

**NORTH HERTFORDSHIRE DISTRICT COUNCIL**



14 June 2024

Our Ref    Cabinet Tuesday, 25 June 2024  
Contact.    Committee Services  
Direct Dial. 01462 474655  
Email.      [committee.services@north-herts.gov.uk](mailto:committee.services@north-herts.gov.uk)

To: Members of the Cabinet:

Executive Members Councillors: Daniel Allen (Chair), Val Bryant (Vice Chair),  
Ian Albert, Amy Allen, Mick Debenham, Chris Hinchliff, Tamsin Thomas and  
Dave Winstanley.

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

to be held in the

**COMMITTEE ROOM 2, DISTRICT COUNCIL OFFICES, GERNON  
ROAD, LETCHWORTH, HERTS, SG6 3JF**

on

**TUESDAY, 25TH JUNE, 2024 AT 7.30 PM**

Yours sincerely,

Jeanette Thompson  
Service Director – Legal and Community

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

## **Agenda**

### **Part I**

<b>Item</b>		<b>Page</b>
<b>1.</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>2.</b>	<b>MINUTES - 19 MARCH 2024</b> To take as read and approve as a true record the minutes of the meeting of the Committee held on the 19 March 2024.	(Pages 5 - 14)
<b>3.</b>	<b>CHAIR'S ANNOUNCEMENTS</b> <u>Climate Emergency</u> The Council has declared a climate emergency and is committed to achieving a target of zero carbon emissions by 2030 and helping local people and businesses to reduce their own carbon emissions.  A Cabinet Panel on the Environment has been established to engage with local people on matters relating to the climate emergency and advise the council on how to achieve these climate change objectives. A Climate Change Implementation group of councillors and council officers meets regularly to produce plans and monitor progress. Actions taken or currently underway include switching to green energy, incentives for low emission taxis, expanding tree planting and working to cut food waste.  In addition the council is a member of the Hertfordshire Climate Change and Sustainability Partnership, working with other councils across Hertfordshire to reduce the county's carbon emissions and climate impact.  The Council's dedicated webpage on Climate Change includes details of the council's climate change strategy, the work of the Cabinet Panel on the Environment and a monthly briefing on progress.  <u>Ecological Emergency</u>  The Council has declared an ecological emergency and is committed to addressing the ecological emergency and nature recovery by identifying appropriate areas for habitat restoration and biodiversity net gain whilst ensuring that development limits impact on existing habitats in its process.  The Council has set out to do that by a) setting measurable targets and standards for biodiversity increase, in both species and quantities, seeking to increase community engagement, b) to work with our partners to establish a Local Nature Partnership for Hertfordshire and to develop Nature Recovery Networks and Nature Recovery Strategy for Hertfordshire and c) to investigate new approaches to nature recovery such as habitat banking that deliver biodiversity objectives and provide new investment opportunities.	

### Declarations of Interest

Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chair of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wishing to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.

#### **4. 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.

#### **5. PUBLIC PARTICIPATION**

To receive petitions, comments and questions from the public.

#### **6. ITEMS REFERRED FROM OTHER COMMITTEES**

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

#### **7. COUNCIL DELIVERY PLAN 2023-24 (END OF YEAR) REPORT OF THE SERVICE DIRECTOR – RESOURCES**

(Pages  
15 - 46)

This report presents progress on delivering the Council Delivery Plan for 23-24 at the end of Quarter 4.

#### **8. ANNUAL REPORT ON RISK MANAGEMENT GOVERNANCE REPORT OF THE SERVICE DIRECTOR – RESOURCES**

(Pages  
47 - 70)

To provide the Committee with an update on the effectiveness of the Risk Management Governance arrangements at North Herts Council. The review is referred on to Cabinet and Council to ensure that there is effective oversight of the governance arrangements that are in place.

#### **9. REVENUE BUDGET OUTTURN 2023/24 REPORT OF THE SERVICE DIRECTOR – RESOURCES**

(Pages  
71 - 90)

The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure at the end of the financial year 2023/24.

#### **10. INVESTMENT STRATEGY (CAPITAL AND TREASURY) END OF YEAR REVIEW 2023/24 REPORT OF THE SERVICE DIRECTOR – RESOURCES**

(Pages  
91 - 124)

To consider the Investment Strategy (Capital and Treasury) End of Year Outturn Review.

- 11. KEY PERFORMANCE INDICATORS 2024/25** (Pages  
REPORT OF THE SERVICE DIRECTOR – RESOURCES 125 -  
132)
- This report recommends the adoption of Council key performance indicators for 2024/25.
- 12. EXCLUSION OF PRESS AND PUBLIC**
- To consider passing the following resolution: That under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting on the grounds that the following report will involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the said Act (as amended).
- 13. PART 2 MINUTES - 12 DECEMBER 2023** 133 -  
To take as read and approve as a true record the Part 2 minutes of the 136  
meeting of the Committee held on the 12 December 2023.
- 14. LEISURE INVESTMENT OPTIONS - PART 2** 137 -  
REPORT OF THE SERVICE DIRECTOR – PLACE 140
- To consider and comment on the Leisure Investment Options available to the Council.
- 15. LEISURE INVESTMENT OPTIONS - PART 1** (Pages  
REPORT OF THE SERVICE DIRECTOR – PLACE 141 -  
154)
- To consider and comment on the Leisure Investment Options available to the Council.

# Public Document Pack Agenda Item 2

## ASANORTH HERTFORDSHIRE DISTRICT COUNCIL

### CABINET

MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, GERONON ROAD, LETCHWORTH GARDEN CITY, SG6 3JF  
ON TUESDAY, 19TH MARCH, 2024 AT 7.30 PM

### MINUTES

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

**In Attendance:** *Isabelle Alajooz (Legal Manager and Deputy Monitoring Officer), Deborah Coates (Principal Strategic Planning Officer), Ian Couper (Service Director - Resources), Susan Le Dain (Committee, Member and Scrutiny Officer), Jo Doggett (Service Director - Housing & Environmental Health), Andrew Figgis (Economic Development Officer), Ian Fullstone (Service Director - Regulatory), Chloe Gray (Enterprise Manager), Lee Griffett (Homelessness and Housing Advice Manager), Frank Harrison (Environmental Health Manager), Sarah Kingsley (Service Director - Place), James Lovegrove (Committee, Member and Scrutiny Manager), Jeanette Lowden (Contracts Manager - Waste), Louise Overington (Service Development and Support Manager), Callum Reeve (Democratic Services Apprentice) and Anthony Roche (Managing Director).*

**Also Present:** *There were no members of the public present for the duration of the meeting.*

#### 1 APOLOGIES FOR ABSENCE

*Audio recording – 2 minutes 28 seconds*

No apologies for absence were received from Councillors.

#### 2 MINUTES - 16 JANUARY 2024 AND 6 FEBRUARY 2024

*Audio Recording – 2 minutes 38 seconds*

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

**RESOLVED:** That the Minutes of the Meeting of the Committee held on 16 January 2024 and 6 February 2024 be approved as a true record of the proceedings and be signed by the Chair.

#### 3 NOTIFICATION OF OTHER BUSINESS

*Audio recording – 3 minutes 24 seconds*

There was no other business notified.

#### **4 CHAIR'S ANNOUNCEMENTS**

*Audio recording – 3 minutes 29 seconds*

- (1) The Chair advised that, in accordance with Council Policy, the meeting would be recorded.
- (2) Members were reminded that this Council had declared both a Climate Emergency and an Ecological Emergency. These were serious decisions and meant that, as these were emergencies, all of us, officers and Members had that in mind as we carried out our various roles and tasks for the benefit of our District.
- (3) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.
- (4) The Chair advised for the purposes of clarification that 4.8.23(a) of the Constitution did not apply to this meeting.

#### **5 PUBLIC PARTICIPATION**

*Audio recording – 4 minutes 38 seconds*

There was no public participation at the meeting.

#### **6 ITEMS REFERRED FROM OTHER COMMITTEES**

*Audio recording – 4 minutes 43 seconds*

The Chair advised that items 6A, 6B and 6C, referred from the Overview and Scrutiny Committee and the Finance, Audit and Risk Committee, would be taken with their respective items on the agenda.

#### **7 ADOPTION OF A NEW HOUSING STRATEGY (2024-2029)**

*Audio recording – 4 minutes 58 seconds*

Councillor, Sean Prendergast, as Executive Member for Housing and Environmental Health, presented the report entitled 'Adoption of a New Housing Strategy' and advised that this was the Housing Strategy for the next five years which set out the housing priorities for the district and highlighted some of the key points:

- To bring back empty homes into use to help reduce housing needs.
- To continue to work with the victims of domestic abuse who were some of the most vulnerable people in the community.
- The soft launch of the Tenants Charter which would enable residents to be aware of their rights and responsibilities.
- Ensuring the maximum level of 40% affordable housing in the District as outlined in the Local Plan was achieved, by working with partners.

In response to a question from Councillor Ian Albert, Councillor Sean Prendergast advised that although challenges were significant and the funding from local government was not enough, the housing team worked incredibly hard with housing providers to prevent homelessness in the community.

The following Members took part in a debate:

- Councillor Alistair Willoughby
- Councillor Ruth Brown
- Councillor Elizabeth Dennis

Points raised in the debate included:

- This was an excellent report and commended the hard work of all involved.
- This report complemented the Empty Homes Strategy and Members looked forward to the launch of the Tenants Charter.
- The robust strategy to support communities going forward which was the result of the hard work of the Officers working with partners, was highlighted in Annex 1 of the report.

Councillor Sean Prendergast proposed, and Councillor Alistair Willoughby seconded and, following a vote, it was:

**RESOLVED:** That Cabinet:

- (1) Approved the adoption of the Council's Housing Strategy (2024-2029).
- (2) Delegated to the Director of Housing and Environmental Health in conjunction with the Executive Member for Housing and Environmental Health, the power to make minor amendments to the Strategy.
- (3) Delegated to the Director of Housing and Environmental Health in conjunction with the Executive Member for Housing and Environmental Health, the power to agree an annual action plan which will set out the specific actions to be undertaken to implement the Housing Strategy.
- (4) For matters that are not reserved for Cabinet, delegated to the Director of Housing and Environmental Health in conjunction with the Executive Member for Housing and Environmental Health, the power to decide on the specific allocation of homelessness funding received from central government in order to meet homelessness priorities, for the duration of the Strategy.

**REASON FOR DECISIONS:** The current Housing Strategy is coming to the end of its life. The proposed new Strategy will enable the Council to continue to undertake its strategic housing responsibilities over the next five years in a planned, transparent and inclusive manner.

## 8 EXPANSION OF THE SOFT PLASTICS COLLECTION TRIAL

*Audio recording – 13 minutes 12 seconds*

Councillor Amy Allen, Executive Member for Recycling and Waste Management presented the report entitled 'Expansion of the Soft Plastics Collection Trial' and advised that:

- This report sought approval for the expansion of the kerbside collection of soft plastics.
- A trial had taken place in Knebworth since November 2023, where approximately 2,000 households had fortnightly collections of soft plastics, which had been successful.
- The proposed expansion across North and East Hertfordshire would reach around 6,250 homes by 2025.

The following Members asked questions:

- Councillor Ruth Brown
- Councillor Ian Albert
- Councillor Elizabeth Dennis

In response to questions the Contracts Manager – Waste advised that:

- As the trial in Knebworth had been successful the next areas to be trialled would be Royston and some of the villages around Royston, to gain a wider demographical picture.
- An initial flyer had been posted to residents, followed by a hand delivery of a leaflet and a pack of sacks to enable residents to participate in the trial.
- There had been positive feedback received from residents and more sacks had been requested.
- This project would be fully funded up to April 2025.
- North Herts Council would be introducing this across the district from 2025 which was ahead of the government deadline of 2027.
- Work was ongoing with the current processor to look at what was working well with the collections and what was not going so well, to produce a final service design for the contract.

Councillor Amy Allen proposed, and Councillor Ruth Brown seconded, and following a vote, it was:

**RESOLVED:** That Cabinet:

- (1) Agreed to the expansion of the Flex Collect trial and kerbside collections of soft plastics.
- (2) Delegated to the Service Director Place any necessary change to the collection demographic and area for the trial.

