal resources and external consultant support. - Shadow bid developed within pre-procurement strategy and management fee risk acknowledged for Leisure in MTFS. - Active North Herts Strategy adopted. - Clearly defined specification produced. - Engaged with bidders at Market Interest Day. - Revised project plan increased mobilisation period.		
Ongoing Work	- Effective project management and regular meetings with SLC and T&H. - Effective contract management and maintaining good relationship with SLL. - If a change in supplier, new contractor to have effective mobilisation plan in place.		

Risk Code	CDP40	Risk Title	Solar PV on Leisure Centres
Service Area	Place	Risk Owner	Sarah Kingsley
Year Identified	2023	Corporate Objective	Sustainability
Risk Description	Risks: - Design specification identifies significant issues. - Tender returns over budget. - Delays to project plan.		
Current Risk Matrix		Date Reviewed	04-Oct-2023
Opportunities			
Consequences			
Work Completed	- Capital budget approved.		
Ongoing Work	- Regular updates with appointed specialist (on hold).		

Risk Code	CDP41	Risk Title	Increased Levels of Homelessness
Service Area	Housing & Environmental Health	Risk Owner	Jo Doggett
Year Identified	2022	Corporate Objective	People First
Risk Description	1. An unmanageable demand from the public for housing services. 2. A lack of alternative housing options. 3. An increase in the levels of homelessness. 4. An increased use of hotel accommodation for homeless households. 5. Major difficulties for some members of the public to access the private rented sector. 6. High levels of support are required for some clients/families.		
Current Risk Matrix		Date Reviewed	27-Oct-2023
Opportunities			
Consequences			
Work Completed	- On 31 January 2023, 27 June 2023 and 19 September 2023, the Cabinet agreed a series of measures to help prevent/relieve homelessness.		
Ongoing Work	- Develop initiatives that prevent homelessness at the earliest stage. - Increase the provision of specialist supported accommodation for homeless single people. - Pursue opportunities for government grant funding to facilitate new sites and/or specialist support services. - Review opportunities to increase the number of temporary accommodation units for homeless families. - Develop schemes to improve access to the private rented sector. - Deliver as many new affordable housing units as possible.		

Risk Code	CDP42	Risk Title	Resourcing
Service Area	Resources	Risk Owner	Ian Couper
Year Identified	2022	Corporate Objective	People First
Risk Description	<p>Resourcing Vital additional actions require resources (e.g., staff and financial) to be redirected to enable them to be provided, which affects the delivery of other projects within the Council Delivery Plan. The cost-of-living crisis is leading to Government providing targeted support to individuals/households, some of which requires our support to administer. The fire in Baldock requires us to take a lead on recovery. The shortage of staff and other resources may affect our ability to respond, even if money is available. Significant difficulties in being able to recruit to roles in some key areas.</p>		
Current Risk Matrix		Date Reviewed	21-Jul-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - Used a consultant to support the Shared Prosperity Fund bid, through funding attached to the Fund. - Initial work in relation to the Homes for Ukraine scheme has subsided. - Carry-forward of staffing underspend to help deliver some priorities. 		
Ongoing Work	<p>Risk mitigations:</p> <ul style="list-style-type: none"> - Consider getting in additional staffing resource (especially where New Burdens funding available). - Signposting to external resources and support. - Process automation. - HR projects to help make the Council a more attractive place to work and make the recruitment process easier. 		

Risk Code	CDP43	Risk Title	Cyber Risks
Service Area	Customers	Risk Owner	Jo Dufficy
Year Identified	2023	Corporate Objective	
Risk Description	<p><u>Cyber Risks</u> Risk: Prolonged widespread disruption to/failure of IT infrastructure/systems. Possible causes: - Deliberate and unauthorised breaches of security e.g., ransomware, denial of service. - Unintentional/accidental breaches of security e.g., action of individual staff/Members. - Weakness/failure of essential IT infrastructure e.g., loss of internet access. - Evolving risk appetite/profile associated with IT systems, as we pursue increased use of hosted systems and associated risks to individual systems are transferred to suppliers. Leading to: - Inability to deliver services/projects. - Unbudgeted costs to enable recovery. - Reputational damage.</p>		
Current Risk Matrix		Date Reviewed	20-Oct-2023
Opportunities			
Consequences			
Work Completed	<ul style="list-style-type: none"> - In-house fully functional Disaster Recovery solution. - SLA from broadband provider in place (although loss of broadband service is out of our control). - Financial Risk identified for 2023/24 to fund services to aid recovery, "Ransomware attack results in the write-off of some IT hardware and infrastructure" (Low Risk/£200K). - 2022/23 SIAS audits of IT Hardware (Reasonable assurance), Phishing (Reasonable assurance) and Cyber Risk (Reasonable assurance). - V3 laptop rollout completed for staff. - Implemented IT Hardware audit recommendations. - Test Immutable Cloud Back-up - Phase 1. 		
Ongoing Work	<p><u>Key Controls/Mitigations</u></p> <ul style="list-style-type: none"> - Technology in place to cover systems being interrupted or damaged, and data being corrupted or erased: Computer virus (Realtime Virus Protection/Defender updated), Malware (Realtime Monitoring), Computer hacking (Firewalls/Admin restrictions). - Internal detailed IT risk register in place, which is continually monitored/updated, as individual ongoing risks are identified. (Ongoing) - Cyber Awareness training for all staff, including requirement for annual refresh. <p><u>Specific Actions</u></p> <ul style="list-style-type: none"> - Implement Phishing audit recommendations (December 2023). - Implement Cyber Risk audit recommendations (December 2023). - Implement Immutable Cloud Back-up - Phase 2 (December 2023). <p><u>Response Options</u></p> <ul style="list-style-type: none"> - Successful cyber attack would be managed by a complete disconnect, with no/limited service available until the breach is fixed. - Power failure would be managed by the generator/UPS, with a limited service available. - For Ransomware, go to back up and rebuild all devices. 		

This page is intentionally left blank

New Corporate Risks



11 new risks were introduced as part of the 2023/24 Council Delivery Plan.

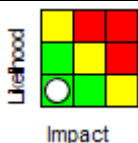

Code	Title	Current Score	Target Score
CDP31	Create and Communicate a Place Narrative for North Herts	1	1
CDP32	Enterprise Strategy	2	1
CDP33	Local Plan Delivery and Review	5	3
CDP34	Oughtonhead Common Weir	2	1
CDP35	Playground Renovation Programme	1	1
CDP36	Waste and Street Cleansing Contract Procurement	9	6
CDP37	Waste Depots	9	5
CDP38	Local Authority Housing Fund	1	1
CDP39	Leisure Contract Procurement	5	3
CDP40	Solar PV on Leisure Centres	5	3
CDP43	Cyber Risks	8	8

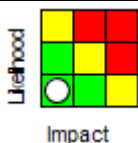

This page is intentionally left blank

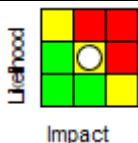
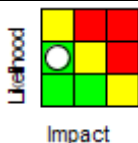
Archived Corporate Risks

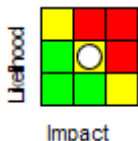
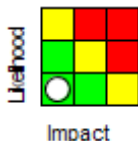


11 risks included in the 2022/23 Council Delivery Plan were archived, as the related projects were completed and were not carried forward into the 2023/24 Council Delivery Plan.

Risk Code	CDP02	Year Identified	2022
Risk Title	Tourism Strategy		
Original Matrix		Final Matrix	
Latest Note	03-May-2023 Risk reviewed with Steve Crowley and Chloe Gray on 3 May 2023. See note for related action CDP02 (2022/23). Risk to be archived after the year-end monitoring report has been presented to the relevant committees, as it has now been superseded by the new 'Enterprise Strategy' CDP risk.		

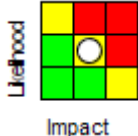
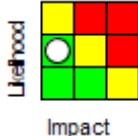
Risk Code	CDP03	Year Identified	2022
Risk Title	Business Recovery: Grants		
Original Matrix		Final Matrix	
Latest Note	28-Jun-2023 Risk archived following presentation of the year-end CDP monitoring report to the relevant committees, as the related project was completed in 2022/23.		

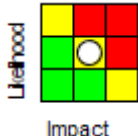
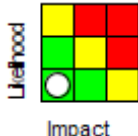
Risk Code	CDP06	Year Identified	2022
Risk Title	Economic Development Strategy		
Original Matrix		Final Matrix	
Latest Note	03-May-2023 Risk reviewed with Steve Crowley and Chloe Gray on 3 May 2023. See note for related action CDP06 (2022/23). Risk level re-assessed as low to align with the new 'Enterprise Strategy' CDP risk. Risk to be archived after the year-end monitoring report has been presented to the relevant committees, as it has now been superseded.		

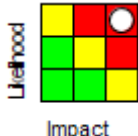
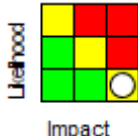
Risk Code	CDP09	Year Identified	2022
Risk Title	EV Charging for Council Vehicles		
Original Matrix		Final Matrix	

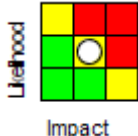
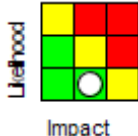
Archived Corporate Risks

Latest Note	28-Jun-2023 Risk archived following presentation of the year-end CDP monitoring report to the relevant committees, as the related project was completed in 2022/23.		
--------------------	---	--	--

Risk Code	CDP14	Year Identified	2022
Risk Title	Customer Portal		
Original Matrix		Final Matrix	
Latest Note	29-Jun-2023 Risk archived following presentation of the year-end CDP monitoring report to the relevant committees, as the related project was completed in 2022/23.		

Risk Code	CDP16	Year Identified	2022
Risk Title	Supplier Self-Service		
Original Matrix		Final Matrix	
Latest Note	29-Jun-2023 Risk archived following presentation of the year-end CDP monitoring report to the relevant committees. Originally envisaged related CDP project ceased, as a new supplier portal will now be incorporated into the procurement of a joint cash management and financial system. The current timeframe is for the new contract to be awarded in July 2023 with system implementation in 2023/24. Risk level is low, as prior to a new supplier portal being available, the continuation of current supplier arrangements means there will be no significant adverse effects.		

Risk Code	CDP20	Year Identified	2022
Risk Title	Local Plan Implementation		
Original Matrix		Final Matrix	
Latest Note	04-May-2023 Risk reviewed with Nigel Smith on 4 May 2023. Residual risks will now be managed via a new risk entry included in the 2023/24 Council Delivery Plan. Therefore, this risk entry to be archived following presentation of the year-end CDP monitoring report to Cabinet.		

Risk Code	CDP23	Year Identified	2022
Risk Title	Full Review of Council Tax Reduction Scheme		
Original Matrix		Final Matrix	
Latest Note	30-Jun-2023 Risk archived following presentation of the year-end CDP monitoring report to the relevant committees, as the related project was completed in 2022/23.		

Archived Corporate Risks

Risk Code	CDP24	Year Identified	2022
Risk Title	Response to Government Resources and Waste Strategy		
Original Matrix	<p>Liability</p> <p>Impact</p>	Final Matrix	<p>Liability</p> <p>Impact</p>
Latest Note	30-Jun-2023 Risk archived following presentation of the year-end CDP monitoring report to the relevant committees. Now superseded by two new Council Delivery Plan risks for 2023/24 relating to "Waste and Street Cleansing Contract Procurement" and "Waste Depot". Any remaining residual risks will be managed via the service risk relating to ongoing delivery of the Waste Collection and Street Cleansing Services Contract.		

Risk Code	CDP25	Year Identified	2022
Risk Title	Green Space Management Strategy		
Original Matrix	<p>Liability</p> <p>Impact</p>	Final Matrix	<p>Liability</p> <p>Impact</p>
Latest Note	30-Jun-2023 Risk archived following presentation of the year-end CDP monitoring report to the relevant committees. No significant residual risks associated with the related CDP project that was completed in 2022/23.		

Risk Code	CDP28	Year Identified	2022
Risk Title	Local Government Boundary Review		
Original Matrix	<p>Liability</p> <p>Impact</p>	Final Matrix	<p>Liability</p> <p>Impact</p>
Latest Note	14-Jun-2023 The LGBCE have now published their final recommendations. They advised that the Order will be laid before Parliament on 26 June 2023 and made September/October 2023. Therefore, there are no remaining risks associated with the Local Government Boundary Review.		

This page is intentionally left blank

No	Agreed action	Priority	Agreed action	Progress to date	% complete
1.	Members of the Committees charged with the oversight of risks and risk management (O&S and FARC) or who need to understand risk attached to their decisions (Cabinet) will receive a bespoke level of training appropriate to their risk responsibilities.	High	To carry out further training with members of Finance, Audit and Risk Committee during the year. To also carry out risk training with Political Liaison Board (PLB) which includes Cabinet Members and Officer Leadership Team.	Strategic finance and risk training sessions took place in the early summer. These included sessions for Members (including Cabinet and Senior Managers). Regular training sessions with FAR members are taking place that focus on key topic areas. These have included topics linked to risk These sessions will continue before each FAR meeting,	100%
2.	Mandatory general risk management training should be given to all Councillors – at their induction.	High	New members have an induction programme that includes a session on finance. That session will be extended to also include a section on Risk	Complete – combined session on Finance and Risk Management delivered on 07/06/2023	100%
3.	Risk training is available to all staff, but it is only mandatory for those members of staff with risk management responsibilities. It should be made clear to staff if they are required to complete the training and how often	High	We will undertake a review of the growzone training and update to clarify who should undertake the training and when.	Updated e-learning module now available on Growzone and incorporates a feedback form. Agreed that senior managers should undertake the training every 2 years. Reminders to managers will commence in July 2024 to coincide with the new Learning and Development system. This element is considered complete	100%

4.	We recommend that the risk profile of the Council is made available to those required to give assurance on the Councils' risk management processes.	Medium	The format of the reports to FAR will be revised and the risk appetite and with Leadership Team. profile clarified following discussion	Completed. Included in new FARC report format – risk matrix showing the risk profile.	100%
5.	We recommend that all information regarding risk and performance can be pulled together and made easily accessible on the intranet site or desktop via a specific link. Key documents should be linked so that the connection between risk and key Council documents is available. Management can take this opportunity to review the information so that only current strategies / policies are available and launch the revised information via a Council-wide communication	Medium	We will shortly be moving to Sharepoint, so the review of information will enable us to ensure that only up to date information is retained as guidance. Communication can then follow	The intranet has been updated to remove out of date content. Recommendation will be incorporated into the setup of the new sharepoint pages and will be implemented when the sharepoint pages go live. With regard to linking, we are waiting for web team to confirm the sharepoint go live date, then this will be used as the new target date for completion.	90%
6.	The importance of risk and performance should be highlighted by managers in planning and decision-making processes. Ensuring that staff and Councillors receive appropriate training will allow them to recognise risk and performance within their area and contribute	Medium	See (1) above for training for Councillors and Officer Leadership Team. To also do some training with the Senior Management Group.	See 1 – above. Councillor training has taken place. Risk management e-learning revised and now live.	100%

	to the embedding of the frameworks.				
7.	Key information within documents needs to be presented so that the audience is aware of its importance	Low	<p>Report templates to be reviewed with a view to adding a standard paragraph to highlight who is responsible for risk</p> <p>Guidance updated to reinforce that report authors need to consider the impact of risks and highlight what needs to happen. Performance and Risk Team to provide more challenge to content. This will make the risk section clearer</p> <p>Training at SMG on updated guidance and who is responsible for risk.</p>	<p>The Risk section within the committee reports has been updated with a paragraph stating the importance of risk. Gives guidance to officers what they need to consider in this section to give decision makers the information they need.</p> <p>Session at SMG October 23 on Cyber Risks.</p> <p>Session on Emerging Risks to be on SMG agenda for December 23.</p>	100%

This page is intentionally left blank

Risk and Performance Management Group - Terms of Reference

Introduction

Following the endorsement of a Risk & Opportunities Management Strategy and Policy, North Herts Council established a Risk Management Group as part of its corporate governance arrangements. The development of a new Council Delivery Plan, linking risks to projects and performance indicators, further increased the remit of the Group to cover Performance alongside Risk. This led to a change of name to the Risk and Performance Management Group (RPMG).

Purpose

To operate under Terms of Reference that address the Leadership Team's approved Risk Management Framework and Performance Management Framework.