**REASONS FOR DECISIONS:**

- (1) One of the key aims of the project is to give insight into the types and quantities of soft plastics available for collection. The current Knebworth collections partially mimic the 2025 services, however the expansion of the service seeks to gather data from a wider demographic.
- (2) North Herts residents' current participation in the trial has yielded good participation levels with high volumes of soft plastics being collected per household. The Shared Waste Service is also gathering information on collection issues and the effectiveness of communication methods. Expanding the project will give the Council an opportunity to further test operational implications of collections, quantities and types of plastic collected from different areas and exploring processing requirements. The expanded trial more closely mimics the new service roll out in 2025.
- (3) The expanded trial coincides with the Shared Waste Service undertaking market testing in advance of considering processing options for material from 2025. The additional trial data will inform our future Material Recovery Facility (MRF) contract procurement or extension needs for 2025 and provide data for the wider industry to better prepare for the anticipated mandated collection of soft plastics.
- (4) The expansion of the trial is fully funded until April 2025 by the Flexible Plastics Fund.



## 9 SHARED PROSPERITY FUND PROCESS

*Audio recording – 23 minutes 58 seconds*

Councillor Keith Hoskins, Executive Member for Enterprise and Arts, presented the report entitled 'Shared Prosperity Fund Process' and advised that:

- This report highlighted the recommendations for the allocation of the remainder of the funds in the Shared Prosperity Fund.
- He was pleased to report the Parish and Community Projects had been allocated £210,000 as detailed in paragraph 8.1 item (b).

The following Members took part in a debate:

- Councillor Alistair Willoughby
- Councillor Ruth Brown
- Councillor Ian Albert
- Councillor Steve Jarvis
- Councillor Ruth Brown
- Councillor Elizabeth Dennis

Points raised in the debate included:

- It was important for the wellbeing of residents to improve the town centres and local environments where people lived.
- All these projects would support local communities.
- There was a need to publicise the improvements of town centres and local environments across the district.
- The Parish and Community Projects should be considered by the Panel before being approved by relevant Executive Members and Service Directors.
- The solar business pilot was an excellent project and would generate income for the Council and would save on carbon emissions.

In response to a question by Councillor Ian Albert, the Managing Director advised that it was only the Parish and Community Projects that would need to be considered by the Panel.

Councillor Keith Hoskins proposed and Councillor Alistair Willoughby seconded and, following a vote, it was:

**RESOLVED:** That Cabinet:

- (1) Considered and approved the proposed outline distribution of funding allocated (£510,000) to the Council by the Department for Levelling Up Housing and Communities for 2024/5 under the UK Shared Prosperity Fund.
- (2) Delegated approvals of individual grants and payments under the Fund to the relevant Executive Members and Service Directors, as identified with reference to Directorates in table 8.1, and confirmed that the Parishes and Community Projects Fund decisions would be taken following consideration and recommendation by the Panel.
- (3) Approved the updated Cabinet Capital and Revenue Grants Panel's Terms of Reference, Appendix C.

**RECOMMENDED TO COUNCIL:** The approval of up to £518,000 capital investment for the Solar for Business Programme, in addition to the £51,285 capital funding from the UK Shared Prosperity Fund.

**REASONS FOR DECISIONS:**

- (1) The Council will be provided with funding in April 2024 to allocate to schemes which were originally outlined in the Council's UK Shared Prosperity Fund (UK SPF) Investment Plan that was submitted in July 2021. This plan was approved by Department for Levelling Up Housing and Communities (DLUHC) in January 2022.
- (2) The Funds regulations allow considerable flexibility in how the Council allocates funding and under which approved UK SPF Activities. Officers presented a report to the Leadership Team on 5th February 2024, which outlined how we are proposing to spend the remainder of the Fund in line with the UK SPF criteria set. The Leadership Team agreed with the proposal in principle, and therefore it has been brought to Cabinet for further consideration.
- (3) Once final approval has been obtained, the individual projects will be managed by the relevant North Herts Council (NHC) service areas. We are seeking approval to delegate approval of spend decisions, payments or grants made under the scheme to the relevant Executive Members and Service Directors, as identified under table 8.1 of this report.

**10 STRATEGIC PLANNING MATTERS**

*Audio recording – 43 minutes 37 seconds*

Councillor Ruth Brown, Executive Member for Planning and Transport, presented the report entitled 'Strategic Planning Matters' and advised that:

- Officers had worked hard to obtain the best mitigation possible should the expansion of Luton Airport be successful, as detailed in paragraph 8.10 of the report.
- There were three Supplementary Planning Documents (SPD) mentioned within the report. One had been adopted, one was currently delayed and the biodiversity SPD was being abandoned due to changes at national levels.
- The two Neighbourhood Plan Referendums held on 14 March in Wallington and Ickleford had been approved. These plans would now have weighting towards any planning applications in those areas.
- The Solar Farm at Great Wymondley which had been called in by the Secretary of State in May 2023 had now been approved and was detailed in paragraph 8.46 of the report. The same decision had been reached as that made by the planning committee with a delay of 18 months for implementation and a cost of about £100,000 in legal and consultant fees for the Council.

Councillor Ruth Brown proposed, and Councillor Amy Allen seconded and, following a vote, it was

**RESOLVED:** That the report on strategic planning matters was noted.

**REASON FOR DECISION:** To keep Cabinet informed of recent developments on strategic planning matters.

**11 COUNCIL DELIVERY PLAN: Q3 UPDATE AND PROJECTS FOR 2024/25**

*Audio recording – 49 minutes 59 seconds*

The Chair invited Councillor Val Bryant, Vice Chair of the Overview and Scrutiny Committee, to present the referral on this item. Councillor Bryant advised that the Controls Risk & Performance Manager had attended the last meeting of the Committee and answered many questions by Members. The main points discussed by the Committee were:

- From the moderation process the number of projects on the Council Delivery Plan had been reduced from 27 to 11 with a maximum of 14 and there was concern about how to keep an overview of those projects not included.
- Training needed to be made available to Members on Ideagen/Pentana to enable Members to gain knowledge in these areas.

Councillor Elizabeth Dennis reminded Members that the Overview and Scrutiny Committee could request Service Directors to report at Overview and Scrutiny Committee meetings on any project they wished to review.

Councillor Ian Albert, Executive Member for Finance and IT, presented the report entitled 'Council Delivery Plan Q3 Update and Projects for 2024/25' and advised that:

- The prioritisation of projects in the Council Delivery Plan had been implemented following a request from the Overview and Scrutiny Committee.
- Training on Ideagen/Pentana had been offered in the past to Members of both the Overview and Scrutiny and Finance, Audit and Risk Committees.
- It was the right way forward to request Service Directors to report on their workplans to get an in-depth analysis.
- The current position on the projects in the Council Delivery Plan was set out in Appendix A.
- Round three of Local Authority Housing Fund has been announced and although the Council had not received an allocation at this time, it could still bid for an allocation of any funds that are not taken up.
- Two additional recommendations were required committing the Council to explore round three of the Local Authority Housing Fund if it could and to delegate authority to relevant Service Directors to make final decision on the submission.
- The plans for developing performance indicators that would be used next year on the Council Delivery Plan were highlighted in paragraph 8.10 of the report.

Councillor Keith Hoskins provided an update to Members on the Churchgate shopping centre in Hitchin, and advised that:

- There were two strands to Churchgate, the ongoing maintenance and the regeneration project.
- Phase 1 of the regeneration has been completed and focused on due diligence.
- David Leonard, a master planner, had now been appointed and working towards attending the UK's Real Estate Investment and Infrastructure Forum (UKREiIF) in May.

Councillor Ian Albert proposed and Councillor Alistair Willoughby seconded and, following a vote, it was:

**RESOLVED:** That Cabinet:

- (1) Noted the progress against Council projects as set out in the Council Delivery Plan (Appendix A) and approves the changes to milestones.
- (2) Agreed the scope of the 24-25 Council Delivery Plan as detailed in paragraphs 8.8-8.10.
- (3) Noted the update on the Local Authority Housing Fund and wished to support round three of the scheme if it could.

- (4) Delegated to the Service Director Housing and Environmental Health and the Service Director Resources, in consultation with the Executive Member for Housing and Environmental Health and Executive Member for Finance and IT, the final decision on submission of the validation form.

**REASONS FOR DECISIONS:**

- (1) The Council Delivery Plan (CDP) monitoring reports provide Overview and Scrutiny and Cabinet with an opportunity to monitor progress against the key Council projects, and understand any new issues, risks or opportunities.
- (2) Making a recommendation on the 24-25 CDP means that the Q1 report will provide the information that the Committee wants. It also helps set the priorities for the Council, as those projects that form part of the CDP will be prioritised.

**12 THIRD QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2023/24**

*Audio recording – 1 hour 5 minutes 47 seconds*

In the absence of the Chair and Vice Chair of Finance, Audit and Risk Committee, Councillor Ian Albert, Executive Member for Finance and IT, presented the referral and the report entitled 'Third Quarter Investment Strategy (Capital and Treasury) Review 2023/24' and advised that:

- Items that had slipped into 2024/25 were highlighted in Table 2.
- The change to the Howard Park Kiosk scheme was approved at Council on 29 February 2024 and was outlined in Table 3.
- Funding for the capital programme was set out in Table 4.
- The split of investments was highlighted in paragraph 8.1.1 of the report with the list of individual investments set out in 8.1.2 of the report. These were all low risk.

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

**RESOLVED:** That Cabinet:

- (1) Noted the forecast expenditure of £6.521M in 2023/24 on the capital programme, paragraph 8.3 refers.
- (2) Approved 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 estimated spend in 2024/25 by £0.960M.
- (3) Noted the position of the availability of capital resources, as detailed in table 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.
- (4) Noted the position of Treasury Management activity as at the end of December 2023.

**REASONS FOR DECISIONS:**

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

### 13 THIRD QUARTER REVENUE BUDGET MONITORING 2023/24

*Audio recording – 1 hour 8 minutes and 56 seconds*

In the absence of the Chair and Vice Chair of Finance, Audit and Risk Committee, Councillor Ian Albert, Executive Member for Finance and IT, presented the referral and the report entitled 'Third Quarter Revenue Budget Monitoring 2023/24' and advised that:

- The Revenue Budget movement to the end of 2023 was highlighted in Table 3 of the report.
- There had been various staff underspends where roles could not be filled.
- There had been an increase in fly tipping which was putting pressure on the budget.
- The red and green progress indicators detailed in Table 4 would not change before the end of the year.

In response to a question from Councillor Ian Albert, the Contracts Manager – Waste advised that:

- The National Highways Agency had produced fly tipping posters which focused on showing animals being shocked by the amount of waste on the roads. Small animals were being killed as they were attracted to the litter.
- Work was being carried out with the Community Safety Team to share information on hotspots for fly tipping.
- It was planned to reduce the number of litter bins in specific laybys to reduce waste.
- Work was being carried out with the Communications Team to produce signage for the laybys and for on the litter bins.

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

**RESOLVED:** That Cabinet:

- (1) Noted this report.
- (2) Approved the adjustments to the 2023/24 General Fund budget, as identified in table 3 and paragraph 8.2, a £415k decrease in net expenditure.
- (3) Approved the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a total £411k increase in net expenditure.

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

The meeting closed at 8.47 pm

Chair

This page is intentionally left blank

**CABINET  
25 JUNE 2024**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: COUNCIL DELIVERY PLAN 2023-24 (END OF YEAR)**

**REPORT OF: REPORT OF THE SERVICE DIRECTOR - RESOURCES**

**EXECUTIVE MEMBER: FINANCE AND IT**

**COUNCIL PRIORITY: PEOPLE FIRST, SUSTAINABILITY, A BRIGHTER FUTURE TOGETHER**

**1. EXECUTIVE SUMMARY**

This report presents progress on delivering the Council Delivery Plan for 23-24 at the end of Quarter 4, which includes:

- Progress against the completion of Council projects and milestones
- Requests to change milestone dates
- New milestones

**2. RECOMMENDATIONS**

- 2.1 That Cabinet notes the progress against Council projects as set out in the Council Delivery Plan (Appendix A) including new milestones and changes to milestone dates.
- 2.2 That Cabinet note the completion in Q4 of the projects detailed in paragraph 8.5.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 The Council Delivery Plan (CDP) monitoring reports provide Overview and Scrutiny, and Cabinet, with an opportunity to monitor progress against the key Council projects, and understand any new issues, risks, or opportunities.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 In developing the CDP, it was agreed that Cabinet would receive quarterly updates. The updates are also provided to Overview and Scrutiny Committee so that they can provide additional oversight and support to Cabinet.

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

- 5.1 Service Directors and Service Managers have provided updates on progress and will have made Executive Members aware of progress made.
- 5.2 A draft of the Quarter 4 update was provided to Risk and Performance Management Group (RPMG) in May. The Group has a standing invite to the Executive Member for Finance and IT (has responsibility for performance monitoring), the Chair of Overview and Scrutiny (O&S) and the Chair of Finance, Audit and Risk Committee (FAR). Other members of O&S and FAR are also encouraged to attend when they can. RPMG were asked to comment on the content and format of the CDP Q4 update. Unfortunately due to the timing of the meeting, no Councillors were able to attend.
- 5.3 The CDP is reviewed by Overview and Scrutiny Committee, and they are asked to provide comments and recommendations to Cabinet.

## **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key Executive decision first notified on the Forward Plan on the 28 March 2024.

## **7. BACKGROUND**

- 7.1 The CDP brings together projects, risks, and performance indicators together in one document. The content for the 2023/24 Delivery Plan was set by Cabinet in March 2023, with the intention that it is updated throughout the year.
- 7.2 In March 2024, Cabinet agreed a revised set of projects for the 2024/25 Delivery Plan. This means that some of the projects contained within this update will not feature on the 2024/25 Delivery Plan, but will be monitored as part of Service Plans. This is reflected in some of the comments against the milestones.

## **8. RELEVANT CONSIDERATIONS**

- 8.1 Appendix A provides an update on the progress made in delivering the Council Plan 2023-24. Whilst it is labelled as a Quarter 4 update, it generally reflects the latest position at the time that the report was written. Milestones completed before January 2024, and reported in previous updates, have been removed.
- 8.2 The intention is that the CDP reports provide an overview, as providing all the details on project milestones would lead to a report that was too long. Requests can be made (especially by O&S) to look at individual projects in more detail. Any such request would be incorporated into the next monitoring report. The progress made to date against each project and resulting impacts on future milestones, is detailed in the commentary against each project in Appendix A.
- 8.3 **New Project milestones within the CDP**



The Council Delivery Plan is now a live document with changes to milestones recorded and approved by Cabinet. As a number of the projects will not feature in the 2024-25 Delivery Plan, there has not been a full update for new milestones to be added as part of this report. One milestone has been added for the Oughtonhead Weir project (highlighted in blue in Appendix A), as this is one of the projects that will form part of the 2024-25 Delivery Plan. Further milestones will be added/ updated as part of the Quarter 1 report (in September). This will also provide an opportunity to review the number and presentation of milestones. Having fewer projects on the Delivery Plan gives scope to provide more detail against each project.

#### **8.4 Proposed changes/ deletions to milestones this quarter**

As projects progress, it is sometimes necessary to amend the milestone due dates, or delete any milestones which have been superseded by new ones. Any changes must be approved by Cabinet. For Q4, there are proposals to make changes/ deletions to the following projects, with reasons detailed in Appendix A. These proposed changes have been highlighted in yellow:

- Charnwood House
- Empty Homes Strategy
- Pay on Exit Parking Review
- Local Authority Housing Fund
- Local Plan Delivery and Review
- Museum Storage
- Delivering Housing on Council Land
- Oughtonhead Common Weir
- Resident/Public EV Charging in our Car Parks
- Waste and Street Cleansing contract procurement
- Waste Depots
- Work with relevant partners to prevent and relieve homelessness
- Master Planning
- Town Centre Strategies

#### **8.5 Completed projects this quarter.**

For the following projects, all relevant milestones have been completed in Q4 and they are now shown as complete for Delivery Plan purposes:

- Cycling Network
- Health Inequalities
- Options for Solar PV on Leisure Centres
- Leisure contract procurement
- Playground Renovation Programme
- Shared Prosperity Fund

#### **8.6 Projects for 2024-25**

As set out in the report to O&S and Cabinet in March, the projects in the Delivery Plan will be rationalised for 2024-25. The projects that are due to form the Delivery Plan are:

- Churchgate
- Waste and Street Cleansing Contract
- Leisure Centre Decarbonisation
- Review of Local Plan
- Digital Transformation
- Pay on Exit Parking
- Engaging the community on our finances and how we spend our money
- Oughtonhead Common Weir
- Town Centre Strategies
- Residential/ Public EV Charging

## 8.7 Performance Indicators

For Q4, there are 11 Green performance indicators. Three further indicators are for information only, with no target set against them. Explanations for performance are detailed in Appendix A. The intention is to change the performance indicators that will be monitored during 2024-25 to give a more strategic view. This is covered by a separate report on this agenda.

## 8.8 Ideagen (previously known as Pentana)

All the detail behind the projects, risks and performance indicators is available to view in Ideagen, the Council's performance and risk software. A guest login is provided on the intranet for any member to use, along with a procedure note and short video on how to view the data.

[Ideagen Risk Management \(sharepoint.com\)](#)

## 9. LEGAL IMPLICATIONS

- 9.1 The constitution determines the role of Cabinet as including: "To take decisions on resources and priorities, together with other stakeholders and partners in the local community, to deliver and implement the budget and policies decided by the Full Council. To monitor performance and risk in respect of the delivery of those policies and priorities" (paragraph 5.6.3).
- 9.2 The constitution determines the role of Overview and Scrutiny as including: "To review performance against the Council's agreed objectives/ priorities and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/ or service area. To consider risks to the achievement of those objectives/ priorities. To make recommendations to Cabinet" (paragraph 6.2.7 (s)).
- 9.3 There are no specific legal implications arising from the CDP. However, there may be individual legal implications for some of the projects outlined. Any commissioning of work on new and existing projects will follow the standard legal requirements and those required by the Council's internal standing orders, contained within the Constitution.

## 10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this report. Where projects are linked to efficiencies or investments then these are included in the budget proposals and monitored through the quarterly finance reports.

## **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 Council Delivery Plan aims to support the risk management process by directly linking the risks to projects being undertaken. The aim of these proposals is to strengthen the link between performance and risk and make risks more current. This should provide an improved perspective of the risks that the Council faces.

## **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 arising from this report.

## **13. SOCIAL VALUE IMPLICATIONS**

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

## **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 There will continue to be a need to align Council and Service objectives with available people resources to be able to achieve them. The Council Delivery Plan will help to make that link clearer.

## **15. ENVIRONMENTAL IMPLICATIONS**

- 15.1 There are no known Environmental impacts or requirements that apply to this report. However, a number of the projects to be monitored throughout the year are related to key environmental issues.

## **16. APPENDICES**

- 16.1 Appendix A – Council Delivery Plan 23-24 Q4 Monitoring Report

## **17. CONTACT OFFICERS**

- 17.1 Ian Couper, Service Director: Resources

[lan.couper@north-herts.gov.uk](mailto:lan.couper@north-herts.gov.uk); ext. 4243

17.2 Rachel Cooper, Controls, Risk & Performance Manager  
[Rachel.cooper@north-herts.gov.uk](mailto:Rachel.cooper@north-herts.gov.uk) ext. 4606.

17.3 Tim Everitt, Performance and Risk Officer  
[Tim.everitt@north-herts.gov.uk](mailto:Tim.everitt@north-herts.gov.uk), ext: 4646



















17.4 Ellie Hollingsworth, Policy & Strategy Trainee  
[Ellie.hollingsworth@north-herts.gov.uk](mailto:Ellie.hollingsworth@north-herts.gov.uk) ext: 4220

17.5 Jeanette Thompson, Service Director: Legal and Community  
[Jeanette.thompson@north-herts.gov.uk](mailto:Jeanette.thompson@north-herts.gov.uk), ext: 4370

## **18. BACKGROUND PAPERS**

18.1 None

## Council Delivery Plan – Status Key

Status	Description
<b>Projects</b>	
	The project (and all recorded milestones) has been completed.
	All ongoing milestones have not reached their due dates (or do not have due dates).
	There is at least one ongoing milestone that has not been completed by the due date, but the overall project due date has not passed. Proposals to change milestone due dates will be made, which may also lead to a proposed change to the overall project due date.
	Overall project due date has passed and there is at least one milestone that has not been completed. Proposals to change project due date and milestone due dates will be made.
	Originally envisaged project cancelled.
	The progress bar is based on the number of completed milestones compared with the total number of milestones e.g., two completed out of a total of six would be 33%. Therefore, 0% reflects that no milestones have been completed yet, rather than there has been no progress at all.
<b>Risks</b>	
	Assessed as a low risk.
	Assessed as a medium risk.
	Assessed as a high risk.
	
<b>PIs</b>	
	Data value has met or exceeded the target figure.
	Data value has not achieved the target figure, but it is within the agreed tolerance range.
	Data value has not achieved the target figure and it is outside the agreed tolerance range.
	IdeaGen cannot calculate a status, as officers have not entered a target figure for the period on to the system.
	Data value has improved compared with the same time last year.
	Data value has deteriorated compared with the same time last year.
	Data value has not changed compared with the same time last year.
	IdeaGen cannot calculate a direction of travel, as previous data is not available for comparison.

## 2023/24 Council Delivery Plan

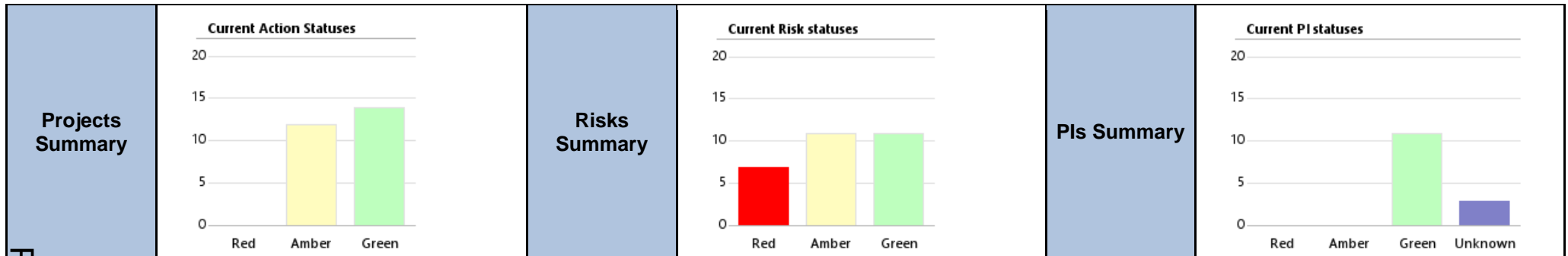
Generated on: 31 May 2024



Project	Status
Royston Leisure Centre Solar Thermal	
Charnwood House	
Empty Homes Strategy	
Finalise Pay on Exit Parking Review	
Local Authority Housing Fund	
Local Plan Delivery and Review	
Museum Storage	
New Ways of Delivering Housing on Council Land	
Oughtonhead Common Weir	
Resident/Public EV Charging in our Car Parks	
Waste and Street Cleansing Contract Procurement	
Waste Depots	
Work with relevant partners to prevent and relieve homelessness whenever possible	
Churchgate	
Digital Transformation	
Enterprise Strategy	
Financial Sustainability/Balancing our Budget	
Master Planning	
Pursue commercial leasing opportunity for Royston Town Hall Annexe	
Town Centre Recovery	
Town Centre Strategies	
Cycling Network	
Health Inequalities	
Investigate Options for Solar PV on Leisure Centres	
Leisure Contract Procurement	
Playground Renovation Programme	
Shared Prosperity Fund	

## Status Summaries

Generated on: 31 May 2024




Page 23



## 2023/24 Council Delivery Plan

Generated on: 31 May 2024





	Royston Leisure Centre Solar Thermal	Due Date	31-Mar-2024	Progress	<div>83%</div>	Original Date	31-Mar-2023
Project Summary	Installation of Solar Thermal technology at Royston Leisure Centre.						
Latest Update	17-Apr-2024 Public Sector Decarbonisation Scheme funding has been secured, along with additional Capital funding, to install a variety of energy efficiency measures at our leisure facilities to improve their carbon footprint. When looking at the optimum solutions for the leisure centres, it was agreed that air source heat pumps would be installed, but solar thermal will not be included at Royston leisure centre. As such, this action has been cancelled and the currently recorded Council Delivery Plan item will be archived following presentation of the 2023/24 year-end monitoring report to the relevant committees. The Council Delivery Plan for 2024/25 will include details of key milestones and risks associated with the wider decarbonisation project.						
Milestone		Due Date	Complete	Note			
Decision on project viability.		31-Mar-2024	Yes	When looking at the optimum solutions for the leisure centres, it was agreed that air source heat pumps would be installed, but solar thermal will not be included at Royston.			
Decision received on our Public Sector Decarbonisation Scheme grant application.		31-Mar-2024	Yes	Funding secured in February 2024.			