Membership

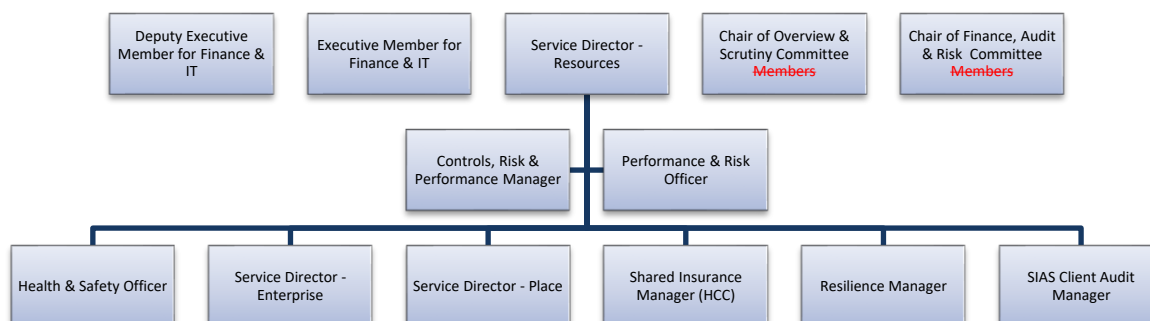
Representatives on the RPMG are Managers with strong operational knowledge of the Authority's functions who are committed to process and service improvement, and Members fulfilling specific roles (see structure). The RPMG can invite other Officers including support functions (such as Finance, Legal, Human Resources) to attend meetings to provide information or give advice and support. A standing invite is also extended to Members of the Overview & Scrutiny and Finance, Audit & Risk Committees. Representatives will:

- Attend meetings.
- Implement the Terms of Reference of the Group.
- Consult other parties as required.
- Communicate the activities of the Group.

Authority

The RPMG is authorised by the Leadership Team to carry out any activities within its approved Terms of Reference.

Structure



Duties

The objective of the RPMG is to oversee North Herts Council's Risk and Performance Management Frameworks. The RPMG seeks to focus and coordinate risk and performance management activities throughout the Authority to facilitate the identification, evaluation and management of all key risks and opportunities which may impact on the Council's ability to deliver its Council Plan objectives. To achieve this, the following responsibilities have been set:

1. Maintain risk and performance management as part of the culture at North Herts Council

- Maintain the mechanism for risk management to be discussed and disseminated across the Authority.
- Present a comprehensive register of projects and risks to the Leadership Team and the Overview & Scrutiny Committee at least four times a year.
- Provide an update on the effectiveness of the Risk Management Governance arrangements to the Finance, Audit & Risk Committee at least twice a year.
- Support the Controls, Risk & Performance team to effectively implement the Risk Management Framework and the Performance Management Framework, including reviews of risk and performance management training.
- Ensure actions required are given the appropriate level of support and priority.
- Ensure risk identification and actions are included as part of the Corporate Business Planning process.
- Continuously monitor the Risk Register to ensure timely compliance with remedial action and the identification of overlapping risks.
- Ensure Members are involved in the risk and performance management process.
- Provide advice and support to Officers and Members.

2. Targets

Targets	By Whom	Dates
Update individual risks on the Risk Register	Risk Owners/ Service Managers	In line with the frequency set out in the Risk Management Framework, which is determined by the assessed risk level
Identify and assist in prioritising the Corporate Risks and Projects included in the Council Delivery Plan, for consideration by Leadership Team, the Overview & Scrutiny Committee, and Cabinet	RPMG	Four times per year – November, February, May, and August
Review the Risk Management Framework and the Performance Management Framework at least every three years and in response to significant corporate changes	RPMG	November (when required)
Provide training to the Finance, Audit & Risk Committee, Overview & Scrutiny Committee, Members, Managers, and Staff	Controls, Risk & Performance Manager/ Performance & Risk Officer	Ongoing (as required or as requested)
Annual Report to Full Council	RPMG/ FAR Committee/ Cabinet	May/June

3. Report Procedures

- The Service Director – Resources/Controls, Risk & Performance Manager will present to the Leadership Team and the Finance, Audit & Risk Committee a progress report on the governance of risk management at North Herts Council and the activities of the Group. These reports are to be on a half-yearly basis, with an Annual Report from Cabinet to Council. Any major significant issues will be reported to Cabinet/Council as soon as possible.
- The Service Director – Resources/Controls, Risk & Performance Manager will present to the Leadership Team and the Overview & Scrutiny Committee a quarterly progress report on performance against the Council Delivery Plan. Any major significant changes will be reported to Cabinet/Executive Members as soon as possible. Changes required to the base budget are reported by quarterly budget monitoring reports to Cabinet.



4. Meeting Frequency

The RPMG will meet on no less than four occasions per year.

5. Roles

Service Director – Resources - Chair

To chair the RPMG and to ensure meetings are held on a regular basis and the minutes are recorded accurately. To champion risk and performance management throughout the Council. To facilitate risk management awareness and improvement at senior management and Member level.

Executive Member for Finance & IT

To champion risk and performance management and facilitate risk management awareness and improvement at Member level. To present the Annual Report to Full Council.

Deputy Executive Member for Finance & IT

To facilitate risk and performance management awareness and improvement at Member level.

Chair of Finance, Audit & Risk Committee

To comment on the reports presented to highlight any issues and to provide Officers with the opportunity to make relevant changes prior to finalising the reports to Committee.

Chair of Overview & Scrutiny Committee

To comment on the reports presented to highlight any issues and to provide Officers with the opportunity to make relevant changes prior to finalising the reports to Committee.

Controls, Risk & Performance Manager

To report to the RPMG any issues arising from the implementation of the Risk Management Framework and the Performance Management Framework. To write and present Risk Management Governance and Council Delivery Plan reports on the RPMG's behalf. To provide support and advice on risk and performance management issues.

Performance & Risk Officer

To produce the agenda, reports, and minutes for each meeting. To report to the RPMG any issues relating to the day-to-day implementation of the Risk Management Framework and the Performance Management Framework. To prepare Council Delivery Plan monitoring reports. To provide support and guidance on risk and performance management issues.

Health & Safety Officer

To report to the RPMG any issues relating to the health and safety of the Council's employees or the public from their employment or use of Council assets.

Service Director – Enterprise

To represent the commercial side of the organisation and to champion risk and performance management in the Enterprise Directorate.

Service Director - Place

To champion risk and performance management in the Place Directorate.

Shared Insurance Manager (HCC)

To report to the RPMG any issues or updates relating to the Council's insurance arrangements and claims. To provide the RPMG with advice and information from a wider insurance and risk perspective.

SIAS Client Audit Manager

To provide the RPMG with advice and guidance from an internal audit perspective and to highlight significant issues resulting from the internal audit process. To provide wider insight from shared learning.

Resilience Manager

To report to the RPMG any issues relating to the Council's Business Continuity functions. To provide the Group with advice and guidance from a Business Continuity perspective.

Reviewed: November 2023

Next Review: November 2026 or sooner if required

CABINET 16 January 2024
--

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: SECOND QUARTER REVENUE BUDGET MONITORING 2023/24

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT – IAN ALBERT

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure forecasts for the financial year 2023/24, as at the end of the second quarter. The forecast variance is a £450k decrease in the net working budget of £17.879million, with an ongoing impact in future years of a £316k increase, and a request to carry forward £453k of unspent budget to fund specific projects and activities in 2024/25. The most significant adverse variances relate to the provision of car parking, with a forecast increase of £392k in the net cost of operating the car parks partially offset by the release of the corresponding Covid-19 contingency budget (-£160k), and a total increase of £222k in the forecast net spend on recycling services. These have been offset by in-year changes to staffing spend (-£167k) and treasury investment interest income (-£413k), and underspends on Planning Services projects (-£255k). It is requested that the Planning Services projects underspend is carried forward to be spent in the next financial year. Explanations for these and all other significant variances are provided in table 3.

2. RECOMMENDATIONS

- 2.1. That Cabinet note this report.
- 2.2. That Cabinet approves the adjustments to the 2023/24 General Fund budget, as identified in table 3 and paragraph 8.2, a £450k decrease in net expenditure.
- 2.3. That Cabinet notes the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a total £769k increase in net expenditure. These will be incorporated in the draft revenue budget for 2024/25.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1. The report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 13 October 2023.

7. BACKGROUND

- 7.1. Council approved the revenue budget for 2023/24 of £18.496million in February 2023. As at the end of Quarter Two, the working budget has reduced to £17.879million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - Current Working Budget

	£k
Original Revenue Budget for 2023/24 approved by Full Council	18,496
Quarter 3 2022/23 Revenue Budget Monitoring report – 2023/24 budget changes approved by Cabinet (March 2023)	549
2022/23 Revenue Budget Outturn Report – 2023/24 budget changes approved by Cabinet (June 2023)	(47)
First Quarter Revenue Monitoring 2023/24 report - 2023/24 variances approved by Cabinet (September 2023)	(1,119)
Current Working Budget	17,879

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

Table 2 – Service Directorate Budget Allocations

	Working Budget at Quarter One	Changes approved at Q1 2023/24	Other Budget Transfers in Q2	Current Net Direct Working Budget
Service Directorate	£k	£k	£k	£k
Managing Director	774	(1,280)	(7)	(513)
Customers	4,113	138	0	4,251
Enterprise	2	56	0	58
Legal & Community	2,760	31	9	2,800
Place	6,201	(145)	0	6,056
Regulatory Services	2,147	58	(1)	2,204
Resources	3,001	23	(1)	3,023
TOTAL	18,998	(1,119)	0	17,879

- 7.3. The Council's accounts for the last financial year remain subject to External Audit examination. At the time of writing this report the 2022/23 Final Accounts audit is yet to commence. Changes required to the opening General Fund balance may therefore arise from the audit.

8. RELEVANT CONSIDERATIONS

- 8.1. Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 3 below highlights those areas where there are forecast to be differences. An explanation is provided for each of the most significant variances, which are generally more than £25k. The final columns detail if there is expected to be an impact on next year's (2024/25) budget:

Table 3 - Summary of significant variances

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
Treasury Investments Interest Income	(2,602)	(3,015)	(413)	Increase in forecast interest income is primarily due to higher than anticipated available cash balances, in part due to the reprofiling of capital expenditure. This also allowed the slightly longer-term (6-9 month) treasury investments that matured during the quarter to be reinvested at a higher interest rate. Estimates for future years will be updated when the Investment Strategy for 2024 – 2034 is finalised in January 2024.	0	0
Covid-19 Impacts central expenditure provision	160	0	(160)	Release of remaining provision to mitigate the forecast adverse variances relating to car parking income streams, as highlighted both in this table and table 6 of this report.	0	0
Customers Directorate Staffing Costs	6,007	5,889	(118)	Forecast underspend is due to a higher level of vacancies in the Revenue & Benefits and IT service areas. Temporary IT staff have been recruited on fixed term 12-month contracts to backfill the vacant posts and progress projects. It is therefore requested that some of the unspent budget in this year is carried forward to fund the period of their contracts falling in the next financial year.	49	0
Postage Costs	200	261	+61	Forecast overspend reflects both higher overall postage volumes than the budget assumption and a higher proportion of outbound mail sent first class. The new hybrid mail contract will however reduce unit prices for postage by approximately one third when it starts on the 1st of December, while the integration of a new SMS and email alert system in the new financial year should help reduce postage volumes in future years.	0	0
Cashiers Software Costs	46	3	(43)	Council approved an investment of £43k in 2023/24 for an upgrade to the current telephone payment system to bring back in-house waste service telephone payments. The software upgrade is however no longer necessary as the Council's recently procured TechnologyOne finance system, which will be installed and live by August 2024, will provide the functionality required.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
Enterprise Consultants	44	11	(33)	The consultants' budget will not be spent this year mainly due to the focus on the Churchgate project, while the pursual of other opportunities have to date not required the assistance of a consultant. It is requested that the forecast unspent budget is carried forward as there will be upcoming consultancy spend relating to the Economic Development and Tourism strategic delivery, and potentially a Solar for Business scheme, which is a piece of work already underway alongside West Suffolk Council.	33	0
Estates Consultants - Royston Town Hall Annexe	20	0	(20)	The impact of staff turnover in the Estates team during this year means that an architect will not be appointed in this financial year to undertake consultancy on the repurposing and redevelopment of Royston Town Hall Annexe. It is therefore requested that this unspent investment budget is carried forward to fund this activity in the next financial year.	20	0
Riverside hub footpath repair and maintenance	26	0	(26)	This revenue investment budget is requested to be carried forward as works are unlikely to take place in this financial year. The Council is currently waiting for the landowner's representatives to confirm that they are in favour of the proposals put forward.	26	0
Museum Storage Project	70	0	(70)	Options for a museum storage solution are currently being explored and any capital works will not commence in this financial year. As such it is requested that the associated revenue budget, originally identified for the costs of transfer and temporary storage while a new facility is constructed, is carried forward.	70	0
Leisure Centre Management Contract Procurement – Legal and Consultants Fees	76	112	+36	Further legal and consultancy support was required during the quarter, increasing the projected spend by £17k. With the procurement exercise straddling two financial years, the rest of the forecast variance at Q2 is due to more of the consultant's activities being undertaken and charged to this financial year, as opposed to the prior year, than originally estimated in the budget. This resulted in an underspend variance of £19k being recorded in the prior year and a corresponding overspend variance in this financial year.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
Commercial Waste and Recycling				While the number of customers grew slightly during the first half of the year, as shown in table 5 of this report, average revenue per customer, after removing the impact of price changes, has fallen compared to the prior year. This would indicate some rationalisation of the services ordered, perhaps due to the tougher economic climate or firms seeking to reduce the environmental impact of their operations. Amongst the trade customers there has been a shift to commercial recycling following some marketing activity. A reduction in trade waste income was identified as a financial risk when the budget was approved in February 2023.		
Income from residual refuse collections	(1,141)	(1,103)	+38		0	38
Income from recycling collections	(128)	(142)	(14)		0	(14)
Total	(1,269)	(1,245)	+24		0	24
Income from the sale of paper collected for recycling	(163)	(92)	+71	Shortfall in budgeted income is a combination of both a significant fall in the prices achieved for the sale of the paper during the second quarter and the continued decline in the overall volumes of paper collected, with the annual tonnage total currently forecast to reduce by approximately 20% compared to the prior year. This was identified as a financial risk when the budget for 2023/24 was approved in February.	0	71
Commingled recycling – processing and haulage costs	381	494	+113	The cost of processing and haulage had an inflationary uplift of 10% applied from May this year, equating to a forecast additional cost of around £100k. The budget assumption was that changes to these costs would be mitigated by increases in sale prices obtained for the materials. This has not happened and the material values are actually decreasing. This was identified as a financial risk when the budget was approved in February.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
Commingled recycling – income from recycling credits from Herts County Council	(613)	(575)	+38	Lower forecast recycling credits income indicates the continuing fall in volumes of commingled materials collected from domestic properties since the peak during the Covid-19 pandemic. The budget assumed an annual tonnage for this year of around 11,200 tons, equivalent to the experience in 2021/22, but the current forecast is a total of approximately 10,500 tons. This is likely to be in part due to the cost-of-living increases, with residents reducing their consumption accordingly, but may also follow from some producers reducing packaging size and weight in response to legislative requirements linked to Extended Producer Responsibility and the increased fees levied on producers to cover the full cost of disposing of packaging waste.	0	38
Building Control – applications for disabled facilities	53	88	+35	Building Regulation applications providing facilities for disabled persons are exempt from fees. Instead, the Council must reimburse the fee to Hertfordshire Building Control. The increase in the number of applications mirrors the trend in applications for Disabled Facilities Grants. This was identified as a financial risk when the budget for 2023/24 was approved in February.	0	0
Planning Public Enquiry Expenses	0	79	+79	Forecast outturn indicates the cost of planning consultants and barrister fees associated with the public enquiry called by the secretary of state regarding an application received for a solar farm in Great Wymondley. The risk of additional costs materialising from a challenge to a Council decision was identified as a financial risk when the budget for 2023/24 was approved in February.	0	0
Electric Vehicle (EV) Charging Points project – expenditure on consultants	65	0	(65)	Consultant expertise is not expected to be required for the first phase of this project, which will see additional EV charging points installed and operational at Letchworth Garden Square multi-storey car park. The unspent budget is requested to be carried forward for consultants to assist with the second phase of the project, which will involve identifying and evaluating potential locations for EV charging points across the district, in consultation with Herts County Council.	65	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
Town Centre Strategies – expenditure on consultants	120	70	(50)	Progress on delivery has been hindered by three unsuccessful attempts at recruiting a Town Centre planning officer. Retail consultants have been appointed to prepare the necessary background evidence base for the preparation of an overarching Town Centre Strategy. The remainder of the budget is requested to be carried forward to finance the preparation of the individual town centre action plans following completion of the Town Centre Strategy.	50	0
Local Plan Supplementary planning documents – expenditure on consultants	167	87	(80)	A programme of work is ongoing with a draft Sustainability SPD being presented to Cabinet in December. This is being prepared in house and, to date, has not incurred any external costs. External costs will be incurred in relation to the remaining SPDs (Biodiversity SPD and Design Code SPD). These have been delayed due to staffing capacity and, moreover, the need to wait for relevant legislation and Government guidance. At this stage it is requested that approximately half the budget is carried forward into 2024/25 to fund the SPD work expected to fall in next year.	80	0
Local Plan Post Adoption review – expenditure on consultants	116	56	(60)	Budget bids were approved by Full Council in February 2022 and February 2023 to support work on an early review of the Local Plan. The narrative supporting the budget bids identified that, where in-year underspends occur, carry forwards of the unspent budget would be required to help mitigate or reduce further growth bids when a new Local Plan reaches key points (e.g., pre-submission and examination). This will require significant financial resource in respect of full, up-to-date evidence bases, legal support and inspection costs. There is expected to be some expenditure in this financial year, with £60k requested to be carried forward into 2024/25.	60	0
Car Parking – card payment transaction charges	34	105	+71	The shift to paying for car parking with a credit or debit card, either via PaybyPhone or the chip and pin facility at the parking machine, has continued in this financial year. The costs associated with electronic payments, which include a software processing charge as well as a bank charge for each transaction, have therefore increased as a result.	0	71