If project proceeds, further milestones to be developed and incorporated into the Council Delivery Plan.			31-Mar-2024	No	No longer applicable, as we are not continuing with this project.				
Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
As project not proceeding, the risks detailed below are no longer relevant: 1. Solar Thermal not viable alongside installation of Solar PV. 2. Tender returns over budget. 3. Delays to procurement/project delivery.		5	1	5					


	Charnwood House	Due Date	31-Oct-2024	Progress	<div><div>80%</div></div>	Original Date	30-Apr-2023		
Project Summary	Leasing the property as a Community Hub.								
Latest Update	14-May-2024 Following discussions with Hitchin Bid, a basis for them taking on a new lease is emerging. This will involve the Council carrying out further works to put the property into a basic office specification. In order to progress the Hitchin Bid interest, further consultancy work will be necessary to develop a specification of works, ahead of an Agreement for Lease, whereupon the Council would mobilise the works. It will also be necessary to ensure that all stakeholders are satisfied that due care and process has been followed, to establish that all community users who could reasonably have an interest in taking the building on have had ample opportunity to do so. In view of the considerable amount of work needing to be completed, we now anticipate presenting a further report to Cabinet by the end of October 2024.								
Milestone		Due Date	Complete	Note					
	Undertake formal marketing exercise.	31-Jan-2024	Yes	After extensions to the marketing period, exercise concluded on 26 January 2024. Although we anticipated that potentially two parties would present proposals, none were forthcoming, and this leaves us with no formal interest.					
	Following marketing exercise, evaluate options.	31-Mar-2024	Yes	Following conclusion of marketing exercise, meeting held with Procurement to prepare for early discussions with Hitchin Bid/Creative/Initiative to discuss future plans. A basis for Hitchin Bid taking on a new lease is emerging, although further work is necessary to progress their interest.					
	Present report to Cabinet on the preferred options.	30-Apr-2024	No	Due date to change to 31 October 2024. Now anticipate presenting a further report to Cabinet by the end of October 2024. Project to be removed from the Council Delivery Plan for 2024/25, although could be re-introduced once there is a viable plan in place.					
	When Cabinet report presented, finalise arrangements i.e., negotiate Heads of Terms with selected tenant, seek further Cabinet decision, complete lease.	30-Apr-2024	No	Future actions and dates still to be confirmed, as dependent on how we take things forward. Work will continue throughout 2024/25. Project to be removed from the Council Delivery Plan for 2024/25, although could be re-introduced once there is a viable plan in place. If so, future milestones will be confirmed at this time.					
Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
1. Covenant restriction on use. 2. Statute restriction on use.		5	5	3					









3. Viability of Listed Building consent conditions.									
4. Demand for community hub.									
5. Delays due to Asset of Community Value (ACV) listing.									


	Empty Homes Strategy		Due Date	30-Sep-2024	Progress	<div><div>75%</div></div>	Original Date	01-Sep-2022	
Project Summary	Develop and start to implement a strategy to reduce numbers of empty homes.								
Latest Update	08-Apr-2024 Cabinet adopted the Empty Homes Strategy 2024-29 on 6 February 2024 to help reduce the number of long-term empty homes in the district. Although the number of long-term empty homes in North Herts is small, the Strategy aims to increase the opportunity for this unused resource to help meet the Council's housing needs. Funding has been agreed for a part-time officer to implement the Strategy and the adoption of the Strategy now allows the recruitment of that officer to commence. Although the recruitment of the officer is a priority, competing urgent demands on the Environmental Health service, the known lack of suitable competent officers available to employ and the general difficulties NHC has recruiting competent professional staff means that this is unlikely to happen until September 2024. With a Strategy now in place, there is a reputational risk associated with a perceived lack of progress returning empty homes to occupation. However, as this is a long-term approach and we are in the early stages, this is assessed as low risk.								
Milestone			Due Date	Complete	Note				
Present to Cabinet for adoption of the Strategy.			16-Jan-2024	Yes	Strategy adopted by Cabinet in February 2024.				
Commence implementation of Strategy post adoption, including advertising and appointing officer to post.			17-Jan-2024	Yes	Milestone for Ideagen purposes, with the completion date of 7 February 2024 simply reflecting that implementation of the Strategy could commence following its adoption by Cabinet.				
Attempt to recruit to new Housing Improvement Officer role, created to help deliver approved Strategy.			31-Mar-2024	No	Proposed change to due date - Recruitment could not commence until the Strategy had been adopted. Due to a number of issues, including competing urgent demands on the Environmental Health service, we now anticipate being able to appoint to the post by the end of September 2024.				
Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
Implementation - Securing 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 any empty properties that we acquire. - Political/reputational risk associated with a perceived lack of progress and/or cost/benefit analysis of our approach.		4	1	1					


	Finalise Pay on Exit Parking Review	Due Date	31-Jul-2024	Progress	<div><div>75%</div></div>	Original Date	30-Sep-2022			
Project Summary	Procure suppliers and start replacing all existing parking machines in early 2024.									
Latest Update	02-May-2024 We have procured a supplier by framework mini competition to replace existing parking machines/associated back-office software, with the contract scheduled to commence on 29 April 2024. An inception meeting has already been held and initial preliminary works have commenced. The majority of installation works will be undertaken during 2024/25, although we are unable to confirm precise timings until the implementation plan has been agreed. Due to the delay in awarding the contract and the forthcoming local elections, now expect procurement of contractor to replace tariff boards and updated TROs to be completed and advertised by the end of July 2024. When we have an agreed phased implementation plan in place, further milestones will be reported via the 2024/25 Council Delivery Plan. A key risk is negative public reaction to changes and disruption during works, and we aim to manage this in partnership with the contractor via a comprehensive communications plan.									
Milestone			Due Date	Complete	Note					
Procure supplier by framework mini competition to replace existing parking machines.			31-Jan-2024	Yes	Contract commenced on 29 April 2024.					
Contractor to commence preliminary works (with the majority of works being undertaken during 2024/25).			31-Mar-2024	Yes	Inception meeting held prior to contract start date (29 April 2024) and initial preliminary works commenced. Majority of installation works to be undertaken during 2024/25.					
Update TROs.			30-Apr-2024	No	Due date to change to 30 August 2024. Ongoing, but now expected to be completed and advertised by the end of August 2024 to accommodate new payment methods.					
Procure supplier to replace tariff boards.			31-May-2024	No	Due date to change to 31 July 2024. Revised target date due to resources being focussed on the initial parking machines procurement.					
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.			1	1	1					


	Local Authority Housing Fund	Due Date	31-May-2024	Progress	<div><div>85%</div></div>	Original Date	31-Mar-2024
Project Summary	Delivery of additional housing through Registered Providers.						
Latest Update	07-May-2024 Four units due to be delivered by settle via Round Two allocated funding. Awaiting delivery of the final unit, which is due imminently.						
Milestone		Due Date	Complete	Note			
Delivery of housing by Registered Provider(s) via Round Two allocated funding.		31-Mar-2024	No	Due date to change to 31 May 2024. Awaiting delivery of the final unit, which is due imminently.			

Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
Risks: - 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.		8	1	1	Local Authority Housing Fund - Number of main element (smaller) homes delivered via Round One allocation			2	2
					Local Authority Housing Fund - Number of bridging element (larger) homes delivered via Round One allocation			1	1



	Local Plan Delivery and Review	Due Date	30-Sep-2024	Progress	<div><div>33%</div></div>	Original Date	31-Mar-2024
Project Summary	To undertake and complete various projects relating to the implementation of the Local Plan 2011-2031 (adopted November 2022) and to progress work associated with the early review required by Policy IMR2 of the Plan.						
Page 27 Latest Update	05-Jun-2024 The anticipated Cabinet reporting date for the Sustainability SPD has been rescheduled to September 2024 following appointment of a new Executive Member for Planning & Transport and the calling of the General Election for 4 July 2024.						
	30-Apr-2024 The programme for supporting documents has been further reviewed in light of new legislation. A Biodiversity SPD will not presently be proceeded with. This follows the introduction of mandatory Biodiversity Net Gain, and the issuing of accompanying Government guidance which covers many of the issues a SPD might have sought to address. The Levelling Up & Regeneration Act (November 2023) will make it a mandatory requirement for Councils to prepare an authority-wide Design Code for their area and include it as part of their Local Plan. The Design Code SPD will now be prepared with this requirement in mind. It will still be developed as an SPD in support of relevant policies in the adopted Local Plan but now with the additional aim of subsequently incorporating any work into the approved review of the Local Plan. The Council has successfully recruited to both a professional ecologist and principal urban design post to provide additional capacity on these matters. Consultation on the draft Sustainability SPD closed on 16 February 2024. Responses raised issues around practical implementation, and these have been further reviewed. Presentation of the final SPD for adoption is on the Forward Plan for Cabinet in June 2024. A revised project will be included in the 2024/25 Council Delivery Plan focussing on the review of the Local Plan.						
Milestone			Due Date	Complete	Note		
Adoption of Sustainability SPD.			31-Mar-2024	No	Due date to change to September 2024. Consultation on the draft SPD ran from 4 January to 16 February 2024. Consultation responses raised issues around practical implementation. These have been further reviewed and presentation of the final SPD for adoption is scheduled for September 2024.		
Approval of draft Biodiversity SPD for consultation.			31-Mar-2024	No	Milestone to be deleted. The Strategic Planning Matters report to Cabinet in March 2024 identified that a large quantity of standardised, national-level guidance and regulations had been released to support the statutory implementation of Biodiversity Net Gain. Consequently, it is not presently felt that there is a need for a North Herts-specific SPD on this matter. This position will be kept under review.		
Adoption of Biodiversity SPD.			30-Sep-2024	No	Milestone to be deleted. As above.		

Approval of draft Design Guide SPD for consultation.			30-Sep-2024	No	Strategic Planning Matters report to Cabinet (March 2024) identified work on this project will be progressed further in 2024/25 following the Levelling Up & Regeneration Act and successful recruitment.				
Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
Risks: - 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.		5	5	3					



Page 28		Museum Storage	Due Date	30-Sep-2024	Progress	<div><div>57%</div></div>	Original Date	31-Mar-2024
	Project Summary	Assess feasibility of constructing a new fit-for-purpose museum storage facility and including a commercial storage facility as part of the project. Decide the preferred way forward and if required, proceed to the next project phase.						
	Latest Update	03-May-2024 As previously reported, the current administration has indicated they would like a full options appraisal on this venture presented post-election. Officers are developing a full options appraisal report, which is expected to be completed by September 2024. There will remain uncertainty regarding the direction and progress of this project until the outcome of the election is known, and the full options appraisal report has been considered. In the meantime, we continue to manage the risks associated with the current storage facilities to the best of our ability within available resources. This item will not be included in the 2024/25 Council Delivery Plan but will be re-introduced once a defined project has been approved and a deliverable plan is in place.						
Milestone			Due Date	Complete	Note			
Consider the best way to deal with currently stored items should the project progress.			31-Mar-2024	No	Due date to change to 30 September 2024 for administrative purposes only. Officers are developing a full options appraisal report, which is expected to be completed by September 2024. Existing site not cleared and the need to do this will depend on the Cabinet decision on the preferred option. How to deal with currently stored items will need to have been considered by the decision date to avoid unnecessary delays should the project proceed.			
Develop further milestones to reflect Cabinet decision e.g., appoint Project Manager/Quantity Surveyor, finalise Business Case and detailed specifications. (On Hold)			31-Mar-2024	No	Due date to change to 30 September 2024 for administrative purposes only. Completion of this milestone is only possible following a decision on the preferred option (timing of this still to be confirmed). This project will not be included in the 2024/25 Council Delivery Plan but will be re-introduced (with further milestones etc.) once a defined project has been approved and a deliverable plan is in place.			
Report presented to Leadership Team, PLB and Cabinet seeking a decision on the preferred way forward. (On Hold)			31-Mar-2024	No	Due date to change to 30 September 2024 for administrative purposes only. Officers are developing a full options appraisal report, which is expected to be completed by September 2024. Timing of report seeking a decision yet to be confirmed.			


Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
1. Funding the project and ongoing/future budgetary pressures. 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).		5	5	3					


Page 29


	New Ways of Delivering Housing on Council Land	Due Date	30-Nov-2024	Progress	<div><div>83%</div></div>	Original Date	01-Dec-2022			
Project Summary	Alternative ways to deliver housing on surplus Council land (other than sale to a developer) to provide a greater financial return to the Council.									
Latest Update	15-May-2024 Following receipt of external consultant's focussed report on sites, the intention is to treat each of the four opportunities individually on their own merits. Estates are currently consulting with Planning on a variety of issues to inform the best approach for each one. Once this work is concluded, we should then be in a position to seek marketing advice whilst reporting is completed to establish that sites are surplus to Council requirements. Currently anticipate marketing advice and subsequent reporting to be completed by the end of November 2024. Project will not be included in the 2024/25 Council Delivery Plan, as standard disposal may be the most viable approach (although this is still to be determined), which is a business-as-usual activity for Estates. However, individual sites could be re-introduced should we decide to develop ourselves. Risk level still assessed as medium, as there remains uncertainty regarding the best approach for each site. Ultimately, the risk level will depend on whether we pursue a standard disposal route or choose to develop sites ourselves.									
Milestone			Due Date	Complete	Note					
Further work to clarify report findings and to focus on the detail of specific options, leading to a report/further advice on the preferred options.			31-Jan-2024	Yes	Following receipt of the external consultant's focussed report on sites, the intention is to treat each opportunity individually, on its own merits.					
If required, and dependent on market research findings, develop milestones/timings to report and make a formal decision on the preferred way forward.			31-Mar-2024	No	Due date to change to 30 November 2024. Currently anticipate marketing advice and subsequent reporting to be completed by the end of November 2024. Project will not be included in the 2024/25 Council Delivery Plan, as standard disposal may be the most viable approach (although this is still to be determined), which is a business-as-usual activity for Estates. Therefore, further milestones for Council Delivery Plan monitoring purposes will not be required.					
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.			5	5	5					


Page 30

	Oughtonhead Common Weir	Due Date	30-Sep-2024	Progress	<div><div>66%</div></div>	Original Date	30-Sep-2024			
Project Summary	Replace the collapsed weir.									
Latest Update	17-Apr-2024 Consultants in the process of submitting designs to Planning and applying to the Environment Agency for required permits. Delays caused by the Environment Agency not providing the data required for modelling purposes. We will be instructing CMS shortly to start preparing tender documentation, so that we are ready to go once we have received the necessary consent. Due to Planning timeframes, we now expect permission to be granted (including any further required design modifications) and contractors to be appointed by the end of September 2024. Works on site may then commence Autumn 2024, although this will be dependent on the weather. If we do not commence works at this time, replacement of the weir is likely to happen in Spring/Summer 2025. Pending replacement, any further deterioration of the partially collapsed weir is unlikely to result in a significant environmental impact.									
Milestone		Due Date	Complete	Note						
Design documentation and consent submissions completed.		31-Jan-2024	No	Proposed change to due date - Consultants now in the process of submitting designs to Planning and applying to the Environment Agency for required permits. Revised due date of 30 September 2024 reflects when we now expect planning permission to be granted and any required further design modifications to be agreed.						
Introduce further milestones following completion of design/planning stage and procurement process for delivery of the preferred option.		29-Feb-2024	No	Proposed change to due date - Revised due date of 30 September 2024 reflects that further milestones for the 2024/25 Council Delivery Plan will be introduced following completion of the design/planning stage and the procurement process for delivery of the preferred option.						
New milestone - Appoint contractor(s) to undertake required works.		30-Sep-2024	No	Instructing CMS shortly to start preparing tender documentation.						
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
<p>Risks:</p> <ul style="list-style-type: none"><li>- External funding from HCC, EA and residents is not available.</li><li>- Existing situation deteriorates quickly prior to any works being undertaken.</li><li>- Issues with contractor resources delay design stage, procurement process or completion of works on site.</li></ul> <p>Leading to:</p> <ul style="list-style-type: none"><li>- Full allocated Capital budget being used.</li><li>- Planned timeline for delivery not being achieved.</li><li>- Further urgent temporary solutions being required to manage an immediate changing situation.</li></ul>			4	2	1					

	<b>Resident/Public EV Charging in our Car Parks</b>	<b>Due Date</b>	31-Dec-2024	<b>Progress</b>	<div><div>50%</div></div>	<b>Original Date</b>	31-Mar-2023
<b>Project Summary</b>	Submit grant application to Office for Zero Emission Vehicles for funding. Finalise contract/leases with private sector partner and commence installation of EV charging points.						
<b>Latest Update</b>	02-May-2024 Contract discussions are ongoing with the chosen supplier, and we now expect the contract to be finalised by end of June 2024. This delay is with the supplier. Timing of subsequent milestones to be confirmed as part of approving an agreed delivery and implementation plan with our partner. These will be reported via the 2024/25 Council Delivery Plan. Still expect installation of						

	charging points in our outdoor car parks to be in line with OZEV funding requirements. Still assessed as medium risk, as we have yet to agree the contract, lease arrangements and implementation programme.								
Milestone			Due Date	Complete	Note				
Contract finalised with private sector partner.			19-Apr-2024	No	Due date to change to 30 June 2024. Delay is with the private sector partner.				
Complete relevant leases with contractor for the length of the contract.			30-Apr-2024	No	Due date to change to 30 June 2024. Timings still to be confirmed by contractor, as dependent on contract documentation and agreed implementation programme.				
Contractor to commence works and NHC to start promoting project.			30-Jun-2024	No	Due date to change to 31 July 2024 given delay in finalising the contract. Precise timings dependent on the implementation programme agreed with our partner. Still expect project to be delivered in accordance with OZEV grant requirements.				
Installation of all new EV charging points completed.			31-Oct-2024	No	Due date to change to 31 December 2024 due to delay in finalising contract. Implementation programme still to be agreed with our partner. Still expect project to be delivered in accordance with OZEV grant requirements.				
Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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. 5. Unable to schedule required DNO upgrades in line with implementation programme.		5	5	1					





	Waste and Street Cleansing Contract Procurement	Due Date	01-Aug-2024	Progress	<div><div>28%</div></div>	Original Date	01-Apr-2024
Project Summary	Procurement of the Waste and Street Cleansing contract.						
Latest Update	04-Jun-2024 Evaluation and moderation of bids is almost complete. The assignment of the Letchworth depot leases has not yet completed. Contract award will be delayed until the depot is secured.						
Milestone		Due Date	Complete	Note			
Invitation to submit final tenders and receipt of ISFT responses.		25-Mar-2024	Yes	Final tenders went out on 28 February 2024 and the deadline for responses is now 25 March 2024.			
Evaluation of final tenders and production of Evaluation Report.		01-May-2024	No	Due date to change to 17 June 2024 to reflect the need to clarify some details in the tender responses. Final clarifications currently being evaluated and moderated.			
Project Board sign off of Evaluation Report and award recommendation.		01-Jul-2024	No	Scheduled for 21 June 2024.			
Executive and Cabinet approval.		19-Jul-2024	No	Cabinet meeting scheduled for 9 July 2024.			



Contract award.			01-Aug-2024	No					
Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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 currently in consultation). - Costs are over budget. - Delays to mobilisation lead to insufficient preparation and planning time, leading to mobilisation challenges and inability to secure new fleet for Day 1.		9	9	6					


Page 32 Project Summary Latest Update	Waste Depots		Due Date	01-May-2025	Progress	<div>0%</div>	Original Date	01-May-2025			
	Securing fit for purpose depot solutions for the future of waste and street cleansing services.										
	12-Mar-2024 Draft leases for the Works Road depot site for the waste and recycling contract from May 2025 have been issued to bidders. Negotiations are progressing on the assignment of the existing lease to the Council. It is anticipated that this will be assigned by the end of March 2024. It is unlikely that we can get a new contract signed without securing use of the depot. Once secured, the site will require upgrades to ensure it is fit for purpose and can deliver, in particular the needs of the contractor in relation to charging infrastructure for electric fleet. We continue to consider options and assess when there is an absolute need for a new waste depot, and the proposal for 2024/25 is to remove this element from the Council Delivery Plan until we have a viable plan in place. Risk level still assessed as high, due to the availability of a suitable depot for the new contract not being secured yet and the associated delay in beginning work to ensure it is fit for purpose for the start of the contract.										
Milestone			Due Date	Complete	Note						
Review of new depot project costs.			01-Mar-2024	No	Consultant to be procured. Proposal is to remove the new waste depot element from the 2024/25 Council Delivery Plan until we have a viable plan in place.						
Assignment of Letchworth depot lease.			31-Mar-2024	No	Due date to change to 19 July 2024. Depot assignment still not complete. Draft leases issued to bidders. Negotiations progressing on the assignment of the existing lease to the Council. Unlikely that we can get a contract signed without securing use of the depot.						
Procurement of EV charging infrastructure.			01-Nov-2024	No	Feasibility report has been updated. Have used tender submissions to start to determine likely charging requirements. Discussions will progress once the waste contractor has been confirmed. Property services will lead on the project with waste team support.						
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators		Status	Trend	Value	Target
Risks: - Existing depot not fit for purpose. - Unable to secure existing depots in short/medium-term.		<div></div>	9	9	5						




<ul style="list-style-type: none"> <li>- Funding not available for EV charging.</li> <li>- Fuel tank not fit for purpose/available for HVO.</li> <li>- Planning permission refused for Buntingford depot, shared space impacts leading to depot not being fit for purpose.</li> <li>- EA change permitting requirements making Buntingford not fit for purpose.</li> <li>- Capital works money not available.</li> <li>- Business case and planning permission not approved for new depot.</li> <li>- Staff capacity not available to deliver related projects.</li> </ul>									
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--	--	--	--	--	--	--


	Work with relevant partners to prevent and relieve homelessness whenever possible		Due Date	30-Jun-2024	Progress	<div><div>83%</div></div>	Original Date	31-Mar-2024		
Project Summary	Work with relevant partners to prevent homelessness at the earliest stage and develop additional accommodation options that help to relieve homelessness whenever possible.									
Latest Update	07-May-2024 All milestones for 2023/24 have been completed (including the adoption of a new Housing Strategy), apart from the development of a temporary accommodation forecasting model. This is due to be undertaken shortly, as part of a review of temporary accommodation needs over the mid/long term. Although we have implemented a number of initiatives to help us manage the risks associated with increasing levels of homelessness, the overall risk level continues to be assessed as high. This project will not be included in the Council Delivery Plan for 2024/25, as working with relevant partners to prevent and relieve homelessness whenever possible is an ongoing, business-as-usual activity. However, the risk entry will be retained on the Risk Register, as there remains uncertainty regarding demand for housing services and options available to accommodate/support these needs.									
Milestone			Due Date	Complete	Note					
Develop and adopt new five-year Housing Strategy.			31-Mar-2024	Yes	Housing Strategy was adopted by the Cabinet in March 2024 and includes Homelessness and Rough Sleeping Strategy, as well as the Tenancy Strategy.					
Develop Single Homeless Pathway Plan.			31-Mar-2024	Yes	Actions underway as part of Strategy action plan for Year 1, including SHAP, a supported housing project for women and existing services provided by One YMCA and Keystage Housing.					
Develop temporary accommodation forecasting model.			31-Mar-2024	No	Due date to change to 30 June 2024. This will be undertaken shortly, as part of a review of temporary accommodation needs over the mid/long term.					
Update Common Housing Allocation Scheme.			31-Mar-2024	Yes	The updated CHAS has been approved by Cabinet with implementation over the coming months.					
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.			8	8	5	Number of households living in temporary accommodation			109	N/A Data Only