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
Car park season ticket income	(325)	(182)	+143	<p>Income recorded in the first half of the year is very similar to that recorded for the first half of the last two financial years and represents around 50% of the budget estimate for the equivalent period, which was based on activity prior to the Covid-19 pandemic. The shortfall is attributed to greater levels of home working, with several of the bigger local businesses operating in North Herts either ceasing season ticket purchases or significantly reducing the number purchased. With the recovery in season ticket sales appearing to have reached a plateau, a permanent adjustment to the budget expectation is recommended.</p> <p>A shortfall in car park season tickets income was identified as an ongoing impact of Covid-19 in 2023/24. The forecast variance in the current year is partially mitigated by the release of the allotted £60k from the central Covid-19 impacts provision.</p>	0	143
Car parking pay-as-you-use income	(2,026)	(1,848)	+178	<p>Overall parking ticket sales in the first half of the year were only slightly higher than the first half of last year, meeting around 90% of the budget expectation, which was based on activity prior to the Covid-19 pandemic. This income shortfall may also be in part a consequence of greater levels of homeworking, with the reduction in daily commuters increasing the availability of free on-street parking and hence reducing the need for motorists to pay for parking at the Council's car parks. This will be monitored over the Christmas period for any further recovery, but it is looking like it will be necessary for a permanent budget adjustment as part of the 2024/25 budget setting process.</p> <p>A shortfall in this income stream was identified as an ongoing impact of Covid-19 in 2023/24. The forecast variance in the current year is partially mitigated by the release of the allotted £100k from the central Covid-19 impacts provision.</p>	0	0
Car parking penalty charge notices income	(573)	(683)	(110)	The number of penalty charge notices issued in the first half of the year was ahead of the budget expectation, with the team of Civil Enforcement Officers managing higher levels of traffic offences in the town centres and more inconsiderate parking around leisure facilities in the summer months.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
Resources Directorate staffing costs	1,588	1,539	(49)	Forecast underspend is indicative of a higher than anticipated level of staff turnover, namely due to several retirements occurring during the year.	0	0
Total of explained variances	1,602	1,154	(448)		453	347
Other minor balances	16,277	16,275	(2)		0	(31)
Overall Total	17,879	17,429	(450)		453	316

- 8.2. Cabinet are asked to approve the differences highlighted in the table above (a £450k decrease in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are also asked to note the estimated impact on the 2023/24 budget, a £769k increase in budget that includes the request to carry forward £453k of unspent budget for specific projects next year, which will be incorporated in to the 2023/24 budget setting process (recommendation 2.3).
- 8.3. The original approved budget for 2023/24 (and therefore working budget) included efficiencies totalling £1.521million, which were agreed by Council in February 2023. Any under or over delivery of efficiencies will be picked up by any budget variances (table 3 above). However, there can be off-setting variances which mean that it is unclear whether the efficiency has been delivered. Where this is the case, this will be highlighted. The forecast at the end of Quarter One was a net overachievement of £1.044million. The current forecast at the end of Quarter Two is a net overachievement of £1.457million. The increase of £413k relates to the forecast interest income from investment of surplus cash balances being greater than identified in the efficiency proposal, which was based on the Investment Strategy 2023 - 2033, as highlighted and explained in table three above.
- 8.4. The working budget for 2023/24 includes budgets totalling £1.107million that were carried forward from the previous year. These are generally carried forward so that they can be spent for a particular purpose that had been due to happen in 2022/23 but was delayed into 2023/24. At Quarter One, it was forecast that £10k of the budget carried forward will not be spent in this year. This related to the budget carried forward for consultant costs in respect of the district ward boundary proposals. At Quarter Two it is forecast that £228k will not be spent in this year. The increase of £218k relates to budgets carried forward for:
- Enterprise consultants. £18k of the £29k carried forward will not be spent this year and is requested to be carried forward again, as detailed in table 3 above.
 - Storage Costs associated with the museum. The £30k budget carried forward will not be spent this year and is requested to be carried forward again, as explained in table 3 above.
 - Electric vehicle charging points. The £60k carry forward budget is not required in this year and is requested to be carried forward again, as explained in table 3 above.
 - Supplementary planning documents supporting the Local Plan. £80k of the £167k carry forward budget is forecast to be unspent and is requested to be carried forward again, as highlighted and explained in table 3.
 - Town Centre Strategy Reviews. £10k of the £80k budget carried forward will not be spent in this year and is requested to be carried forward again, as detailed in table 3 above.






- Repairs and maintenance spend. £20k of the £24k budget carried forward will not be spent in this year (variance included within the total variance for 'other minor balances' in table 3 above). The budget was originally identified to fund several maintenance jobs but upon further review it has been concluded that most of these jobs are not urgently required.
- 8.5. Six corporate 'financial health' indicators have been identified in relation to key sources of income for the Council in 2023/24. Table 4 below shows the performance for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber, or green. A green indicator means that they are forecast to match or exceed the budgeted level of income. An amber indicator means that there is a risk that they will not meet the budgeted level of income. A red indicator means that they will not meet the budgeted level of income.
- 8.6. At the end of Quarter One, four of the indicators were green, one indicator was amber, and one of the indicators was red. At the end of Quarter Two, two of the indicators are green, one is amber and three are red. The red indicator in respect of Leisure management fee income was highlighted at Quarter One, with the forecast shortfall within the corresponding provision amount included in the budget, as shown in table 6 below, to recognise that a variance in this income stream was more likely due to the ongoing recovery following the Covid-19 pandemic.
- 8.7. The amber indicator for income from car parking fees reported at Quarter One has changed to red at Quarter Two, with the income variance highlighted and explained in table 3. A variance in this income stream was more likely due to the ongoing recovery following the Covid-19 pandemic, with the release of the corresponding provision included in the budget partially mitigating the impact on the projected General Fund balance, as shown in table 6 below.
- 8.8. The indicator for income from the Commercial refuse and recycling service has changed from green at Quarter One to red at Quarter Two, with the forecast variance itemised and explained in table 3.
- 8.9. The status of income from planning applications has changed from green at Quarter One to amber at Quarter Two. This reflects that forecast income based on planning activity in the first half of the financial year is below the budget expectation. A higher level of activity in the remainder of the year may mean that the income anticipated in the budget is ultimately met, but there is a risk that the budget will not be achieved.

Table 4 - Corporate financial health indicators

Indicator	Status	Original Budget £k	Actual to Date £k	Projected Outturn £k	Variance £k
Leisure Centres Management Fee Income	Red	(599)	(300)	(533)	66
Garden Waste Collection Service Subscriptions	Green	(1,140)	(587)	(1,140)	0
Commercial Refuse & Recycling Service Income	Red	(1,269)	(694)	(1,245)	24
Planning Application Fees (including fees for pre-application advice)	Amber	(1,008)	(898)	(1,008)	0
Car Parking Fees	Red	(2,026)	(872)	(1,848)	178
Parking Penalty Charge Notices (PCNs)	Green	(573)	(371)	(683)	(110)

- 8.10. Table 5 below indicates current activity levels, where these drive financial performance, and how these compare to the prior year to indicate the direction of current trends. As performance against the planning applications fee income budget is generally determined by the number of large applications resolved in the year (rather than the total number of applications received), and this distinction is not captured in the data available, this indicator is omitted from table 5.

Table 5 - Corporate financial health indicators – activity drivers

Indicator	Activity Measure	Performance Q2 2023/24	Performance Q2 2022/23	Percentage Movement	Direction of Trend
Leisure Centres Management Fee	Number of Leisure Centre visits in quarter	833,863	742,388	+12.3%	
Garden Waste Collection Service	Number of bin subscriptions at end of quarter	28,275	24,019	+17.7%	
Commercial Refuse & Recycling Service	Number of customers at end of quarter	1,005	995	+1.0%	
Car Parking Fees	Car park tickets sold / average ticket price sold during quarter	578,109 / £1.67	566,547 / £1.61	+2.0% / +3.8%	
Parking Penalty Charge Notices	Number of PCNs issued during quarter	3,789	3,121	+21.4%	

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.11. The Council's revenue budget is funded primarily from Council Tax and Retained Business Rates income. The Council was notified by Central Government in February 2023 of the amount of New Homes Bonus and Services Grant it could expect to receive in 2023/24 and planned accordingly.
- 8.12. Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of other bodies. Each organisation has a share of the balance on the Collection Fund account. The Council will receive in this year its share of the Council Tax and Business Rates Collection Fund surpluses for the prior year, as estimated in January 2023. As reported previously, this means contributions to the General Fund of £138k from the Council Tax Collection Fund and £452k from the Business Rates Collection Fund. While the Council Tax surplus amount of £138k is included in the funding total in table 7, the business rates surplus will be transferred to reserve and used to mitigate the impact of deficits recorded, and/or changes to the rates retention scheme, in future years.
- 8.13. At Quarter Two a very small deficit on the Council Tax Collection Fund is projected at the end of this financial year. The £23k deterioration in the position in the final quarter of the last financial year, as reported previously, is almost entirely offset by an estimated surplus of £22k for this financial year.
- 8.14. The current forecast for the Council's share of the Business Rates Collection Fund at the end of this year is an overall surplus position of around £1m. This is primarily due to the actual surplus recorded for 2022/23 being £1.276m higher than was estimated in January 2023, as previously detailed and explained in the Revenue Budget Outturn 2022/23 report. The in-year position is therefore a forecast deficit of approximately £300k.

- 8.15. The Council must pay a business rates tariff to central government as its income from business rates is higher than the level of its assessed funding need, as determined by central government. For 2023/24, the tariff amount was set at £15.3million. However, with a new business rates revaluation undertaken and effective from April 2023, the Government is seeking to ensure that, as far as practicable, a local authority's retained business rates income is no more or no less than it would have been had the revaluation not taken place, as the outcome of the revaluation and the consequent impact on rates income is outside of the Council's control. The 'smoothing' of the income will be achieved through adjusting the tariff amount payable to government. The outcome for North Herts Council is estimated to be the retention of around an extra £250k of business rates income in 2023/24. The final figure will be confirmed when the Local Government finance settlement for 2024/25 is published later this year so, at the time of writing this report, no assumption of additional funding is made in table 7.
- 8.16. The Council is also subject to a business rates levy from Central Government as it collects more in business rates than the baseline level determined by Central Government. The current forecast for 2023/24 is a business rates levy liability of around £1million at the end of the financial year. The final amount payable however will depend on the actual level of business rates income collected during the year. In any case, the business rates levy payable for 2023/24 will be funded from grant held in reserve and as such will have a net zero impact on the General Fund balance at the end of the year.
- 8.17. The Council receives compensation in the form of a grant from Central Government for business rate reliefs introduced, which goes into our funds rather than the Collection Fund. The final amount of grant the Council can retain depends on the actual level of reliefs applied during the year. The Council currently expects to receive a total grant allocation of £4.617m for reliefs in 2023/24, which includes an amount of £482k received as compensation for the Government's previous decisions to cap the increases in the business rates multiplier. The multiplier compensation is included in the funding total in table 7 below. The rest of the grant received is held in reserve. Some of the amount held in reserve will be used to fund the business rates levy payable for this year, while a further £2million will be used to top up the business rates income charged to the General Fund in 2023/24 to the baseline funding amount anticipated when the budget was set. In addition, as shown in table 7 below, there is the planned release of £1.144million from the reserve to the General Fund in 2023/24 to bridge the funding gap anticipated when the budget was set, as explained originally in the MTFS 2023-2033.
- 8.18. The Council does not expect to receive non-ringfenced emergency grant funding from government in 2023/24 to help mitigate the ongoing financial impacts of the Covid-19 pandemic. As detailed in the 2023/24 Revenue Budget Report presented to Full Council in February, a central provision of £450k was included in the budget for 2023/24. As shown in table 6, at Quarter One adverse forecast variances totalling £158k were mitigated by the provision and a further £132k was forecast to be unused. Based on the forecasts at Quarter Two detailed in table 3, adverse variances in respect of car parking income streams totalling £321k in 2023/24 have been partially mitigated by the corresponding provision of £160k. This overall forecast financial impact in this year is therefore £479k, exceeding the provision made in the budget by £29k.

Table 6 – Ongoing Covid-19 Impacts in 2023/24

Identified Ongoing Financial Impacts from Covid-19	Original Budget Provision	Forecast variance	Shortfall in original provision / (provision amount unused)
	£k	£k	£k
Leisure Centre management fee income	80	+41	(39)
AFM income	210	+117	(93)
Total at Q1	290	158	(132)
Pay as you use car parking income	100	+178	78
Car park season tickets income	60	+143	83
Total at Q2	160	321	161
TOTAL 2023/24	450	479	29

- 8.19. Table 7 below summarises the impact on the General Fund balance of the position at Quarter Two detailed in this report.

Table 7 – General Fund impact

	Working Budget	Projected Outturn	Difference
	£k	£k	£k
Brought Forward balance (1st April 2023)	(11,990)	(11,990)	-
Net Expenditure	17,879	17,429	(450)
Funding (Council Tax, Business Rates, NHB, Services Grant)	(17,394)	(17,394)	0
Funding from Reserves (including Business Rate Relief Grant)	(1,144)	(1,144)	0
Carried Forward balance (31st March 2024)	(12,649)	(13,099)	(450)

- 8.20. The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types so, when they occur, they are reflected as budget variances (see table 3). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £1,215k, and at the end of the second quarter a total of £408k has come to fruition. The identified risks totalling £374k realised in the second quarter relate to:

- Recycling services. Increase in the overall net cost. Significant component impacts highlighted and explained in table 3 above - £222k.
- Income from the trade refuse service, as highlighted in table 3 above - £38k.
- Planning public enquiry. Costs associated with the challenge to the decision of the Council, as explained in table 3 above - £79k.

- Disabled adaptations to properties. Increased level of fee exempt Building Control applications for which the Council must reimburse the fee to Hertfordshire Building Control, as highlighted in table 3 above - £35k.

Table 8 – Known financial risks.

	£'000
Original allowance for known financial risks	1,215
Known financial risks realised in Quarter 1	(34)
Known financial risks realised in Quarter 2	(374)
Remaining allowance for known financial risks	807

9. LEGAL IMPLICATIONS

- 9.1. The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically, 5.7.8 of Cabinet's terms of reference state that it has remit "*to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework*". By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance of reserves.
- 9.2. The recommendations contained within this report are to comply with the council's financial regulations with attention drawn to significant budget variances as part of good financial planning to ensure the council remains financially viable over the current fiscal year and into the future. Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This means there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.