	Churchgate	Due Date	31-May-2024	Progress	<div><div>81%</div></div>	Original Date	31-Mar-2023			
Project Summary	Actions in 2023/24 to progress the long-term regeneration of the shopping centre and surrounding areas.									
Latest Update	08-May-2024 David Leonard Designs have been appointed to assist the project team in preparing the Investment Prospectus for the UKREiiF event being held between 21-23 May 2024. This event will bring together the public sector, Government, investors, funders, developers and more, and will enable us to highlight opportunities relating to the project and to potentially facilitate new relationships to drive the regeneration forward. We will be publicising further information on the regeneration prior to the UKREiiF event to inform the public and stakeholders of the latest position and we are currently finalising the related engagement plan with our consultant and communications team. Following the UKREiiF event, we will also be consulting with the public and stakeholders. As previously reported, a permanent in-person hub remains on hold until further notice and is now likely to be established later in the project when specific options have been developed. In the meantime, ongoing communication is via the digital hub. Risk level still assessed as high, as we are still in the initial stages and have yet to determine the best way to regenerate the area and achieve objectives. Progress and areas of concern continue to be monitored via regular Project Board meetings. Following the UKREiiF event, further milestones will be developed for the 2024/25 Council Delivery Plan.									
Milestone			Due Date	Complete	Note					
Appointment of specialist support for the masterplan process.			16-Feb-2024	Yes	David Leonard Designs were appointed by LSH to assist the project team in preparing the Investment Prospectus.					
Investment prospectus presented at UKREiiF event.			23-May-2024	Yes						
Page 34	Open in-person project hub. (On Hold)		31-May-2024	No	The permanent in-person hub is on hold until further notice and we are not able to propose a revised due date at this time. We are now discussing the best ways to engage with stakeholders with our consultant, including the need for and timing of pop-up hubs in the early stages of the project. We now expect the permanent in-person hub to be established later into the project when we have completed further work to develop specific options. In the meantime, ongoing communication will be via the digital hub.					
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.			9	8	6					



	Digital Transformation	Due Date	31-Dec-2024	Progress	<div><div>33%</div></div>	Original Date	31-Dec-2024
Project Summary	To invest in and develop a low code digital platform that can be used to transform our services and applications. The programme will span a number of years, but this Council Delivery Plan project only focuses on key activities during the next 12 months.						
Latest Update	01-May-2024 Cabinet adopted the new Digital Strategy on 6 February 2024. We launched our new CRM system, Connect_CRM, on 19 February 2024. We completed initial scoping for replacing the current in-house burials access database and are now awaiting a Strategic Oversight Group decision in mid-May 2024. If we decide to provide a solution using the new digital platform, key milestones and dates will be confirmed in the 2024/25 Council Delivery Plan. We are on track to deliver a replacement booking system for Hitchin Town Hall by September 2024. We are due to start work on waste services processes in June 2024, although the precise timing of activities relating to the integration with the new contractors' software can only be confirmed once the new waste contract has been awarded. Risks relating to available resources have reduced with the introduction of a Digital Services team, although these resources have only currently been secured in the short-term.						



Milestone			Due Date	Complete	Note							
Development of a new Customer Relationship Management System (CRM) and customer portal.			04-Mar-2024	Yes	CRM build was mostly completed in December 2023, with a few minor tasks carried into January 2024. January and February 2024 used for final user testing and training.							
Develop a Digital Strategy.			31-Mar-2024	Yes	The new Digital Strategy (2024-2027) was adopted by Cabinet on 6 February 2024.							
Scope and investigate replacement of Burials system.			30-Jun-2024	No	Initial scoping for the replacement of the current in-house database completed. Currently awaiting a decision by the Strategic Oversight Group on whether this should be provided using the new digital platform. Decision expected mid-May 2024.							
Hitchin Town Hall booking system developed.			30-Sep-2024	No	On track to deliver a replacement booking system by September 2024.							
Integrate Netcall into Microsoft Azure for wider integration capabilities.			30-Sep-2024	No	Needed for wider integration.							
Commence development of waste services processes and preparations for integration with new contractors' software.			01-Oct-2024	No	Due to start work on waste services processes in June 2024. Although initial preparations for integrating with the new contractors' software will commence soon after, there will remain uncertainty on precise timings until the new contract has been awarded.							
Risks			Risk Level	Original Score	Current Score	Target Score	Performance Indicators		Status	Trend	Value	Target
1. Resources within key teams available to deliver. 2. Unexpected limitations within new digital platform. 3. Unexpected delays or limitations relating to the new waste contract/contractor.				6	6	1						

1 page 35

01		Enterprise Strategy	Due Date	30-Sep-2024	Progress	<div><div>25%</div></div>	Original Date	16-Jan-2024
Project Summary	Development and approval of an Enterprise Strategy, incorporating Commercial, Economic Development and Tourism.							
Latest Update	03-May-2024 On track to present the draft Strategy to Leadership Team and PLB by the end of May 2024. The Local Enterprise Partnership continue to assist us with the preparation of the Economic Development and Tourism elements, while the Enterprise Team are finalising the Commercial element. Due to the likely scheduling of committee meetings and associated reporting deadlines, still anticipate that the Strategy will go to Cabinet for adoption in September 2024. Officers continue to provide regular updates to the Executive Member. Due to the progress being made, the project continues to be assessed as low risk. This item will not be included in the 2024/25 Council Delivery Plan, although significant actions in the approved Strategy could be considered for inclusion at a later date.							
Milestone			Due Date	Complete	Note			
First draft prepared for comment – Leadership Team/Exec Members.			31-May-2024	No	Target date reflects the timetable agreed with the LEP and the revised timetable for presenting the draft Strategy to Leadership Team and PLB, prior to Cabinet adoption.			
Present Strategy to Leadership Team/PLB.			31-May-2024	No	Draft Strategy to be reviewed/amended in line with feedback from Leadership Team and Executive Members. See above milestone.			
Present Strategy to Cabinet for adoption.			30-Sep-2024	No	As the draft Strategy will now be finalised after the May 2024 local elections, it is unlikely that Cabinet will have opportunity to adopt the Strategy until September 2024 due to the likely scheduling of committee meetings in 2024/25 and the associated reporting deadlines.			



Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.		2	1	1					

	Financial Sustainability/Balancing our Budget		Due Date	30-Sep-2025	Progress	<div><div>83%</div></div>	Original Date	28-Feb-2023			
Project Summary	To deliver a medium term balanced budget for the Council that reflects Council priorities.										
Latest Update	30-Apr-2024 Council approved the 2024/25 budget at the end of February 2024. Budget Hub was launched at the end of March 2024. The Budget Hub will be used to raise awareness of how the Council sets its budgets and get views on priorities for funding. For the 2024/25 Council Delivery Plan, this project will be replaced by one focused on budget consultation. Financial sustainability will remain as a significant corporate risk.										
Milestone			Due Date	Complete	Note						
Budget for 2024/25 approved by Council.			29-Feb-2024	Yes							
Communications on how the Council sets its 2024/25 budget.			29-Feb-2024	Yes	Developed a communications plan to align with the budget agreed by Council at the end of February 2024. This has now been extended into a longer-term plan through the budget cycle to set the 2025/26 budget.						
Respond to expected consultation on funding reform.			30-Sep-2025	No	Not now expected to have consultation until at least summer 2025, as will be after the General Election.						
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators		Status	Trend	Value	Target
1. Funding reductions as a result of new funding formula. 2. Sales, fees, and charges income shortfalls, either due to rates not tracking inflation and/or reductions in demand. 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. 5. Uncertainty over levels of pay inflation required.			9	9	5						



	Master Planning	Due Date	30-Nov-2024	Progress	<div><div>44%</div></div>	Original Date	31-Mar-2023			
Project Summary	Secure funding for Master Plans. Develop Master Plans and seek adoption. Focus is on 6 Strategic sites (approximately 8,500 homes in total) that account for the majority of homes, although there are 12 other sites (approximately 2,500 additional homes) presently captured by masterplan policy requirements.									
Latest Update	05-Jun-2024 The Strategic Masterplans for LG1 North of Letchworth (Local Plan Policy SP15) and NS1 North of Stevenage (Local Plan Policy SP16) are scheduled to be presented to Full Council on 11 July 2024 subject to a positive recommendation by the internal Planning Project Board in June 2024 and referral by Cabinet on 9 July 2024. Remaining dates have been profiled based on committee schedule and project progress and following the appointment of a new Executive Member for Planning & Transport and the calling of the General Election for 4 July 2024.									
	30-Apr-2024 As with the last update, progress remains ongoing with these projects but without further milestones identified in this action being reached. In addition to the sites referenced in the previous update (North of Stevenage, Baldock, Letchworth and East of Luton), the draft masterplan for the GA2 site at Great Ashby is due to be consulted upon in the second half of May 2024. It is expected that formal decisions will be presented to councillors in Summer/Autumn 2024. A senior professional post has now been filled on a fixed-term basis for an initial 18 months, which has provided additional capacity on these projects. This item will not be included in the 2024/25 Council Delivery Plan, as progress is dependent on third parties and NHC activities are considered business-as-usual. Strategic oversight will continue via the Project Board and Strategic Planning Matters reports to Cabinet.									
Milestone			Due Date	Complete	Note					
Approval of pre-application Strategic Masterplan for Baldock sites (Local Plan Policies SP14, BA2, BA3 & BA10).			30-Jun-2024	No	Revised due date estimated as 30 November 2024 based upon current project progress and committee schedule. Pre-application masterplan being prepared under PPA. Public consultation carried out on the proposed draft masterplan in November/December 2023. Work is ongoing to finalise the masterplan for presentation later in the year.					
Approval of pre-application Strategic Masterplan for GA2 North-east of Great Ashby (Local Plan Policy SP18).			30-Jun-2024	No	Revised due date estimated as 30 September 2024 based upon current project progress and committee schedule. See update dated 30 April 2024.					
Approval of pre-application Strategic Masterplan for LG1 North of Letchworth (Local Plan Policy SP15).			30-Jun-2024	No	Due date to change to 11 July 2024. Pre-application masterplan being prepared under PPA. Public consultation on emerging proposals held November/December 2023 with further public consultation on the draft masterplan undertaken in March 2024. Due to be presented to Full Council in July 2024.					
Approval of pre-application Strategic Masterplan for NS1 North of Stevenage (Local Plan Policy SP16).			30-Jun-2024	No	Due date to change to 11 July 2024. An outline planning application was submitted in December 2023. Work to finalise the masterplan, which will be considered separately to the application, is ongoing and due to be presented to Full Council in July 2024.					
Approval of Strategic Masterplan for EL123 East of Luton (Local Plan Policy SP19).			30-Jun-2024	No	Revised due date estimated as 30 September 2024 based upon current project progress and committee schedule. Allocation-wide masterplan being prepared under PPA. Public consultation took place in January and February 2024.					
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.			5	5	3					


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.									
------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--	--	--	--	--	--	--	--