10. FINANCIAL IMPLICATIONS

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

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. As outlined in the body of the report, the process of quarterly monitoring to Cabinet is a control mechanism to help to mitigate the risk of unplanned overspending of the overall Council budget.

12. EQUALITIES IMPLICATIONS

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

the authority has taken full account of any negative, or positive, equalities implications; this will take place following agreement of the investment.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

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

15. HUMAN RESOURCE IMPLICATIONS

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

16. APPENDICES

- 16.1. None.

17. CONTACT OFFICERS

- 17.1. Antonio Ciampa, Accountancy Manager
antonio.ciampa@north-herts.gov.uk; ext. 4566
- 17.2. Jodie Penfold, Group Accountant
jodie.penfold@north-herts.gov.uk; ext. 4332
- 17.3. Ian Couper, Service Director – Resources
ian.couper@north-herts.gov.uk; ext. 4243
- 17.4. Rebecca Webb, Human Resources Services Manager
rebecca.webb@north-herts.gov.uk; ext. 4481
- 17.5. Jeanette Thompson, Service Director – Legal and Community
jeanette.thompson@north-herts.gov.uk
- 17.6. Reuben Ayavoo, Policy and Communities Manager
reuben.ayavoo@north-herts.gov.uk; ext. 4212

18. BACKGROUND PAPERS

- 18.1. None.

This page is intentionally left blank

CABINET
16 January 2024

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2023/24

REPORT OF: SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND I.T – IAN ALBERT

COUNCIL PRIORITY: SUSTAINABILITY

1 EXECUTIVE SUMMARY

- 1.1 To update Cabinet on progress with delivering the capital and treasury strategy for 2023/24, as at the end of September 2023.
- 1.2 To update Cabinet on the impact upon the approved capital programme for 2023/24 – 2032/33. The current estimate is a decrease in spend in 2023/24 of £2.453M and an increase in spend in 2024/25 of £1.789M and £2.109M in the following years of the capital programme. The most significant individual changes to the forecast spend in 2023/24 relate to the reprofiling into future years of £2.000M Museum Storage unit and £1.096M Development of John Barker Place, and an increase of £1.424M Local Authority Housing Fund Round 2.
- 1.3 To inform Cabinet of the Treasury Management activities in the first six months of 2023/24. The current forecast is that the amount of investment interest expected to be generated during the year is £3.014M. This is an increase of £0.412M on the estimate reported in the 1st quarter report.

2 RECOMMENDATIONS

- 2.1 That Cabinet notes the forecast expenditure of £8.185M in 2023/24 on the capital programme, paragraph 8.3 refers.
- 2.2 That Cabinet approves the adjustments to the capital programme for 2023/24 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, increasing the overall estimated spend in 2024/25 and beyond by £3.898M.
- 2.3 That Cabinet notes 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.
- 2.4 That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2023 including the new Capital items.

- | |
|---|
| <p>2.5 That Cabinet recommends to Council that it confirms the addition of the Local Authority Housing Fund Phase 2 to the capital programme for 2023/24 and approves the reprofiling of Bancroft & Priory Splash Pads from 2024/25 into 2023/24.</p> |
|---|

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 13 October 2023.

7. BACKGROUND

- 7.1 In February 2023, Council approved the Integrated Capital and Treasury Strategy for 2023/24 to 2032/33. To be consistent with the strategy, the monitoring reports for Capital and Treasury are also integrated.

- 7.2 The Medium Term Financial Strategy for 2023 to 2028 confirmed that the Council will seek opportunities to utilise capital funding (including set aside receipts) for 'invest to save' schemes and proposals that generate higher rates of return than standard treasury investments. This is one way the Council will allocate resources to support organisational transformation that will reduce revenue expenditure.
- 7.3 Link Asset Services Ltd are contracted to provide Treasury advice. The service includes:
- Regular updates on economic and political changes which may impact on the Council's borrowing and investment strategies
 - Information on investment counterparty creditworthiness
 - Technical updates
 - Access to a Technical Advisory Group.

8. RELEVANT CONSIDERATIONS

- 8.1 The Council has £125.0M of capital assets that it currently owns. The Investment Strategy set out the reasons for owning assets that are not for service delivery, including an assessment of Security, Liquidity, Yield and Fair Value. There have been no significant changes in relation to these since the Strategy was set. The main changes will be sales of surplus land for capital receipts as referenced in table 4.

Capital Programme 2023/24

- 8.2 The full capital programme is detailed in Appendix A and shows the revised costs to date, together with the expected spend from 2023/24 to 2032/33 and the funding source for each capital scheme.
- 8.3 Capital expenditure for 2023/24 is estimated to be **£8.185M**. This is a decrease of **£2.453M** on the forecast in the 1st quarter report (reported to Cabinet on 19th September 2023). The decrease in spend in 2023/24 is largely due to the reprofiling of projects into 2024/25 and beyond. Table 1 below details changes to capital programme.

Table 1- Current Capital Estimates

	2023/24 £M	2024/25 £M	2025/26 to 2032/33 £M
Original Estimates approved by Full Council February 2023	8.516	7.427	15.624
Changes approved by Cabinet in 3rd Qrt 2022/23	1.554	0	0
Changes approved by Cabinet in 2022/23 Capital Outturn report	1.221	0	0
Revised Capital estimates at start of 2022/23	11.291	7.427	15.624
Changes at Q1	-0.853	0.686	0.585
New Financial System - Council Approved 28/09/23	0.200		
Changes at Q2	-2.453	1.789	2.109
Current Capital Estimates	8.185	9.902	18.318

- 8.4 Table 2 lists the schemes in the 2023/24 Capital Programme that will now start or continue in 2024/25 and onwards:

Table 2: Scheme Timetable Revision:

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

Scheme	2023/24 Working Budget £'000	2023/24 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2024/25 onwards £'000
Museum and Commercial Storage	2,000	0	-2,000	Options for a museum storage solution are currently being explored. Any capital works are not now expected to commence before the end of this financial year. It is therefore also recommended that the earmarked project allocation of £2m in 2024/25 is reprofiled to 2025/26.	2,000
John Barker Place Development	1,096	0	-1,096	Phase 1 was completed some time ago, but Cabinet approval is for payment on completion of phases 1 and 2 in accordance with the Development Agreement. Phase 2 was due to complete in December 2023, but the contractor Jarvis Construction went into administration earlier this year and this has caused a significant delay. Settle are in the process of tendering for another contractor to complete the works and are hoping to appoint someone by the end of this year. Completion of phase 2 is expected at the end of 2024/ beginning of 2025.	1,096
Resurfacing Lairage Car Park	346	30	-316	This project has been delayed due to the prioritisation of other projects.	316

Scheme	2023/24 Working Budget £'000	2023/24 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2024/25 onwards £'000
Off Street Car Parks Resurfacing	209	39	-170	Surveys undertaken of several open car parks found the surfaces to be in better condition than expected. The planned capital works are therefore not required at this time.	170
Letch Multi-Storey Parapet/Soffit/Dec oration	129	15	-114	This project has been delayed due to the prioritisation of other projects. The current condition means that the work is not urgent.	114
Letchworth Multi Storey Structural Repairs	114	25	-89	This project has been delayed due to the prioritisation of other projects. The current condition means that the work is not urgent.	89
Avenue Park Splash Park	70	0	-70	This project has been deferred for a year pending the outcome of negotiations with the developers in Baldock, who might be willing to support a new facility as part of their proposals.	70
Museum Services Development	48	0	-48	This budget is earmarked for a possible weatherproof solution to allow all year-round use of the Terrace Gallery balcony space for events. Challenges remain regarding the structural engineering and planning considerations, but officers are hopeful of overcoming these.	48
Swinburne Recreation Ground Hitchin, Car Park	30	0	-30	This project has been deferred as there is no longer the same need to deliver it in this financial year. Visitor numbers to the adjacent play area built by Settle have significantly reduced, resulting in a much lower demand upon the car park.	30
Other minor changes			0		0
Total Revision to Budget Profile			-3,933		3,933

- 8.5 There are also changes to the overall costs of schemes in 2023/24. These changes total a net increase of £1.480million and are detailed in Table 3

Table 3: Changes to Capital Schemes Commencing in 2023/24:

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

Scheme	2023/24 Working Budget £'000	2023/24 Forecast Spend £'000	Difference £'000	Comments
Local Authority Housing Fund Phase 2	0	1,424	+1,424	Funding from Government to support the provision of additional housing units for those that have settled in the UK from Ukraine or via the Afghan resettlement and relocation scheme. The properties will be delivered by two Registered Providers, who will fund the balance of the costs. Cabinet are asked to refer to Full Council for confirmation for this to be added to the capital programme.
Bancroft & Priory Splash Pads	0	35	+35	Budget approved by Council on 23/02/23 for spend in 2024/25. Contractors are now in a position to complete the works in 2023/24.
Provide Housing at Market Rents	2	35	+33	The Council has undertaken a conversion of Harkness Court into 4 residential flats. While the building work is complete, budget is requested for the remaining few items required to enable the flats to be lettable. This includes car park extension works to enable fire access and associated landscaping works.
Other minor changes			-12	
Total revision to scheme spend			+1,480	

- 8.6 Table 4 below shows how the Council will fund the 2023/24 capital programme.

Table 4: Funding the Capital Programme:

	2023/24 Balance at start of year £M	2023/24 Forecast Additions £M	2023/24 Forecast Funding Used £M	2023/24 Balance at end of year £M
Useable Capital Receipts and Set-aside Receipts	5.552	9.579	(4.711)	10.420
S106 receipts			(0.516)	
Other third party grants and contributions			(2.958)	
IT Reserve / Revenue			0	
Planned Borrowing			0	
Total			(8.185)	

- 8.7 The availability of third-party contributions and grants to fund capital investment is continuously sought in order to reduce pressure on the Council's available capital receipts and allow for further investment. Additional capital receipts are dependent on selling surplus land and buildings. Ensuring that the Council gets best value from the disposal of land and buildings can take a long time and therefore the amounts that might be received could be subject to change. The estimate of additional capital receipts in the table above has not been updated since Quarter 1, so slippage in to 2024/25 is likely.
- 8.8 The Council's Capital Financing Requirement (CFR) at 31 March 2023 was negative £2.72M. Based on current forecasts it will remain negative during 2023/24.

Treasury Management 2023/24

- 8.9 The Council invests its surplus cash in accordance with the Investment Strategy (see paragraph 4.2). This surplus cash is made up of capital funding balances, revenue general fund balance, revenue reserve and provision balances and variations in cash due to the timing of receipts and payments. During the first six months of 2023/24, the Council had an average investment balance of £54.7M and invested this in accordance with the treasury and prudential indicators as set out in the Integrated Capital and Treasury Management Strategy and in compliance with the Treasury Management Practices.
- 8.10 The Council generated £1.302M of interest during the first six months of 2023/24. The average interest rate on all outstanding investments at the 30 September was 5.03%. (30th June it was 4.47%). Based on current investments and forecasts of interest rates and cash balances for the remainder of the year, it is forecast that the Council will generate £3.014M of interest over the whole of 2023/24.

8.11 As at 30 September 2023, the split of investments was as shown in the table below.

Banks	33%
Building Societies	16%
Government	27%
Local Authorities	24%

8.12 The level of risk of any investment will be affected by the riskiness of the institution where it is invested and the period that it is invested for. Where an institution has a credit rating this can be used to measure its riskiness. This can be combined with the period remaining on the investment to give a historic risk of default percentage measure. The table below shows the Historic Risk of Default for outstanding investments at 30th September 2023. The most risky investment has a historic risk of default of 0.022%. It should also be noted that in general the interest rate received is correlated to the risk, so the interest income received would be less if the Council took on less risk.

Borrower	Principal Invested £M	Interest Rate %	Credit Rating	Days to Maturity at 30 Sept	Historic Risk of Default %
DMO (Government)	1.0	4.758	AA-	18	0.001
DMO (Government)	2.0	5.17	AA-	18	0.001
Yorkshire Building Society	2.0	4.33	A-	19	0.002
DMO (Government)	3.0	5.275	AA-	19	0.001
DMO (Government)	1.0	5.315	AA-	44	0.003
Yorkshire Building Society	1.0	4.6	A-	45	0.006
Santander UK	2.0	4.46	A	47	0.006
DMO (Government)	3.0	5.28	AA-	47	0.003
Nat West	2.0	4.4	A+	51	0.006
DMO (Government)	2.0	5.195	AA-	51	0.003
Folkestone & Hythe District Council	2.0	4.4	AA-	61	0.004
Santander UK	1.0	4.74	A	72	0.009
Blackpoll Council	3.0	5.4	AA-	73	0.005
Nat West	1.0	4.42	A+	76	0.009
DMO (Government)	3.0	5.36	AA-	76	0.005
Australia & New Zealand Bank	1.0	4.58	A+	79	0.010
Oxford City Council	2.0	4.65	AA-	79	0.005
Santander UK	1.0	5.13	A	82	0.010
Leeds Building Society	3.0	5.48	A-	110	0.014
Lloyds	1.0	5.39	A+	110	0.014
Uttlesford District Council	2.0	5.2	AA-	111	0.007
Nat West	2.0	5.76	A+	139	0.017
Nationwide Building Society	3.0	5.43	A	142	0.018
Lloyds	1.0	4.84	A+	145	0.018
Lloyds	1.0	5.57	A+	149	0.018
Australia & New Zealand Bank	2.0	5.02	A+	170	0.021

Borrower	Principal Invested £M	Interest Rate %	Credit Rating	Days to Maturity at 30 Sept	Historic Risk of Default %
Australia & New Zealand Bank	2.0	4.4	A+	172	0.021
Lloyds	1.0	5.84	A+	179	0.022
Telford & Wrekin Council	2.0	5.7	AA-	198	0.012
North Lanarkshire Council	2.0	5.8	AA-	353	0.022
	55.0	5.03			

DMO credit rating is the UK credit rating.

9. LEGAL IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 The main financial implications are covered in section 8 of the report.
- 10.2 The Council operates a tolerance limit on capital projects that depends on the value of the scheme and on this basis over the next ten-year programme it should be anticipated that the total spend over the period could be around £4.0M higher than the budgeted £36.4M. Indeed the current high inflation rates may make this situation worse than the tolerance limit of around 10%, particularly with the specific inflationary pressures on construction costs.
- 10.3 The capital programme will need to remain under close review due to the limited availability of capital resources and the affordability in the general fund of the cost of using the Council's capital receipts. When capital receipts are used and not replaced the availability of cash for investment reduces. Consequently interest income from investments reduces. £1.0M currently earns the Authority approximately £50k per year in interest. The general fund estimates are routinely updated to reflect changes in income from investments. When the Capital Financing Requirement (CFR) reaches zero

the Council will need to start charging a minimum revenue provision to the general fund for the cost of capital and will need to consider external borrowing for further capital spend. The CFR at the 31 March 2023 was negative £2.72M.

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

11. RISK IMPLICATIONS

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 The inherent risks in undertaking a capital project are managed by the project manager of each individual scheme. These are recorded on a project risk log which will be considered by the Project Oversight Group (if applicable). The key risks arising from the project may be recorded on IdeaGen (the Council's Performance & Risk management software).
- 11.3 Risks associated with treasury management and procedures to minimise risk are outlined in the Treasury Management Practices document, TMP1, which was adopted by Cabinet in July 2003 and is revisited annually as part of the Treasury Strategy review. The risk on the General Fund of a fall of investment interest below the budgeted level is dependent on banks and building societies need for borrowing.