Page 38

	Pursue commercial leasing opportunity for Royston Town Hall Annexe	Due Date	30-Jun-2024	Progress	<div><div>60%</div></div>	Original Date	31-May-2023			
Project Summary	In this year, to progress negotiations with HCC regarding the acquisition of vehicular access rights over their land and to maintain ongoing dialogue with interested party whilst seeking to acquire access rights.									
Latest Update	07-May-2024 As of 30 April 2024, the access situation has been looked at, but further investigations need to be carried out as it appears this has been the subject of investigation going back a number of years without any breakthrough. The interest from the adjoining Health Centre has been discussed with the tenant of that property but the new building they require is too large to be accommodated on the land available. Any other interest depends on access being available. We are still waiting for HCC's agents to engage, which should happen shortly as the lease of the car park in King James Way is up for renewal. HCC have appointed agents to deal with the matter, but we have only had an initial email from them advising of this. Given the complications of the site, project to be removed from the Council Delivery Plan for 2024/25 whilst we continue work and engagement with others and until a clear way forward has been determined.									
Milestone		Due Date	Complete	Note						
Commencement of negotiations with HCC regarding the acquisition of vehicular access rights over their land from the public highway.		14-Feb-2024	Yes	Following completion of a review of our freehold interest at the location to understand whether access rights are in fact needed from HCC, it was discovered that rights are needed over the car park unless the access from Melbourn Street can be opened (currently blocked by bollards). Still waiting for HCC agents to engage. From looking at the information on file the access situation has been an issue going back several years and there appears to be no quick and easy way to resolve the situation.						
Completion of negotiations with HCC regarding the acquisition of vehicular access rights over their land and arrangements formalised.		30-Jun-2024	No	Due date to be confirmed. Progress dependent on HCC's willingness to engage with us. Project (and milestones) to be removed from the Council Delivery Plan for 2024/25 whilst we continue work and engagement with others and until a clear way forward has been determined.						
Maintain ongoing dialogue with interested party whilst seeking to acquire access rights from HCC.		30-Jun-2024	No	Ongoing. Project (and milestones) to be removed from the Council Delivery Plan for 2024/25 whilst we continue work and engagement with others and until a clear way forward has been determined.						
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.			5	5	3					



Page 39


	Town Centre Recovery	Due Date	31-Oct-2024	Progress	<div><div>83%</div></div>	Original Date	31-Mar-2023			
Project Summary	Experimental Traffic Regulation Orders in Hitchin and Royston town centres to be made permanent. Facilitate work with key stakeholders to develop and implement formal recovery/improvement programmes for each town utilising available Shared Prosperity Fund funding.									
Latest Update	18-Apr-2024 The Shared Prosperity Fund (SPF) has continued through to the end of 2023/24 with relatively little town activity as the BIDs were preoccupied with their renewal ballots. Royston has completed the painting and refurbishment of the street furniture in the town centre and the Letchworth Recovery Plan is pretty much complete. This ties in with the new branding and marketing plan for LGC and the relaunch of the BID. A development plan for Baldock is next, followed by Royston. These should be simpler than the LGC task, although we may have to extend the October 2024 deadline a little for complete delivery of both plans. The Baldock Traders Group still needs to pull together to form a formal entity with officers of some sort if we are to progress to giving them funding. This will be addressed during Q1 2024/25. We are also consulting as to whether the seats in the town should be replaced like for like or whether more maintenance free styles should be considered. Either option is likely to be funded by the SPF. The first two years of SPF funding was relatively small and has now been totally allocated and largely distributed. Cabinet approved 2024/25 SPF allocations on 19 March 2024 and we will be asking for further projects shortly. The funding has been widened to include proposals from Parishes and Community Groups, with £210k available for this and £90k reserved for Town Centres.									
Milestone			Due Date	Complete	Note					
Detailed town centre programmes produced by each of the four towns.			31-Oct-2024	No	As previously reported via the Q3 2023/24 Council Delivery Plan monitoring report - NHC is assisting Letchworth, Baldock and Royston to develop Town Centre Programmes via People and Places. The Letchworth programme is close to completion, and the Baldock and Royston programmes are due to be completed by October 2024. Understand Hitchin already have a programme in place via the Hitchin Initiative/BID.					
Page 39	Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
	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.		3	1	1					

	Town Centre Strategies	Due Date	30-Sep-2024	Progress	<div><div>40%</div></div>	Original Date	31-Jan-2023
Project Summary	Progress development of overarching Town Centre Strategy and individual Town Centre Strategic Masterplans.						
Latest Update	02-May-2024 A survey of stakeholders was undertaken in February-March 2024. Consultants due to present an initial report on the evidence base by mid-May 2024, with a stakeholder workshop to review findings planned for June 2024. The need for possible further refinements following this workshop means that the evidence base is now likely to be completed in July 2024. Engagement will take place with members in the summer as officers still anticipate presenting a draft Town Centre Strategy to Cabinet in September 2024, with formal consultation following in October 2024. Therefore, formal adoption by Cabinet/Council is now likely to be in January 2025. Although work has already commenced on preparations for the Letchworth Town Centre strategic masterplan, this will not be approved until the wider strategic approach has been agreed. Details of key activities following the September 2024 Cabinet meeting will be reported via the 2024/25 Council Delivery Plan.						
Milestone			Due Date	Complete	Note		
Undertake work to complete evidence base and prepare draft Strategy.			30-Jun-2024	No	Due date to change to 31 July 2024. Consultants due to present an initial report on the evidence base by mid-May 2024, with a stakeholder workshop to review findings planned for June 2024. The need for possible further refinements following this workshop means that the evidence base is now likely to be completed in July 2024 informing the work on the preparation of the draft Town Centre Strategy.		


Present details of draft Strategy to Cabinet, along with a scoping report to agree overall project plan for progressing individual Town Centre strategic masterplans.			30-Sep-2024	No	Still anticipate presenting a draft Town Centre Strategy to Cabinet in September 2024, with formal consultation following in October 2024.				
Finalise plans for approving the Letchworth Town Centre strategic masterplan, following presentation of Cabinet report.			30-Sep-2024	No	Aligns with Cabinet report milestone. Work has already commenced on preparations for the Letchworth Town Centre strategic masterplan, but this will not be approved until the wider strategic approach and a more detailed work programme has been agreed.				
Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.		5	5	1					


Page 10


	Cycling Network	Due Date	31-Mar-2024	Progress	<div><div>100%</div></div>	Original Date	31-Mar-2023			
Project Summary	Working with HCC as they develop a Local Cycling & Walking Infrastructure Plan (LCWIP) and Hertfordshire Active Travel Strategy. Work in partnership with HCC to develop plans/projects for progressing cycling opportunities within North Herts.									
Latest Update	02-May-2024 HCC adopted its Hertfordshire Active Travel Strategy on 18 March 2024. Project to be removed from the 2024/25 Council Delivery Plan. HCC is responsible for leading on and delivering associated projects. We continue to direct officer effort at seeking funding to assist with the design and delivery of schemes outlined in the LCWIP, and to work effectively in partnership with HCC to help identify, fund, and deliver the best schemes for North Herts.									
Milestone		Due Date	Complete	Note						
HCC adopt Hertfordshire Active Travel Strategy.		29-Feb-2024	Yes	Adopted on 18 March 2024. Delay in adoption was out of NHC control.						
Further milestones dependent on adoption of LCWIP and Hertfordshire Active Travel Strategy.		31-Mar-2024	Yes	Project to be removed from the 2024/25 Council Delivery Plan. HCC is responsible for delivering specific projects, working in partnership with NHC.						
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.			3	1	1					

	<b>Health Inequalities</b>	<b>Due Date</b>	30-Apr-2024	<b>Progress</b>	<div><div>100%</div></div>	<b>Original Date</b>	31-Mar-2023
<b>Project Summary</b>	Deliver projects to address health inequalities using approved funding for 2023/24. Following confirmation of HCC funding arrangements for 2024/25, agree delivery plans for 2024/25 projects (delivery plans to be agreed by end of March 2024).						







<b>Latest Update</b>	01-May-2024 HCC approved plans for 2024/25 on 30 April 2024. Certainty regarding 2024/25 funding arrangements and plans mean the short-term risk level associated with the delivery of projects and support services is low. However, there is less certainty regarding funding and the level of service provision possible in later years.								
<b>Milestone</b>	<b>Due Date</b>	<b>Complete</b>	<b>Note</b>						
Royston Men's Club – January 2024 course.	31-Jan-2024	Yes	Course began late January 2024 and was fully booked, with 10 participants.						
Letchworth Horticultural Therapy.	31-Mar-2024	Yes	35 placements were delivered during 2023/24. 14 of these were provided via the £5K funded by NHC.						
Review 2023/24 projects and submit proposed annual delivery plan for 2024/25 projects to HCC.	31-Mar-2024	Yes	Meeting with HCC held on 30 April 2024. Plans for 2024/25 approved, subject to HCC seeing services agreements with the providers. NHC proposals were submitted within requested timeframes and the delay finalising and agreeing 2024/25 plans rests with HCC.						
Royston Emotional Wellbeing project.	31-Mar-2024	Yes	Two support groups continued to meet every week throughout 2023/24. Funding has been agreed for the project to continue in 2024/25.						
<b>Risks</b>	<b>Risk Level</b>	<b>Original Score</b>	<b>Current Score</b>	<b>Target Score</b>	<b>Performance Indicators</b>	<b>Status</b>	<b>Trend</b>	<b>Value</b>	<b>Target</b>
Risks - Inability to achieve funding for future years. - Delays in achieving funding. - Restrictive funding terms. - Staff shortages/competing priorities. Leading to: - Cessation of current projects/services. - Delays in achieving outcomes. - Limited scope of projects. - Limited progress with pursuing funding opportunities/delivering projects.		7	3	3					

	<b>Investigate Options for Solar PV on Leisure Centres</b>	<b>Due Date</b>	31-Mar-2024	<b>Progress</b>	<div>100%</div>	<b>Original Date</b>	31-Mar-2024
<b>Project Summary</b>	To determine the feasibility of installing solar PV at the three main leisure facilities. Following a decision on our Public Sector Decarbonisation Scheme grant application, installation is likely to be scheduled during a two-year period commencing April 2024, as part of delivering a wider project to install a variety of energy efficiency measures at our leisure facilities to improve their carbon footprint.						
<b>Latest Update</b>	17-Apr-2024 Public Sector Decarbonisation Scheme funding secured, along with additional Capital funding, to install a variety of energy efficiency measures at our leisure facilities to improve their carbon footprint. This wider project, which is in the process of being set up, will include the installation of solar PV. The Council Delivery Plan for 2024/25 will include a new item detailing the key milestones and risks associated with the wider decarbonisation project. As such, this Council Delivery Plan action has been completed, as all previously reported milestones due in 2023/24 have been completed. The associated risk entry will be archived following presentation of the 2023/24 year-end monitoring report to relevant committees, as the management of key risks relating to the installation of solar PV at our leisure facilities (currently being considered and assessed) will now be recorded via the new 2024/25 Council Delivery Plan item.						
<b>Milestone</b>	<b>Due Date</b>	<b>Complete</b>	<b>Note</b>				
Decision received on our Public Sector Decarbonisation Scheme grant application.	31-Mar-2024	Yes	Funding secured in February 2024.				