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

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

15. HUMAN RESOURCE IMPLICATIONS

15.1 There are no direct human resource implications.

16. APPENDICES

16.1 Appendix A, Capital Programme Detail including Funding 2023/24 onwards.

16.2 Appendix B, Treasury Management Update.

17. CONTACT OFFICERS

17.1 Report Writer – Dean Fury, Corporate Support Accountant, Tel 474509,
Dean.fury@north-herts.gov.uk

Ian Couper, Service Director: Resources, Tel 474243, email
ian.couper@north-herts.gov.uk

Antonio Ciampa, Accountancy Manager, Tel 474566, email,
Antonio.ciampa@north-herts.gov.uk

Reuben Ayavoo, Policy and Communities Manager, Tel 474212, email,
Reuben.ayavoo@north-herts.gov.uk

18. BACKGROUND PAPERS

18.1 Investment Strategy (Integrated Capital and Treasury Strategy)

<https://srvmodgov01.north-herts.gov.uk/documents/s21271/INVESTMENT%20STRATEGY%20INTEGRATED%20CAPITAL%20AND%20TREASURY.pdf>

[Uploaded Appendix A- Integrated Capital and Treasury Strategy.docx.pdf \(north-herts.gov.uk\)](#)

This page is intentionally left blank

Project	Service Directorate							Funding				
		2023/24 Funding £	2024/25 Funding £	2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 - 2032/33 Funding £	Funded from Other Grants	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	Balance funded from Capital Receipts/ Set- aside receipts/ Borrowing
40 KVA UPS Device or Battery Replacement	Customers	12,000	0	14,000	0	0	16,000	0	0	0	0	42,000
Alternative to safeword tokens for staff/members working remotely	Customers	6,900	3,000	0	3,000	0	19,000	0	0	0	0	31,900
Avenue Park Floodlights	Place	2,400	0	0	0	0	0	0	0	0	0	2,400
Avenue Park Splash Park	Place	0	70,000	0	0	0	0	0	0	0	0	70,000
Baldock Town Hall project	Legal and Community	4,100	0	0	0	0	0	0	0	0	0	4,100
Bancroft & Priory Splash Pads	Place	35,000	0	0	0	0	0	0	0	0	0	35,000
Bancroft Kiosk	Place	800	0	0	0	0	0	0	0	0	0	800
Bancroft Lighting	Place	0	45,000	0	0	0	0	0	0	0	0	45,000
Burymead Road Transfer Facility	Place	30,000	0	0	0	0	0	0	0	0	0	30,000
Cabinet Switches - 4 Floors	Customers	18,000	0	0	0	0	0	0	0	0	0	18,000
Cadcorp Local Knowledge & Notice Board Software	Customers	5,400	0	0	0	0	0	0	0	0	200	5,200
Careline Laptops	Customers	5,100	0	0	0	0	0	5,100	0	0	0	0
Careline Servers	Customers	3,800	0	0	0	0	0	0	0	0	0	3,800
CCTV at DCO & Hitchin Town Hall	Customers	20,000	0	0	0	0	0	0	0	0	0	20,000
CCTV Replacement	Customers	150,000	0	0	0	0	0	0	0	0	0	150,000
Charnwood House	Enterprise	50,000	350,000	0	0	0	0	0	0	0	0	400,000
Conference Calling Solutions in Large Meeting Rooms at District Council Offices	Customers	13,000	0	0	0	0	0	0	0	0	0	13,000
Couple property improvements following condition survey	Resources	100,000	100,000	100,000	100,000	85,000	0	0	0	0	0	485,000
Cyber Attacks - Events Monitoring Software Solution	Customers	2,000	0	0	0	0	0	0	0	0	0	2,000
Cycle Strategy implementation (GAF)	Regulatory	278,000	0	0	0	0	0	0	278,000	0	0	0
Data Patch Upgrade	Customers	15,000	0	0	0	0	0	0	0	0	0	15,000
DR Hardware Refresh Inc UPS Battery Pk (unit 3)	Customers	0	0	55,000	0	0	0	0	0	0	0	55,000
Email Encryption Software Solution	Customers	20,400	0	0	0	0	0	0	0	0	0	20,400
Enhancements to Hitchin Swim Centre facility	Place	65,000	0	0	0	0	0	0	0	0	0	65,000
Environmental Improvements	Place	147,300	0	0	0	0	0	0	0	0	0	147,300
Former Public Convenience Portmill Lane	Enterprise	25,000	0	0	0	0	0	0	0	0	0	25,000
Green Infrastructure implementation (GAF)	Regulatory	185,000	0	0	0	0	0	0	185,000	0	0	0
Grounds Maintenance Vehicles & Machinery	Resources	0	315,000	0	0	0	0	0	0	0	0	315,000
Hitchin Lairage car park - cosmetic coating to four stairwells and replacement windows and doors	Resources	0	75,000	0	0	0	0	0	0	0	0	75,000
Hitchin Swim Centre Boiler Replacement	Place	0	200,000	0	0	0	0	0	0	0	0	200,000
Hitchin Swim Centre Outdoor Pool Cover Replacement	Place	0	0	0	30,000	0	0	0	0	0	0	30,000
Hitchin Swim Centre Reception Toilet Refurbishment	Place	0	30,000	0	0	0	0	0	0	0	0	30,000
Hitchin Swim Centre: Archers Member Change and Relaxation Area Refurbishment	Place	0	0	300,000	0	0	0	0	0	0	0	300,000
Hitchin Swim Centre: Changing Village Refurbishment	Place	0	0	0	225,000	0	0	0	0	0	0	225,000
Hitchin Swim Centre: Fitness Equipment Replacement	Place	0	0	0	300,000	0	0	0	0	0	0	300,000
Hitchin Swim Centre: Fitness Facility Refurbishment	Place	0	0	0	50,000	0	0	0	0	0	0	50,000

								Funding				
Project	Service Directorate	2023/24 Funding £	2024/25 Funding £	2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 - 2032/33 Funding £	Funded from Other Grants	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	Balance funded from Capital Receipts/ Set- aside receipts/ Borrowing
Telephony system	Customers	3,200	0	0	0	0	0	0	0	0	0	3,200
Thomas Bellamy House, Hitchin	Enterprise	64,300	0	0	0	0	0	0	0	0	0	64,300
Transport Plans implementation (GAF)	Regulatory	250,000	0	0	0	0	0	0	250,000	0	0	0
Walsworth Common Pavilion - contribution to scheme	Place	0	0	300,000	0	0	0	250,000	0	37,000	0	13,000
Waste and Street Cleansing Vehicles	Place	0	0	4,000,000	0	0	0	0	0	0	3,200,000	800,000
Weston Hills Baldock	Place	20,000	0	0	0	0	0	0	0	0	0	20,000
Weston Hills LNR Footpath Renovation	Place	20,000	0	0	0	0	0	0	0	0	0	20,000
WiFi Upgrade	Customers	0	0	40,000	0	0	0	0	0	0	0	40,000
Wilbury Hills Cemetery Footpaths	Place	15,300	10,000	0	30,000	0	0	0	0	0	0	55,300
		8,184,500	9,901,500	12,234,000	1,470,400	707,000	3,907,000	303,400	3,315,000	991,400	3,200,200	28,594,400

Treasury Management Strategy Statement and Annual Investment Strategy

**Mid-Year Review Report
2023/24**

Date of issuance: 04.10.23

This report is intended for the use and assistance of customers of Link Group. It should not be regarded as a substitute for the exercise by the recipient of its own judgement. Link Group exists to provide its clients with advice primarily on borrowing and investment. We are not legal experts and we have not obtained legal advice in giving our opinions and interpretations in this paper. Clients are advised to seek expert legal advice before taking action as a result of any advice given in this paper. Whilst Link Group makes every effort to ensure that all information provided by it is accurate and complete, it does not guarantee the correctness or the due receipt of such information and will not be held responsible for any errors therein or omissions arising there from. Furthermore, Link Group shall not be held liable in contract, tort or otherwise for any loss or damage (whether direct, or indirect or consequential) resulting from negligence, delay or failure on the part of Link Group or its officers, employees or agents in procuring, presenting, communicating or otherwise providing information or advice whether sustained by Link Group customer or any third party directly or indirectly making use of such information or advice, including but not limited to any loss or damage resulting as a consequence of inaccuracy or errors in such information or advice. All information supplied by Link Group should only be used as a factor to assist in the making of a business decision and should not be used as a sole basis for any decision.

Treasury services are provided by Link Treasury Services Limited (registered in England and Wales No. 2652033). Link Treasury Services Limited is authorised and regulated by the Financial Conduct Authority only for conducting advisory and arranging activities in the UK as part of its Treasury Management Service. FCA register number 150403. Registered office: 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

Contents

1.	Background	3
2.	Introduction	3
3.	Economics and Interest Rates	4
4.	Treasury Management Strategy Statement and Annual Investment Strategy Update.....	6
5.	The Council's Capital Position (Prudential Indicators).....	6
6.	Borrowing	8
7.	Debt Rescheduling	11
8.	Compliance with Treasury and Prudential Limits	11
9.	Annual Investment Strategy.....	11

1. Background

1.1 Capital Strategy

In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following: -

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

1.2 Treasury management

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

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

Accordingly, treasury management is defined as:

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

2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

The primary requirements of the Code are as follows:

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

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

- An economic update for the first half of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of any debt rescheduling undertaken during 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

3. Economics and Interest Rates

3.1 Economics Update

- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
 - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).
- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of

England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.
- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2 November, or even pause in November and raise rates in December.
- The yield on 10-year Gilts fell from a peak of 4.74% on 17 August to 4.44% on 29 September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt

yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

- The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.
- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31 August to 7,608 on 29 September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21 April the FTSE 100 stood at 7,914.

3.2 Interest Rate Forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

The latest forecast on 25 September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1 November 2012.

Link Group Interest Rate View	25.09.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75	
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80	
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90	
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00	
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50	
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50	
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80	
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60	

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2023/24 was approved by this Council on 23/02/23

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

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

This part of the report is structured to update:

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

5.1 Prudential Indicator for Capital Expenditure

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

Capital Expenditure by Service	2023/24 Working Estimate £'000	Current Position £'000	2023/24 Revised Estimate £'000
Advances	1,096	0	0
Asset Management	360	38	393
CCTV	150	0	150
Community Services	514	81	514
Computer Software and Equipment	274	20	474
Corporate Items	726	53	2,150
Growth Fund Projects	713	0	713
Leisure Facilities	2,854	459	2,777
Museum & Arts	2,048	0	0
Parking	1,390	0	701
Renovation & Reinstatement Grant Expenditure	148	0	148
Waste	165	72	165
Total capital expenditure	10,438	723	8,185

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2023/24 Working Estimate £m	Current Position £m	2023/24 Revised Estimate £m
Total capital expenditure	10,438	451	8,185
Financed by:			
Capital receipts and Set Aside Receipts	8,070	359	4,711
Other third party grants and contributions	1,582	55	2,958
S106 Receipts	786	37	516
Revenue			
Total financing	10,438	451	8,185
Borrowing requirement	0	0	0

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

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

Prudential Indicator – the Operational Boundary for external debt

	2023/24 Original Estimate £m	Current Position £m	2023/24 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			
Total CFR	-1.469	-2.662	-2.092
Prudential Indicator – the Operational Boundary for external debt			
Borrowing		357	
Other long-term liabilities*		837	
Total debt (year end position)	3.000	1.194	3.000

*finance leases.

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

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

Authorised limit for external debt	2023/24 Original Indicator £m	Current Position	2023/24 Revised Indicator
Total	8.000	1.194	8.000

6. Borrowing

The Council's capital financing requirement (CFR) for 2023/24 is -£1.469m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.4 shows the Council has borrowings (including leases) of £1.194m and based on revised Capital expenditure is estimated to utilise £0.627m of cash flow funds in lieu of borrowing in 23/24. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if further upside risk to gilt yields prevails.

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

Loans Outstanding at 30 September 2023:

	Amount	Average Interest Rate
	£k	%
Public Works Loans Board	357	10.38

Estimated outstanding debt:

Year	Forecast Borrowing £m	Forecast other long-term liabilities* £m	Less: Internal Borrowing £m	Forecast Total External Debt £m	Operational Boundary £m	Authorised Limit £m
31 st March 2024 (Forecast)	0.347	0.224	0	0.571	2.0	7.0
31 st March 2025 (Forecast)	0.325	0.106	0	0.431	2.0	7.0
31 st March 2026 (Forecast)	7.684	4.100	7.379	4.405	13.0	18.0
31 st March 2027 (Forecast)	8.771	3.592	8.850	3.513	14.0	19.0
31 st March 2028 (Forecast)	9.021	3.082	9.557	2.546	14.0	19.0

* Comprises the finance lease relating to Letchworth Multi-storey car park and impact of the finance lease for waste vehicles.

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

To manage refinancing risk, the Council sets limits on the maturity structure of its borrowing. However, these indicators are set relatively high to provide sufficient flexibility to respond to opportunities to repay or take out new debt (if it was required), while remaining within the parameters set by the indicators.

Maturity Period	Lower %	Upper %
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 Prudential Indicator below considers the cost of borrowing as a % of the net revenue budget of the Council.

Year	Estimated cost of borrowing £m	Forecast net revenue budget £m	Estimated cost of borrowing as a % of net revenue budget
2023/24	0.037	17.429	0.212
2024/25	0.036	19.612	0.184
2025/26	0.367	18.545	1.979
2026/27	0.431	18.464	2.334
2027/28	0.462	18.491	2.499

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

Year	Estimated cost of borrowing £m	Less: Forecast of interest earned £m	Net Financing Costs £m	Forecast net revenue budget £m	Estimated cost of borrowing as a % of net revenue budget
2023/24	0.037	3.014	-2.977	17.429	-17.080
2024/25	0.036	1.021	-0.985	19.612	-5.022
2025/26	0.367	0.533	-0.166	18.545	-0.895
2026/27	0.431	0.490	-0.059	18.464	-0.320
2027/28	0.462	0.471	-0.009	18.491	-0.049

7. Debt Rescheduling

No debt rescheduling was undertaken during the quarter.

8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

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

9. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on **23/02/23**. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

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

Creditworthiness.

Following the Government's fiscal event on 23 September 2022, both S&P and Fitch placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light

of expectations of weaker finances and a challenging economic outlook. Nothing further has evolved in the first half of 2023/24.

Investment Counterparty criteria

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

CDS prices

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

Investment balances

The average level of funds available for investment purposes during the first half of the financial year was **£54.7m**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Council holds **£20m** core cash balances for investment purposes (i.e., funds available for more than one year).

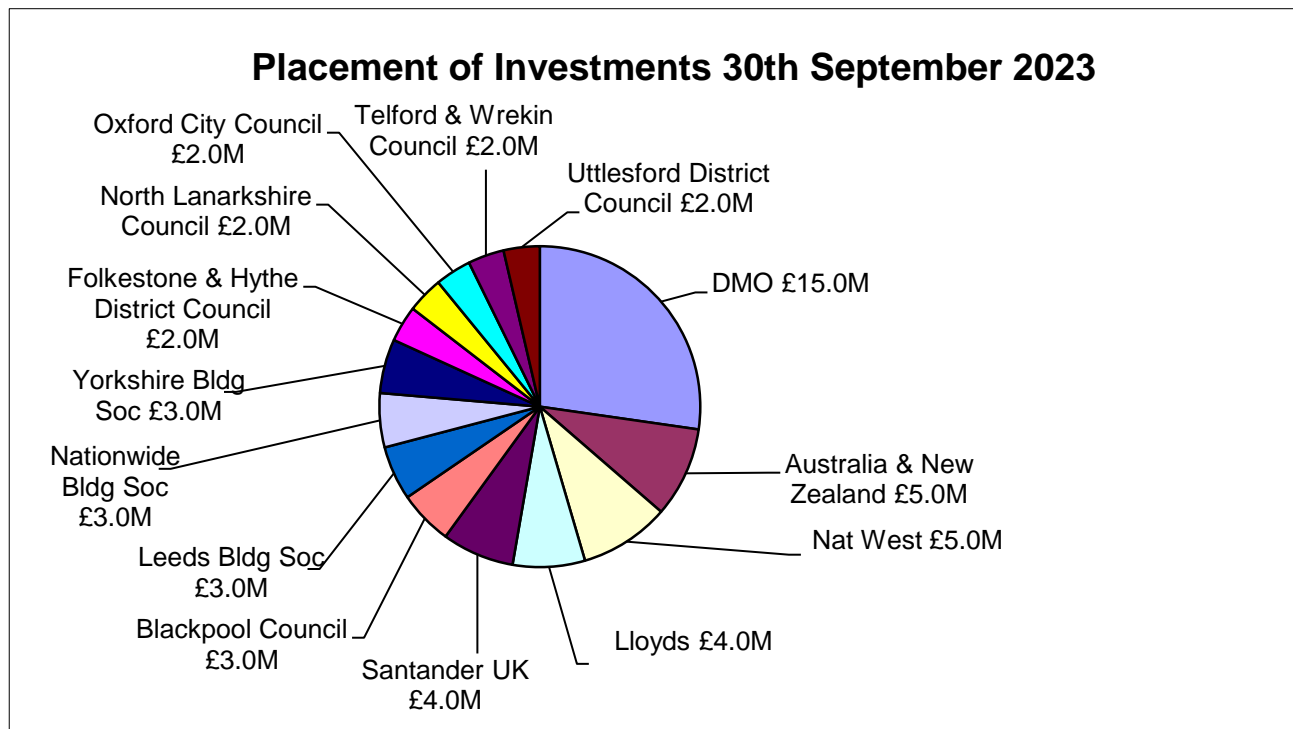
	Amount £	Average Interest Rate %
Managed By NHDC		
Banks	18,000,000	4.86
Building Societies	9,000,000	5.07
Local Authorities	13,000,000	5.19
Government	15,000,000	5.23
Total	55, 000,000	5.06

In percentage terms, this equates to:

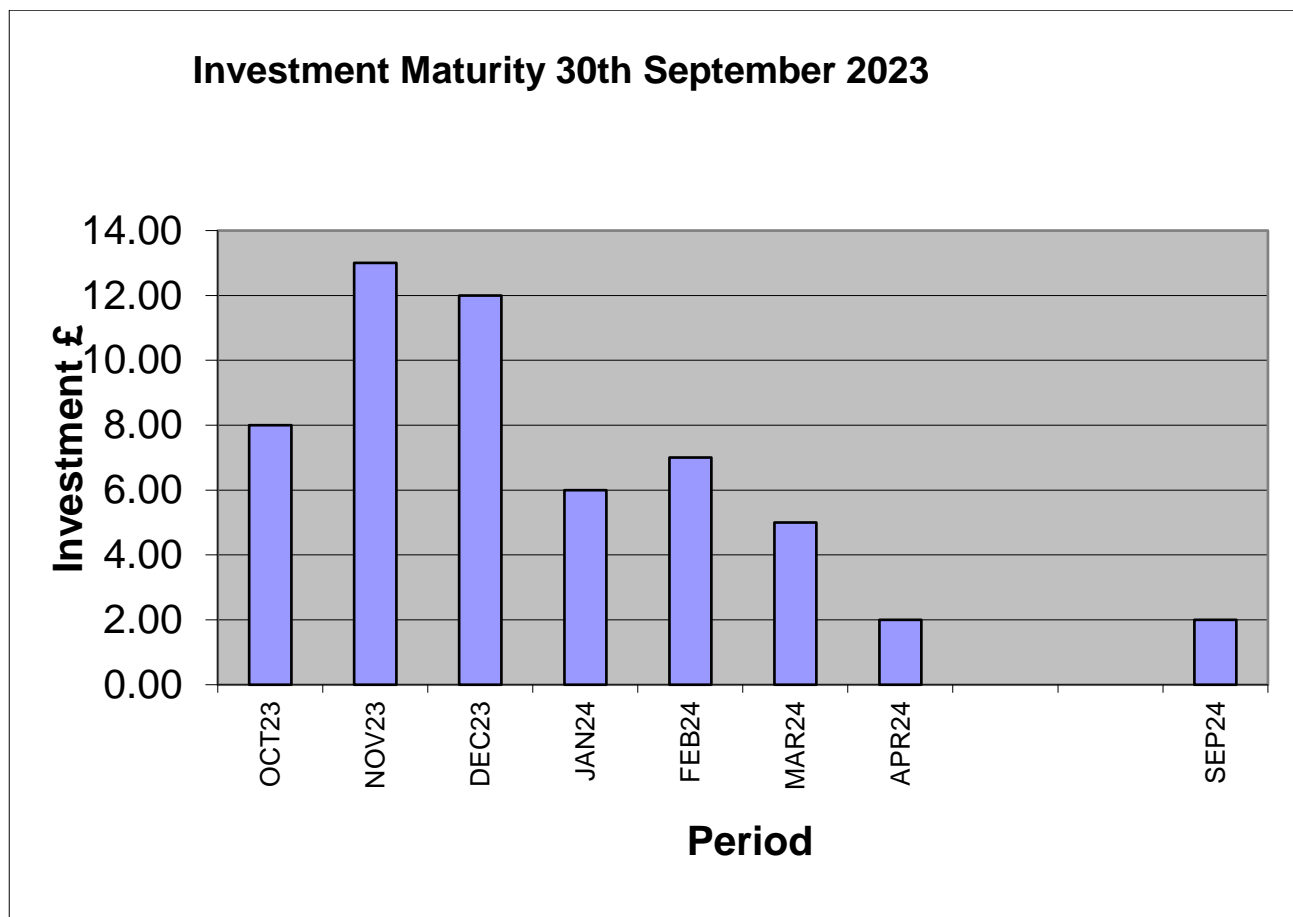
	Percentage
Government	27
Banks	33
Local Authorities	24
Building Societies	16

The approved 23/24 strategy is that no more than 60% of investments should be placed with Building Societies and Property Funds with a maximum value of £25M. The value at 30 September was £9M.

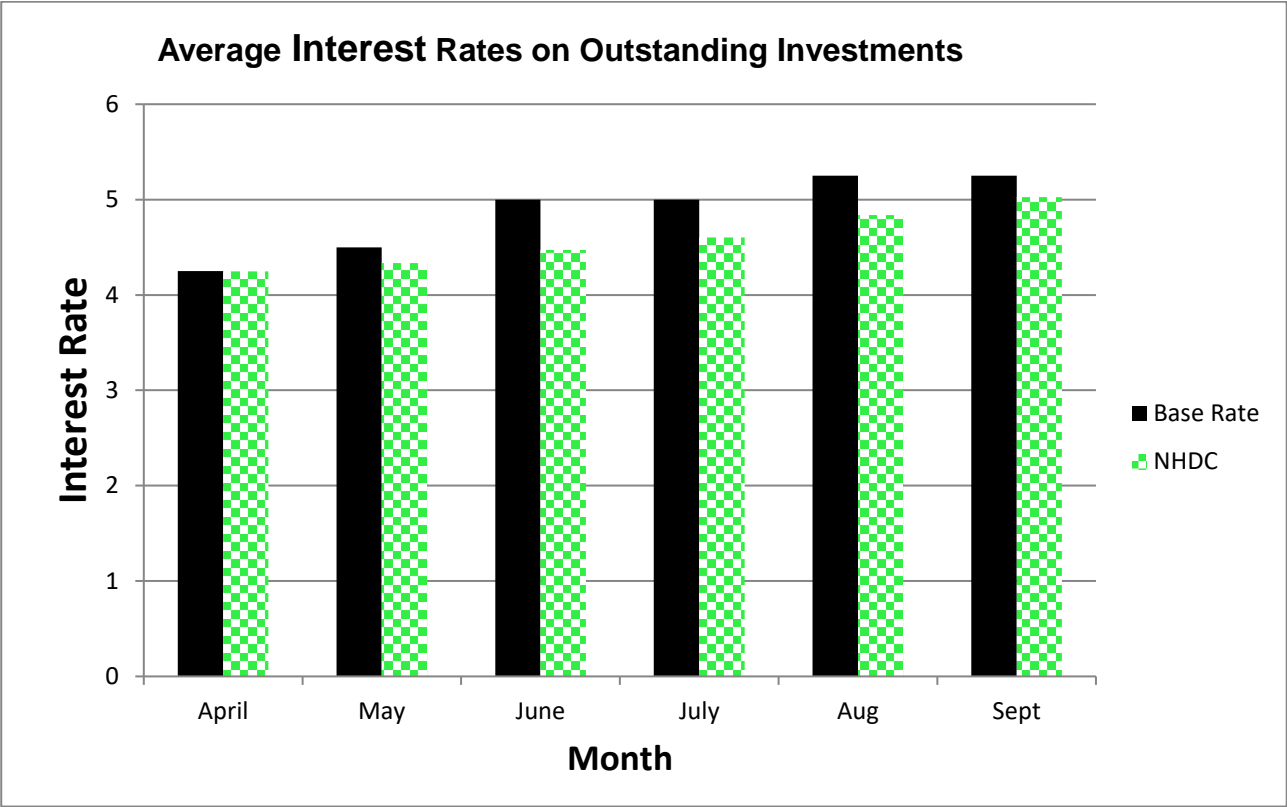
The pie chart below shows the spread of investment balances at 30 September 2023. This is a snapshot in time that demonstrates the diversification of investments.



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



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



Approved limits

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30 September 2023.

FINANCE, AUDIT AND RISK COMMITTEE 13 December 2023

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: DRAFT BUDGET 2024/25

REPORT OF: SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT – IAN ALBERT.

COUNCIL PRIORITY: Sustainability

1. EXECUTIVE SUMMARY

- 1.1. Cabinet is asked to consider the latest information in relation to funding, income and expenditure in relation to the revenue budget for 2024/25.
- 1.2. Cabinet are asked to consider the savings and investment proposals that were presented to the budget workshops. This should consider the feedback from those workshops.
- 1.3. Cabinet are asked to consider the capital project proposals that were presented to the budget workshops. This should consider the feedback from those workshops, as well as considering the forecast revenue impact of capital expenditure.

2. RECOMMENDATIONS

- 2.1. That Cabinet note the latest funding forecasts for 2024/25 onwards and the significant uncertainty that still remains.
- 2.2. That Cabinet confirm that it will be necessary to increase Council Tax by the maximum amount allowed without a local referendum, as this is what will be assumed by Government in determining the Business Rates that the Council can retain and calculating the Council's Core Spending Power.
- 2.3. That Cabinet note 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 February, for referral on to Council at the end of February.
- 2.4. That Cabinet note 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 February, for referral on to Council at the end of February.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To ensure that all relevant factors are considered in arriving at a proposed budget, Investment Strategy and Council Tax level for 2024/25, to be considered by Full Council on 29 February 2024.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. In seeking to address the funding gap detailed in the Council's Medium Term Financial Strategy for 2024-29, 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.
- 4.3. The Council is required to set a balanced budget over the medium term.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Councillors were given an opportunity to comment on the revenue efficiency, revenue investment and capital proposals at budget workshops. The comments from these workshops are detailed in this report.
- 5.2. This report is the first draft of the budget and a further report to Cabinet will follow in February. Both reports will also be considered by the Finance, Audit and Risk (FAR) Committee.
- 5.3. Business Ratepayers will be consulted on the proposals within the February report. This is the only statutory consultation that is required. This consultation will be via the website/ e-mail, as this has worked effectively since it was introduced.
- 5.4. If any saving proposal is anticipated to have a particular impact on a specific area (or areas) then it can be considered by the relevant Area Forum(s). Any comments could be referred to Cabinet when they are considering the budget to be referred on to Full Council.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1. The Medium-Term Financial Strategy (MTFS), which provides the financial background for the Corporate Business Planning Process, was approved by Full Council in November following recommendation by Cabinet. The budget estimates within the MTFS included several assumptions. These will be updated as better information becomes available and further updates will be made prior to the presentation of the budget to Cabinet in February. The final budget recommended to Council in February will still contain some assumptions, hence monitoring reports are provided to Cabinet on a quarterly basis.
- 7.2. The MTFS set target net savings for the next 5 years. This is to ensure progress is made towards balancing the Council's budget in each year, with the aim of achieving a fully balanced budget (net expenditure = funding) by 2028/29. In the shorter term the budget will be balanced using reserves. The phasing of the delivery of savings also ensures that the reserves are not diminished too much and remain above the minimum recommended level.

8. RELEVANT CONSIDERATIONS

Autumn Statement

- 8.1. There were no specific announcements in relation to Local Government funding in the Autumn Statement. There has been some commentary that the overall funding provisions in the Statement could equate to real terms funding cuts for Local Government. The funding assumptions in the MTFS include a real terms funding reduction, as it incorporates 'negative Revenue Support Grant'.
- 8.2. The Statement included some overall allocations for specific grants. This included a third round of the Local Authority Housing Fund and homelessness prevention funding.
- 8.3. The Autumn Statement also made announcements in respect of Business Rates. These included reliefs (i.e., continuing the reduction in the amount to be paid by retail, hospitality and leisure businesses compared to normal levels) and freezing of the multiplier for small businesses (i.e. not applying an inflationary increase to small businesses). These will be fully funded by off-setting grants.

Local Government Settlement

- 8.4. The date of the draft Local Government Settlement is not yet known. It is likely to be after Finance, Audit and Risk Committee have commented on this report, but before Cabinet have considered this report. An updated report will be produced when that information is available.

General Reserve balances

- 8.5. The Medium-Term Financial Strategy was set based on a General Fund balance at the end of 2023/24 (start of 2024/25) of £12.649 million. The Quarter 2 budget monitor estimates that this will now be around £13.099 million. However, the Quarter 2 monitor also includes £453k of carry-forward spend (in to 24/25) and £316k on ongoing additional pressures. This means that the Council can continue with the strategy set out in the MTFS for 2024/25 but being mindful of the need for future savings.

Revenue Savings and Investment proposals

- 8.6. The Medium-Term Financial Strategy did not set a savings target for 2024/25 but did highlight the need to constrain ongoing spend due to the expected increasing pressures from 2025/26 onwards.
- 8.7. The revenue savings and investment proposals were presented to Political Group workshops (Joint Administration and Conservative) in early November. The full list of revenue savings and investments is attached as Appendix A.

Capital Proposals

- 8.8. At the Budget Workshops, the Political Groups also considered capital investment proposals, which are attached at Appendix B. In addition to the importance that capital spend is scrutinised to ensure that it is in line with Council needs and priorities, the Council also needs to consider the revenue cost that arises from capital spend. The cash that is spent would otherwise be invested to generate a return. As interest rates have increased, the cost (through lost investment income) increases. The Council will also move to being in a position where it must use borrowing (either internal or external) to

fund its capital programme, which requires a Minimum Revenue Provision to be charged to the revenue budget.

8.9. The list at Appendix B has been updated to reflect:

- Spend on a new waste depot (reference ECP50) is not expected to be until at least 2026/27, so the current amount is phased across 2026/27 and 2027/28.
- Section 106 funding has been added back into the Royston Leisure Centre extension (reference: ECP41) as it had been omitted.
- The section 106 funding contribution to the Norton Common Bowls Pavilion (reference NCP4) has been amended to a lower total (previously £40k).

Response to proposals

8.10. The joint administration workshop was content with all the proposals put forward.

8.11. The Conservative Group at their workshop, asked several questions about the proposals but did not make any comments or recommendations to Cabinet.

9. LEGAL IMPLICATIONS

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

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

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

10. FINANCIAL IMPLICATIONS

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

10.2. The Council can fund capital expenditure from capital reserves or new capital receipts (e.g., sale of surplus land) which has a revenue impact (i.e. the lost interest from investing the cash, currently around 5%). The Council can also use revenue funding for capital expenditure but given the forecast budget position that the Council faces, this is not a viable option.

10.3. The Council is now in a position where its available and forecast capital reserves will not be sufficient to fund the capital programme, so it will need to borrow to fund its capital spend. Guidance from CIPFA (the Chartered Institute of Public Finance and Accountancy) strongly encourages Councils to borrow internally where possible. This involves using the available cash from revenue reserves and provisions to fund the capital spend, rather than bringing in additional cash from external borrowing. The cost of this will be made up of the lost interest from investing that cash and a charge known as a Minimum Revenue Provision (MRP).

10.4. Where a Council is in a position where it needs to borrow (technically known as having a positive Capital Financing Requirement) then it must include a MRP charge to its revenue budget. In simple terms this creates an amount over the life of the asset being borrowed for to repay the borrowing. In common with other Councils, the Council will assume that it is borrowing against its assets with the longest life and therefore the MRP will be based on a 40-year life (i.e. 2.5% per year).

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change.
- 11.2. When taking decisions, risks and opportunities must be considered. The Council's MTFS set out several risks that will need to be considered when setting a budget for 2024/25 and beyond. The next iteration of this report will be presented to Cabinet in early February, and this version will include a full review of the adequacy of estimates that have been made and of reserve balances. This includes a view from the Service Director-Resources (as the Council's Chief Finance Officer) of the minimum level of General Fund reserves. This is a section 25 report in accordance with the Local Government Act 2003. The margin between actual and the minimum General Fund reserve levels provides a proxy for the level of financial risk that the Council faces, and its ability to deal with changes.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. For any individual proposal comprising either £50k growth or efficiency, or affecting more than two wards, an equality analysis is required to be carried out; this has either taken place or will take place following agreement of efficiencies or growth.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

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

15. HUMAN RESOURCE IMPLICATIONS

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

16. APPENDICES

- 16.1. Appendix A - List of Revenue Savings and Investments proposals.
- 16.2. Appendix B - Proposed Capital Programme (changes to previous years capital programme are highlighted in yellow)

17. CONTACT OFFICERS

- 17.1. Ian Couper, Service Director – Resources
ian.couper@north-herts.gov.uk; ext 4243
- 17.2. Antonio Ciampa, Accountancy Manager

antonio.ciampa@north-herts.gov.uk; ext 4566

17.3 Reuben Ayavoo, Policies and Communities Manager
Reuben.ayavoo@north-herts.gov.uk, ext: 4212

17.4 Jeanette Thompson, Service Director: Legal & Community
Jeanette.thompson@north-herts.gov.uk

18. BACKGROUND PAPERS

18.1. Medium Term Financial Strategy: <https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=136&MId=3399&Ver=4>

REVENUE BUDGET SAVINGS AND INVESTMENTS

New Revenue Efficiency Proposals and Savings Identified

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency				
				2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
E1	Enterprise	Howard Park kiosk income following refurbishment (see linked capital proposal). Additional income from bringing the kiosk in-house. Proposal remains subject to business case. Estimated value based on activity in previous years when operated by the leisure contractor.	Additional Income	(5)	(5)	(5)	(5)	(5)
E2	Place	Website development costs. The planned replacement of the Council's externally hosted intranet and Insight staff magazine pages with SharePoint will mean that the current web hosting and support services are no longer required.	Expenditure Reduction	(5)	(5)	(5)	(5)	(5)
E3	Regulatory	Additional income from the increase to statutory planning fees from 1st April 2024. Fee increases were announced by government in response to a DLUHC consultation earlier in the year and the draft legislation is expected to pass into law this autumn. Fees for major applications received will rise by 35% and all other planning applications by 25%. Estimate is based on planning activity in 2022/23.	Additional Income	(175)	(175)	(175)	(175)	(175)
Page 137	Regulatory	Town Wide Reviews. Use of balance held in earmarked reserve to finance costs of town wide reviews over the next five years.	Expenditure Reduction	(15)	(15)	(15)	(15)	(15)
	Resources	Removal of the approved investment budget (PI13 below) for the repair of the surface drain at District Council Offices (DCO) following further inspection. The need for the repair was originally identified in a survey by external contractors undertaking the refurbishment of DCO, but subsequently there have been no significant issues from, nor noticeable deterioration in, the condition of the drain.	Expenditure Reduction	(15)	-	-	-	-
Total Net Budget Reduction from new efficiency proposals			Total Expenditure Reduction	(35)	(20)	(20)	(20)	(20)
			Total Additional Income	(180)	(180)	(180)	(180)	(180)
			Total Efficiencies	(215)	(200)	(200)	(200)	(200)

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency				
				2024/25	2025/26	2026/27	2027/28	2028/29
				£'000	£'000	£'000	£'000	£'000

New Revenue Pressures and Investment Proposals

Ref No	Service Directorate	Description of Proposal	Budget Impact	Investment				
				2024/25	2025/26	2026/27	2027/28	2028/29
				£'000	£'000	£'000	£'000	£'000
R1	Customers	Procurement of Careline call handling and service desk system solution(s). The current calls handling platform has been used for over 10 years and a new tender exercise is required in accordance with procurement rules. While the Careline Service Desk System is part of the existing Careline call handling system, most call handling platforms do not include this as part of the call handling software so the likelihood is that two pieces of software will need to be procured. The IT Strategy requires consideration of more cloud based solutions, while at present we have a cheaper on-site solution. Software suppliers may not offer an on-site solution and initial advice received is that the cost is likely to rise.	Additional Expenditure	59	59	59	59	59
Page 138	Enterprise	Removal of the anticipated revenue income return from the proposed capital investment to build a commercial storage facility alongside a new museum storage facility at Bury Mead Road, Hitchin (PE5 below). Further investigation and evaluation of the options for a commercial storage facility on the site did not identify a viable scheme for delivery.	Income Reduction	25	50	50	50	50
	Enterprise	Full time Project Officer/ Project Curator for Burymead Project: This role would be a 2 year fixed term contract. This will be required as a temporary increase to the curatorial teams staffing capacity so that they may undertake the work of managing the transition of the collection during the rebuilding works. While the post would be subject to job evaluation, the investment value represents the maximum in terms of the expected cost for this post.	Additional Expenditure	50	50	-	-	-
	Enterprise	Redecoration of the Lucas Room, hallway and Mountford Hall at Hitchin Town Hall. Previous painting has involved painting over the existing coat, so the paint is peeling away in certain areas and does not have much longevity. To carry out a professional re-paint of this area will involve removing the base coats and sanding out to ensure a durable and professional finish.	Additional Expenditure	-	27	50	-	-
R5	Enterprise	Purchase and laying of new carpet throughout the Lucas Room and hallway at Hitchin Town Hall to compliment the repainted walls.	Additional Expenditure	-	8	-	-	-
R6	Enterprise	Museum Visitor Services Assistant Supervisory Position. Upgrading a member of the existing front of house team to a team supervisor level to allow the curatorial team to focus on managing the museum collection and expanding and enhancing the quality of those services offered to the public. There is likely to be a need for additional hours to be awarded for this post over and above their substantive VSA role, and it is assumed this would be approximately half a day per week.	Additional Expenditure	7	7	7	7	7

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency				
				2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
R7	Enterprise	Purchase and installation of a screen in Mountford Hall at Hitchin Town Hall. We previously installed acoustic panelling within the hall which has vastly improved the sound quality at events but this has meant that the back wall of the stage now has distinct lines between the various panels. In order to maximise the quality of projected slides and film for events and screenings, the installation of a screen that can descend across the projection area of the stage for events is required.	Additional Expenditure	5	-	-	-	-
R8	Enterprise	Planned preventative maintenance at the Hitchin Town Hall and Museum community facility following an audit of the property. Maintenance would include the scheduled replacement of; gas safety system components, the frost protection of elements of the heating system situated on the roof, the thermostatic water valves on most sinks in the facility.	Additional Expenditure	-	9	-	-	-
R9	Legal & Community	Temporary appointment of experienced elections expert to support the Returning Officer during the all out District elections and the anticipated parliamentary election, with the additional parliamentary boundary, for resilience reasons.	Additional Expenditure	40	-	-	-	-
R10	Legal & Community	Purchase of equipment for forthcoming elections to enable the postal vote opening and scanning capacity to double. Due to moving to whole Council elections, there will be more postal votes to process. In addition the Authority will be responsible for two Parliamentary constituencies, with an increase in postal votes anticipated at General Elections. The current scanners also require replacement. The budget requested is for the purchase of 5 scanners, 5 laptops, 2 printers and 2 TVs and stands and includes the cost of associated licences.	Additional Expenditure	10	-	-	-	-
R11	Place	Commission consultants to prepare heat decarbonisation plans for District Council offices, Hitchin Town Hall and North Herts Museum to ensure readiness for future rounds of public sector decarbonisation funding and / or invest to save capital proposals. This will include consideration of the issue of overheating at Hitchin Town Hall and Museum.	Additional Expenditure	40	-	-	-	-
R12	Place	Subscription to the Association for Public Sector Excellence (APSE). The subscription provides learning and development opportunities, free and discounted events, publications and advice to all staff covering a range of services e.g. waste, leisure, greenspace, commercialisation, museums, property etc..	Additional Expenditure	3	3	3	3	3
R13	Place	Subscription to APSE Energy. The subscription provides specialist learning and development opportunities around energy and climate change, free and discounted events, publications and advice to all staff.	Additional Expenditure	3	3	3	3	3
R14	Place	Leisure consultancy fees. Following completion of the North Herts, Stevenage & East Herts Sports Strategy, specialist consultants are required to develop a 'Long Term Built Leisure Strategy' that will address the outcomes and recommendations of the Sport Strategy, ensuring NHC deliver sufficient leisure provision in North Herts to meet demand arising over the period of the next Local Plan review (2040s).	Additional Expenditure	25	-	-	-	-

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency				
				2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
R15	Regulatory	Local Plan Review. The Council has previously approved two growth bids in the budgets for 2021/22 and 2022/23, each for £60k per year over a five-year period (i.e. £600k in total) to fund the Local Plan Review. Following adoption of the current Local Plan in November 2022, the costs of its preparation have been finalised with total external (i.e. non-staff) revenue costs of £1.5m incurred from the commencement of work on the Local Plan in 2013. It is anticipated that the cost of the review will not be as high due to, inter alia, having a relatively recent plan to build upon. This third tranche of resource requested will provide a total working budget of £780k and should mitigate the need for significant growth bids in future years as any review of the Plan progresses. By early 2024, Cabinet will have been asked to resolve on the broad nature of any review, with any substantive work anticipated to commence in Summer 2024 following clarity on Government reforms; these presently advocate completion of Local Plans within a 30-month window (i.e. by end of 2026 based upon a mid-2024 start and significantly quicker than for the current Local Plan).	Additional Expenditure	60	60	60	-	-
R16	Regulatory	Additional 3 year career-grade Planning Officer / Senior Planning Officer post (grade 8 - 10). This will create additional capacity and resilience across the strategic planning service in delivering any local plan review alongside implementation of the current plan (SPDs, masterplanning), neighbourhood planning and other duties. Investment profile reflects anticipated recruitment by October 2024.	Additional Expenditure	30	60	60	30	-
R17	Regulatory	Principal Planning & Implementation Officer. Existing Grade 11 post was reduced to 24.5 hours as part of an internal restructure reflecting the post holder's working arrangement and to fund the increase of other posts to full-time to meet business needs. Budget is requested to allow the post to be advertised / recruited to at 37 hours per week (FTE).	Additional Expenditure	23	23	23	23	23
R18	Regulatory	Provision of Specialist planning advice: Landscape, trees, ecology etc. The planning service requires specialist, qualified technical advice on key disciplines to inform decisions and (e.g.) the discharge of conditions (DOCs) relating to detailed landscaping schemes on development sites. Following the adoption of the Local Plan, a number of outline permissions are being considered on allocated sites. Should these be granted they will be followed by detailed reserved matters applications and conditioned to provide additional detail on the provision of green space, landscaping and / or trees. The Council's previous landscape officer retired in April 2021 and was not replaced and there is not a dedicated planning tree officer. The advice might take the form of an additional establishment post or used to fund a service-level agreement with Hertfordshire County Council (or other provider) to deliver these services. Requested investment based upon a Grade 10 post.	Additional Expenditure	60	60	60	60	60
R19	Regulatory	Planning service administrative support. There is presently a shortage of administrative support across the planning service to support or co-ordinate meetings and minutes, project and programme management, document management, website updates etc.. There will be additional administrative burdens relating to monitoring arising from the recent restructure and provision of additional capacity in the enforcement service. Funding equivalent to a Grade 6 Technical Support post is sought. This may be disaggregated into more than one post and / or used to backfill existing duties where current postholders have taken on additional responsibilities or workload in relation to the above.	Additional Expenditure	40	40	40	40	40

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency				
				2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
R20	Regulatory	London Luton Airport Development Consent Order application. The Planning Inspectorate should have concluded their examination into Luton Airport's expansion plans by February 2024. This request for funding is to support the work arising from a positive decision from the Inspectorate, such as implementing monitoring levels and the enforcement of the approved scheme	Additional Expenditure	20	-	-	-	-
R21	Regulatory	Hertfordshire Growth Board. Resource request is to support the work of Hertfordshire Growth Board including the North East Corridor in its work around future growth plans.	Additional Expenditure	20	-	-	-	-
R22	Regulatory	Hitchin Station Eastern Access. Resource requested to continue the work on the Sustainable Travel link linking east and west Hitchin. The revenue investment budget approved last year for 2023/24, together with funding from HCC, has enabled an options appraisal to be undertaken. The budget requested for 2024/25 will enable work to continue on the project.	Additional Expenditure	20	-	-	-	-
Total Net Budget Increase from new pressures and investment proposals			Total Additional Expenditure	515	409	365	225	195
			Total Income Reduction	25	50	50	50	50
			Total Investments	540	459	415	275	245

This page is intentionally left blank

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NEW PROJECTS AND PROPOSED AMENDMENTS HIGHLIGHTED IN YELLOW											
Asset Management and Investment											
NCP1	Service Director - Resources	Community Centres Flat roof safety barriers	43	0	43	0	0	0	0	0	Supply and installation of permanent flat roof safety barriers at the Grange and Jackmans Community Centres to improve safety for roof maintenance and gutter clearance. While both premises have full repair leases, the Council currently provides a limited compliance and maintenance service, which includes gutter and downpipe clearance, and adequate safety measures must be in place to undertake this work.
ECP1	Service Director - Enterprise	Charnwood House renovation	350	0	350	0	0	0	0	0	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. £50k allocation in 2023/24 meaning a total project budget of £400k.
ECP2	Service Director - Enterprise	Council property improvements following condition surveys	385	0	100	100	100	85	0	0	Condition surveys have been carried out on a substantial number of the Authority's premises (substantially consists of Community Centres and Pavilions). This bid relates to those premises which are not currently subject to separate plans or review. The surveys have identified necessary works within priority bands required to ensure the continued use of the premises and to maintain premises in a reasonable condition. Enhancement works of this nature will reduce reliance on reactive maintenance repairs.
Sub-Total: Asset Management and Investment			778	-	493	100	100	85	-	-	
Corporate Items											
ECP3	Service Director - Resources	Council Car Fleet	141	0	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 2024.
Sub-Total: Corporate Items			141	-	141	-	-	-	-	-	
Externally financed projects											
ECP4	Service Director - Enterprise	Shared Prosperity Fund Community and Place Intervention: Creation of and improvements to local green spaces	100	100	100	0	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. Capital allocation in 2024/25 reflects year 3 of the Investment Plan.
ECP5	Service Director - Place	Shared Prosperity Fund Community and Place Intervention: Local sports facilities, tournaments, teams and leagues	100	100	100	0	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. Capital allocation in 2024/25 reflects year 3 of the Investment Plan.
ECP6	Service Director - Legal and Community	Shared Prosperity Fund Community Capital Grant Scheme	163	163	163	0	0	0	0	0	Planned capital expenditure, financed from the UK Shared Prosperity Fund, to provide grant funding for community capital projects

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Sub-Total: Externally financed projects			363	363	363	-	-	-	-	-	
Grants to Third Parties											
ECP7	Service Director - Housing and Env Health	Private Sector Grants	600	0	60	60	60	60	60	300	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. CBP 2024/25 UPDATE: Annual £60k capital allocation extended to the end of 10 year period of capital programme.
ECP8	Service Director - Regulatory	John Barker Place, Hitchin	1,096	270	1,096	0	0	0	0	0	Cabinet agreed to the commitment to the John Barker Place regeneration scheme in January 2013, subject to the availability of funds. The 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. Phase 2 was due to complete in December 2023, but the contractor Jarvis Construction went into administration and this has caused a significant delay. Completion of phase 2 is now expected at the end of 2024 / beginning of 2025.
Sub-Total: Grants to Third Parties			1,696	270	1,156	60	60	60	60	300	
Green Space Developments											
ECP9	Service Director - Place	Playground Renovation District Wide	1800	0	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. CBP 2024/25 UPDATE: Annual £180k capital allocation extended to the end of 10 year period of capital programme.
ECP10	Service Director - Place	Grounds Maintenance Vehicles / Machinery	315	0	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. 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 2024.
ECP11	Service Director - Resources	Remote testing equipment - Emergency Lights and Water Temperature Monitoring	13	0	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. UPDATE CBP 2024/25: Requested that this project is deferred from 2024/25 to 2025/26.
Sub-Total: Green Space Developments			2,128	-	495	193	180	180	180	900	
Green Space Developments - Baldock											
ECP12	Service Director - Place	Avenue Park Splash Pad	70	0	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 - Baldock			70	-	70	-	-	-	-	-	

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Green Space Developments - Hitchin											
NCP2	Service Director - Place	KGV Muga Hitchin	55	0	55	0	0	0	0	0	Renovate surfacing and upgrade to LED lighting at the muga to ensure it continues to be a viable facility on the site.
NCP3	Service Director - Place	Old Hale Way Allotments Hitchin	20	0	20	0	0	0	0	0	Resurfacing of roads and footpaths throughout the site.
ECP13	Service Director - Place	Bancroft and Priory Splash Pads	0	0	0	0	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. UPDATE CBP 2024/25: The reprofiling of the £35k capital allocation for Bancroft & Priory Splash Pads from 2024/25 into 2023/24 is subject to Cabinet and Council approval in January / February 2024.
ECP14	Service Director - Place	Bancroft Lighting	45	0	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.
ECP15	Service Director - Place	St Johns Cemetery Footpath	40	0	40	0	0	0	0	0	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.
ECP16	Service Director - Place	Swinburne Recreation Ground Hitchin	30	0	30	0	0	0	0	0	Enlarge the car park and improve the footpaths around the site.
ECP17	Service Director - Place	Walsworth Common Pavilion - contribution to scheme	300	287	0	300	0	0	0	0	This project was originally listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The project was slipped into 2017/18 pending the outcome of the Green Space Strategy review. In the review, the pavilion was identified as being beyond economic repair and the project was earmarked for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. The project is dependent on securing section 106 contributions and/or external grants.
Sub-Total: Green Space Developments - Hitchin			490	287	190	300	-	-	-	-	
Green Space Developments - Letchworth											
NCP4	Service Director - Place	Norton Common Bowls Pavilion	55	28	55	0	0	0	0	0	To improve the fabric and structure of the building to current standards of insulation and energy efficiency to ensure that the building is able to continue to provide its useful purpose to the community both within and outside the bowling community. To also include the construction of a new underground tank room to replace the current wooden tank room to house the irrigation pumps and tanks. This investment is dependent on a tenant taking on a full repairing lease.
NCP5	Service Director - Place	Baldock Road Rec Letchworth	30	0	30	0	0	0	0	0	Installation of lighting along the footpath that links Jackman's Place to Dunhams Lane Letchworth to improve personal safety of pedestrians at night. This project should help increase walking and cycling, and Herts County Council (as the authority responsible for local transport planning) were asked about contributing funding. That request has been rejected, so the capital and any ongoing costs would fall on North Herts Council.

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP18	Service Director - Place	Wilbury Hills Cemetery Footpaths	40	0	10	0	30	0	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.
ECP19	Service Director - Place	Howard Park Letchworth Path Resurfacing	30	0	10	0	10	10	0	0	Phased approach to resurfacing the pathways at Howard Park.
ECP20	Service Director - Place	Norton Common Footpaths	10	0	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 - Letchworth			165	28	115	-	40	10	-	-	
Green Space Developments - Royston											
ECP6	Service Director - Place	Priory Memorial Gardens Muga Royston	55	0	55	0	0	0	0	0	Renovate surfacing and upgrade to LED lighting at the muga to ensure it continues to be a viable facility on the site.
Sub-Total: Green Space Developments - Royston			55	-	55	-	-	-	-	-	
IT Schemes:											
NCP7	Service Director - Place	Burials Database System	55	0	55	0	0	0	0	0	Replacement of the existing in-house Access database system to provide a more stable platform with greater capabilities with ongoing support.
ECP21	Service Director - Customers	Alternative to safeword tokens for staff/members working remotely	25	0	3	0	3	0	19	0	The technology has changed considerably since we first starting using the Safeword Tokens. 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.
ECP22	Service Director - Customers	Backup and Business Continuity Hardware	85	0	0	69	0	0	16	0	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.

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP23	Service Director - Customers	Infrastructure Hardware	540	0	314	0	18	18	190	0	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
ECP24	Service Director - Customers	Laptops - Refresh Programme	926	0	40	319	49	35	40	443	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.
ECP25	Service Director - Customers	Member Laptops - Refresh Programme	90	0	0	0	30	0	0	60	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. A capital allocation of £30k is earmarked in both 2029/30 and 2032/33.
ECP26	Service Director - Customers	Microsoft Enterprise Software Assurance	2173	0	0	679	0	0	747	747	It is essential NHDC has the correct Microsoft Licences to ensure the Council does not fall foul of F.A.S.T (Fraud Against Software Threat) regulations. An allocation of £747k is earmarked in 2031/32 for the renewal of the three year licenses.
ECP27	Service Director - Customers	PC Refresh Programme	54	0	13	7	8	5	8	13	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.
ECP28	Service Director - Customers	Security - Firewalls	52	0	16	0	18	0	18	0	Firewalls are one of the most important pieces of hardware between the NHDC Network and the outside world and it is this equipment that stops cyber attacks from penetrating NHDC systems and data. There is a need to ensure this hardware is kept as current and up to date as possible to ensure the Council's networks and data are kept secure.
ECP29	Service Director - Customers	Tablets - Android Devices	50	0	10	10	10	4	4	12	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.
ECP30	Service Director - Customers	WiFi Upgrade	40	0	0	40	0	0	0	0	Wi-Fi 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			4,090	-	451	1,124	136	62	1,042	1,275	
Leisure - Hitchin Swim Centre											

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP31	Service Director - Place	Hitchin Swim Centre Reception Toilet Refurbishment	40	0	40	0	0	0	0	0	To ensure customer satisfaction is maintained, a project to fully refurbish the male, female and disabled toilets in the reception area is proposed. The toilets were last refurbished over 10 years ago. UPDATE CBP 2024/25: An increase in the capital budget from £30k to £40k is requested to meet the latest estimate of the cost of the works.
ECP32	Service Director - Place	HSC: Boiler Replacement	200	0	200	0	0	0	0	0	The two boilers are 15+ years old and 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 closure. Replacement of the boilers was identified in a condition survey undertaken in 2022.
ECP33	Service Director - Place	HSC: Archers Member Change and Relaxation Area Refurbishment	300	0	0	300	0	0	0	0	Refurbishment of the changing rooms and relaxation areas at Archers Health and Fitness Club to ensure customer satisfaction is maintained.
ECP34	Service Director - Place	HSC: Change Village Refurbishment	225	0	0	0	225	0	0	0	The Change village was last refurbished in 2014. To ensure customer satisfaction is maintained, refurbishment is programmed to take place on a 10-15 year cycle.
Page 148 of 148	Service Director - Place	HSC: Fitness Equipment Replacement	0	0	0	0	0	0	0	0	Replacement of the cardio and resistance fitness equipment to maintain membership levels and ensure customer satisfaction. UPDATE CBP 2024/25: The contractor will be responsible for kit replacement in the next leisure management contract commencing 1 April 2024. Therefore proposed to remove this project earmarked in 2026/27 with a capital budget allocation of £300k from the Capital programme.
	Service Director - Place	HSC: Fitness Facility Refurbishment	0	0	0	0	0	0	0	0	Refurbishment of the gym area in preparation for the new cardio and resistance fitness equipment UPDATE CBP 2024/25: The contractor will be responsible for kit replacement in the next leisure management contract commencing 1 April 2024. Therefore proposed to remove this project with a capital budget allocation of £50k earmarked in 2026/27 from the Capital programme.
	Service Director - Place	HSC: Outdoor Pool Cover Replacement	0	0	0	0	0	0	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. UPDATE CBP 2024/25: The contractor is responsible for replacement/ maintenance under £15k in the next leisure management contract, commencing 1 April 2024. Therefore proposed to remove this project with a capital budget allocation of £30k earmarked in 2026/27 from the Capital programme.
Sub-Total: Leisure - Hitchin Swim Centre			765	-	240	300	225	-	-	-	
Leisure - Letchworth											
NCP8	Service Director - Place	NHLC Air Handling Units	250	0	250	0	0	0	0	0	The replacement of six Air Handling Units at North Herts Leisure Centre. A maintenance survey undertaken in 2022 identified that the Air Handling Unit System requires full replacement due to age and frequent failures.
NCP9	Service Director - Place	NHLC Lift replacement	90	0	90	0	0	0	0	0	Replacement of the reception lift at North Herts Leisure Centre. This lift was last refurbished in 2016 and failures are becoming more frequent. Lift specialists have advised that the lift is at the end of its economic lifespan and requires replacement.

CAPITAL INVESTMENT PROPOSALS											
Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP10	Service Director - Place	NHLC Male, Female and accessible wet change refurbishment	250	0	0	0	250	0	0	0	The wet side changing rooms were last refurbished in 2016. To ensure customer satisfaction is maintained refurbishment is programmed to take place on a 10-15 year cycle. Consideration will be given to reconfiguring area to accommodate a change village in line with HSC and RLC.
ECP38	Service Director - Place	NHLC Boiler Replacement	200	0	200	0	0	0	0	0	The two boilers are 15+ years old and 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 closure. Replacement of the boilers was identified in a condition survey undertaken in 2022.
ECP39	Service Director - Place	NHLC: Interactive Water Feature	120	0	0	0	0	120	0	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.
ECP40	Service Director - Place	NHLC: Pool Flume Replacement	150	0	0	0	0	0	150	0	The pool flume was installed in 1992 and due to its age a proposal to replace the flume with a newer model is proposed. This will ensure continued customer satisfaction for users of the leisure pool.
Sub-Total: Leisure - Letchworth			1,060	-	540	-	250	120	150	-	

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Leisure - Royston Leisure Centre											
ECP41	Service Director - Place	RLC: Members Change Refurbishment	200	0	200	0	0	0	0	0	The members changing rooms have not been refurbished since opening in 2005. To ensure customer satisfaction is maintained a proposal to fully refurbish the male, female and disabled areas is proposed. UPDATE CBP 2024/25: An increase in the capital budget allocation in 2024/25 from £150k to £200k is requested to meet the latest estimate of the cost of the works.
ECP42	Service Director - Place	RLC change village refurbishment – replacement of cubicles, lockers, vanity area and group change.	150	0	150	0	0	0	0	0	The change village is over 18 years old. To ensure customer satisfaction is maintained a refurbishment of the cubicles, lockers, vanity area and group change is proposed.
ECP43	Service Director - Place	Royston Leisure Centre Dry Side Toilet Refurbishment	30	0	0	30	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled dry side toilet areas is proposed.
ECP44	Service Director - Place	Royston Leisure Centre extension	1000	170	1000	0	0	0	0	0	Project to build an extension at the front of Royston Leisure Centre, providing additional gym space and a new multifunctional room. UPDATE CBP 2024/25: Requested to bring forward the capital allocation for this project earmarked in 2025/26 to 2024/25.
ECP45	Service Director - Place	RLC: Fitness Equipment Replacement	0	0	0	0	0	0	0	0	Replacement of the cardio and resistance fitness equipment to maintain membership levels and customer satisfaction. UPDATE CBP 2024/25: The contractor will be responsible for kit replacement in the next leisure management contract commencing 1 April 2024. Therefore proposed to remove this project with a capital budget allocation of £150k earmarked in 2026/27 from the Capital programme.
ECP46	Service Director - Place	RLC: Fitness Facility Refurbishment	0	0	0	0	0	0	0	0	Refurbishment of the gym area in preparation for new cardio and resistance fitness equipment. UPDATE CBP 2024/25: The contractor will be responsible for kit replacement in the next leisure management contract commencing 1 April 2024. Therefore proposed to remove this project with a capital budget allocation of £50k earmarked in 2026/27 from the Capital programme.
ECP47	Service Director - Place	RLC: Boiler Replacement	100	0	0	0	0	100	0	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 Centre			1,480	170	1,350	30	-	100	-	-	
Museum and Arts Development											
NCP11	Service Director - Enterprise	Hitchin Town Hall Kitchen Enhancement	25	0	0	0	25	0	0	0	Further enhancements to the HTH kitchen area to improve catering quality. This will namely involve laying new more hygienic flooring and the purchase and installation of a heated pass for events and functions, which will require bringing power through the floor to the centre of the kitchen area.

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP12	Service Director - Enterprise	Audio Improvements to Mountford Hall	15	0	15	0	0	0	0	0	Procurement and installation of new speaker system with integrated sound limiter for bands and AGM style events. The existing system cuts power to the stage when a decibel limit is reached. This causes severe reputational damage at our events and puts certain acts off using the venue. The new speaker system will instead calibrate the maximum decibel level without an abrupt cut to the power.
NCP13	Service Director - Enterprise	Air Handling Humidification	15	0	15	0	0	0	0	0	Scheduled replacement of two humidifiers on museum roof as part of air handling system for the building. These works have been highlighted through a planned preventative maintenance audit of the facility.
NCP14	Service Director - Enterprise	Howard Park Kiosk Refurbishment	30	0	30	0	0	0	0	0	Subject to business case, we have an opportunity to bring Howard Park kiosk in house and generate a return for the Council from doing so. This will however require initial investment as the kiosk is very much in need of refurbishment.
ECP48	Service Director - Enterprise	NH Museum & Community Facility	48	0	48	0	0	0	0	0	This budget is earmarked for a possible weatherproof solution to allow all year-round use of the Terrace Gallery balcony space for events. Challenges remain regarding the structural engineering and planning considerations, but officers are hopeful of overcoming these.
Page 151 ECP49	Service Director - Enterprise	Museum and Commercial Storage Facility at Burymead Hitchin	4000	0	2000	2000	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.
Sub-Total: Museum and Arts Development			4,133	-	2,108	2,000	25	-	-	-	
Parking Related Proposals											
ECP50	Service Director - Regulatory	Parking Machines Replacement	150	0	150	0	0	0	0	0	Replacement of all parking machines over a 2 year period to enable the delivery of a pay on exit option to improve the user experience. A phased implementation will commence in 2023/24.
ECP51	Service Director - Resources	Off Street Car Parks resurfacing and enhancement	169	0	60	50	59	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.

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP52	Service Director - Resources	Hitchin Lairage car park - cosmetic coating to four stairwells and replacement windows and doors.	75	0	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.
ECP53	Service Director - Resources	Lairage Multi-Storey Car Park - Structural wall repairs	89	0	89	0	0	0	0	0	Works to preserve this income generating asset in usable condition. Works are necessary to protect surface following experience at Letchworth Multi-Storey Car Park.
ECP54	Service Director - Resources	Resurfacing of the top deck of the Lairage Car Park, Hitchin	316	0	316	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.
ECP55	Service Director - Regulatory	Letchworth Multi-storey Car Park - parapet walls, soffit & decoration	114	0	114	0	0	0	0	0	Works to preserve this income generating asset in usable condition. The soffits are the internal ceiling coverings i.e. underside to the decks. Works requirement originally identified during earlier surfacing works due to some ceiling materials falling off.
Sub-Total: Parking			913	-	804	50	59	-	-	-	
Waste Collection											
ECP56	Service Director - Place	Refuse and Recycling Bins	720	0	90	90	90	90	90	270	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.
ECP57	Service Director - Place	Vehicle fleet replacement program (Waste and Recycling)	4000	3200	0	4000	0	0	0	0	The Council is committed to responding to the climate change emergency and will be looking at options for lower emission vehicles when the current vehicles need replacing at the start of the new contract period. 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.
ECP58	Service Director - Place	Waste depot facility co-located with a residual waste transfer facility	6000	0	0	0	3000	3000	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. UPDATE CBP 2024/25: Based on progress to date, existing allocations of £3m earmarked in each of 2024/25 and 2025/26 requested to be reprofiled to 2026/27 and 2027/28 respectively.
Sub-Total: Waste Collection			10,720	3,200	90	4,090	3,090	3,090	90	270	
TOTAL			29,047	4,318	8,661	8,247	4,165	3,707	1,522	2,745	

TOTAL CONSISTS OF:

CAPITAL INVESTMENT PROPOSALS											
Project Reference	Responsible Service Director	Description of Proposal	Total Project Investment 2024/25 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2024/25	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment 2029 - 2034	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
PROPOSALS ALREADY IN THE CAPITAL PROGRAMME:			28,059	4,290	7,948	8,247	3,890	3,707	1,522	2,745	
NEW CAPITAL PROPOSALS IN THE 2024/25 PROCESS			988	28	713	0	275	0	0	0	

This page is intentionally left blank