Risks	Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
Risks: - Design specification identifies significant issues. - Tender returns over budget. - Delays to project plan.		5	5	3					

Page 42





















	Leisure Contract Procurement		Due Date	01-Apr-2024	Progress	<div><div>100%</div></div>	Original Date	01-Apr-2024		
Project Summary	Procurement of leisure management contracts. Current contracts end on 31 March 2024. Includes development of strategies and procurement processes.									
Latest Update	24-Apr-2024 Procurement completed successfully. New contract with Sport and Leisure Management (SLM) trading under the brand name Everyone Active commenced on 1 April 2024. The new contract has secured a business case for further investment into facilities and will improve the management fee received despite broadening the scope of services to include a new Active Communities Programme. Everyone Active commenced management of facilities on 1 April 2024 and provided additional support on site to support the transition and new operational processes. Following early feedback, we worked in partnership with Everyone Active to respond to users and increase communication regarding use of the new app and booking system to clarify how they work and the benefits they bring. This is an ongoing activity, and the early level of user contact is now settling down. As the new contract is mobilised, this Council Delivery Plan project is complete. Residual risks around day-to-day contract delivery will continue to be recorded on the Risk Register via a service risk entry.									
Milestone			Due Date	Complete	Note					
Finalise Contract Award.			02-Jan-2024	Yes	Completed.					
Mobilisation period - 3 January 2024 to 31 March 2024.			31-Mar-2024	Yes	Mobilisation period commenced on 3 January 2024.					
Start of new contract.			01-Apr-2024	Yes						
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
Risks: - In-house staff capacity to deliver procurement on time. (No longer applicable.) - Limited flexibility in project plan leaves little room for manoeuvre if key milestone dates are not met. (No longer applicable.) - Poor quality specification will impact contract delivery. (No longer considered a risk in view of specification produced.) - Lack of responses to tender. (No longer applicable.) - Low value bids from respondents. (No longer applicable.) - Awarding contract to new supplier could lead to mobilisation/operational issues at handover.			5	3	3					





	Playground Renovation Programme		Due Date	31-May-2024	Progress	<div><div>100%</div></div>	Original Date	31-Mar-2024		
Project Summary	Progress playground renovation projects, as per the Greenspace Strategy. Two identified projects for 2023/24 (budget £180K).									
Latest Update	28-May-2024 Improvements at Serby Avenue Recreation Ground completed April 2024. Renovation of playground at Bancroft Recreation Ground completed May 2024.									
Milestone			Due Date	Complete	Note					
Complete renovation of the playground at Bancroft Recreation Ground.			31-Mar-2024	Yes	Completed in May 2024.					
Complete replacement of one piece of equipment and associated surfacing at Serby Avenue Recreation Ground.			31-Mar-2024	Yes	Project completed at the end of April 2024.					
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
Risks: - Budget insufficient to deliver project following appropriate public consultation. - Supply issues linked to materials/equipment. Leading to: - Planned playground renovations being revised/delayed.			3	1	1					

Page 44

	Shared Prosperity Fund	Due Date	30-Apr-2024	Progress	<div><div>100%</div></div>	Original Date	31-Mar-2023			
Project Summary	Deliver projects to support the aims of the Shared Prosperity Fund, as agreed with Government.									
Latest Update	25-Apr-2024 Update on producing town centre programmes and related SPF funding provided via the Town Centre Recovery update. Cabinet approved 2024/25 SPF allocations on 19 March 2024. This included widening the funding to include proposals from Parishes and Community Groups, with £210k available for this. A further £90k is reserved exclusively for town centre improvements. Funding has also been made available to part-fund a Solar for Business pilot project, through which the Council will supply and install solar panels to selected businesses in North Herts. The SPF contribution will cover start-up costs and provide initial capital investment. This general SPF Council Delivery Plan item will not be carried forward into the 2024/25 Council Delivery Plan, although specific significant projects will be considered for inclusion. Installation of outdoor fitness equipment in Hitchin and Letchworth was completed and opened to the public in mid-April 2024.									
Milestone		Due Date	Complete	Note						
Approve BIDs (and other town centre stakeholder groups) programmes for use of 2023/24 town centre improvement funding.		31-Mar-2024	Yes	All 2023/24 towns funding has been allocated to projects.						
Provide 2023/24 allocation of funding for town centre improvements.		31-Mar-2024	Yes	All 2023/24 towns funding has been allocated to projects and payments have been made for the majority of these. One project has been held up, as we are waiting on statutory consultation to spend the money.						
Installation of outdoor fitness equipment in Hitchin.		30-Apr-2024	Yes	Project completed and opened for public use on 16 April 2024.						
Installation of outdoor fitness equipment in Letchworth.		30-Apr-2024	Yes	Project completed and opened for public use on 16 April 2024.						
Risks		Risk Level	Original Score	Current Score	Target Score	Performance Indicators	Status	Trend	Value	Target
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.			5	5	3					

## Risks and PIs Not Linked to Specific Projects

Risks	Risk Level	Original Score	Current Score	Target Score
<b>Resourcing</b> 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 shortage of staff and other resources may affect our ability to respond, even if money is available. Significant difficulties in being able to recruit and retain roles in some key areas.		8	9	2
<b>Cyber Risks</b> 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.		8	8	8
Performance Indicators	Status	Trend	Value	Target
Percentage of NNDR collected in year			97.51%	93%
Percentage of council tax collected in year			97.9%	95%
Museum general admittance visitor numbers			30,910	27,500
Miles driven by NHC full electric vehicles			104,300	55,000
Hitchin Town Hall income			£269,543*	N/A Data Only
Value of sales at Bancroft Cafe Kiosk			£21,603	N/A Data Only
Percentage of raised sales invoices due for payment that have been paid			97.16%	97%
Percentage of payments received that were paid by electronic methods			99.4%	99.3%
Kg residual waste per household			334kg*	350kg

Percentage of household waste sent for reuse, recycling and composting			57.11%*	56.5%
Electricity and gas energy consumption (kWh) - 100% of reported energy consumption is from green energy sources			2,061,598	2,416,439

\* Reported data is only provisional and still needs to be finalised.

<b>CABINET</b> <b>25 June 2024</b>
---------------------------------------

<b>*PART 1 – PUBLIC DOCUMENT</b>
----------------------------------

**TITLE OF REPORT: ANNUAL 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. The review is referred on to Cabinet and Council to ensure that there is effective oversight of the governance arrangements that are in place.

**2. RECOMMENDATIONS**

- 2.1. That Cabinet notes this report and refers it on to Full Council.

**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 alternative options that are applicable.

**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), the Chair of Finance, Audit and Risk Committee and the Chair of Overview and Scrutiny are all invited to RPMG, as well as key Officers.. Lead Officers discuss risks with the relevant Executive Member.

**6. FORWARD PLAN**

- 6.1 This report does not contain a recommendation on a key Executive decision. It was referred to on the Forward Plan dated 28 March 2024, as it may have been necessary to make a recommendation (e.g. changes to our risk framework) that could have been a key Executive decision.

## **7. BACKGROUND**

- 7.1 In March 2022, Cabinet agreed that risks impacting on the delivery of the Council Plan and linked projects would be reported to the Overview and Scrutiny (O&S) Committee, along with details of projects and associated performance indicators. This forms part of the now established process in relation to the Council Delivery Plan, along with performance monitoring arrangements. This Committee will focus on its role (as set out in the Constitution) of “monitor[ing] the effective development and operation of risk management”. To achieve this, the Committee receives a mid-year (in December) and end of year (in June) report. The June report will focus on the Annual Report of Risk Management, which will also go to Full Council.
- 7.2 The Executive Member for Finance and IT in their role as the Member Risk Management Champion was a regular attendee at the quarterly RPMG meetings. The items discussed at these meetings informed the content of the committee reports.
- 7.3 The RPMG is chaired by the Service Director – Resources, the Officer Champion for Risk Management, who is responsible for the risk management function at a strategic and operational level. This function is delivered by the Controls, Risk and Performance Manager and the Performance and Risk Officer, including the provision of training and support to Officers and Members. The terms of reference for the group were reviewed in May 2024 and are included as Appendix A. The change reflects that Service Directors will now all attend the RPMG on a cyclical basis.
- 7.4 Hertfordshire County Council (HCC) delivers the Council’s insurance services and their Risk and Insurance Manager attends RPMG meetings. This enables the Council to obtain an insight into emerging risks and issues at both HCC and other Hertfordshire local authorities. The SIAS Client Audit Executive also attends RPMG meetings, helping to inform the group’s understanding of wider risk issues.
- 7.2 These reports provide a wider commentary on Risk, the broader risks and mitigations, and to provide assurance that risk governance arrangements are working, and that effective risk management processes are in place.

## **8. RELEVANT CONSIDERATIONS**

### **8.1 RISK MANAGEMENT GOVERNANCE**

- 8.1.1 The Councils 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 further actions required 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 them 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 The Corporate Risks are the responsibility of the Leadership Team and Cabinet, with Cabinet ensuring the risks are managed appropriately and proportionately. These key risks are those that cut across the delivery of all services, related to key projects or could significantly affect the delivery of Council objectives. They are likely to require a high level of resources to manage and needed to be monitored at a strategic level.

8.2.2 The reporting of Corporate Risks to Cabinet via the half yearly FAR Committee report and the Quarterly O&S Council Delivery Plan updates, allows details of the top risks facing the Council and how we were managing them to be approved and monitored accordingly.

8.2.3 At the start of the 2023-24 year there was a risk assessment in place for each of the projects in the Council Delivery Plan. There was also an over-arching risk in relation to staff resource. Of these, 7 were rated as high (red), including the staff resourcing risk. Each risk has been assessed on IdeaGen, and shows an initial risk score, current risk score and a target risk score. The controls and mitigating actions column, sets out how officers are proposing to either reach the target risk score, or maintain the existing risk score, if it has been decided the risk cannot be managed any lower. It should therefore be noted that some risks have been managed as low as possible and the residual risk must therefore be accepted.

8.2.4 The following diagram highlights the definitions of likelihood and impact used in the Risk Management Framework.

<b>4 Likelihood High (3)</b> <b>Impact Low (1)</b> Chance of it happening -More than 60% Consequences - Minor	<b>7 Likelihood High (3)</b> <b>Impact Medium (2)</b> Chance of it happening - More than 60% Consequences - Noticeable effect on the Council	<b>9 Likelihood High (3)</b> <b>Impact High (3)</b> Chance of it happening - More than 60% Consequences - Significant impact on the Council
<b>2 Likelihood Medium (2)</b> <b>Impact Low (1)</b> Chance of it happening – between 20 – 60% Consequences - Minor	<b>5 Likelihood Medium (2)</b> <b>Impact Medium (2)</b> Chance of it happening – between 20 – 60% Consequences – Noticeable effect on the Council	<b>8 Likelihood Medium (2)</b> <b>Impact High (3)</b> Chance of it happening – between 20 – 60% Consequences – Significant impact on the Council

<b>1 Likelihood Low (1)</b> <b>Impact Low (1)</b> Chance of it happening – less than 20% Consequences - Minor	<b>3 Likelihood Low (1)</b> <b>Impact Medium (2)</b> Chance of it happening – less than 20% Consequences – Noticeable effect on the Council	<b>6 Likelihood Low (1)</b> <b>Impact High (3)</b> Chance of it happening – less than 20% Consequences – Significant impact on the Council
------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------

8.2.5 The year-end Council Delivery Plan monitoring report contained the following risks, which have been plotted on the Corporate Risk Matrix to show a visual risk profile of the Plan:

Likelihood	3 - High	4	7	9 - Financial Sustainability - Resourcing - Waste and Street Cleansing Contract Procurement - Waste Depots
	2 - Medium	2 - Oughtonhead Common Weir	5 - Charnwood House - Local Plan Delivery and Review - Museum Storage - New Ways of Delivering Housing on Council Land - EV Charging in our Car Parks - Solar PV on Leisure Centres - Master Planning - Pursue Commercial Leasing Opportunity for Royston Town Hall Annexe - Shared Prosperity Fund - Town Centre Strategies	8 - Churchgate - Cyber Risks - Increased Levels of Homelessness
	1 - Low	1 - Cycling Network - Empty Homes Strategy - Enterprise Strategy - Finalise Pay on Exit Parking Review - Local Authority Housing Fund - Playground Renovation Programme - Royston LC Solar Thermal - Town Centre Recovery	3 - Health Inequalities - Leisure Contract Procurement	6 - Digital Transformation
		1 - Low	2 - Medium	3 - High
		Impact		

8.2.6 In addition to Corporate Risks, we also document and review service risks. At the end of 2023/24 there were 33 service risks. Nine (9) of these were rated as high (red) risks, 15 as medium (amber) and 9 as low (green) risks. The high rated risks related to:

- Legal Team resources
- Introduction of the Procurement Act 2023 (from Autumn 2024)
- Management of open space in new strategic sites developments
- Sale of recyclable materials
- Increasing groundwater levels at Kimpton
- Delivery of the Waste Collection and Street Cleansing Services contract
- Residual waste transfer arrangements post 2026
- Increased provision of electric vehicle charging on Council premises increasing fire risk
- Implementing a new combined financial management system by the planned August 2024 'go live' date

### 8.3 **Review of Risks**

8.3.1 Risk reviews are scheduled within IdeaGen, (our performance and risk software, previously known as Pentana) and automated reminders are sent to service areas when risks are due to be reviewed, in line with the RMF requirements. Red Risks are reviewed most regularly – every 3 months, with Amber risks every 6 months and Green risks being reviewed at least once a year. Service areas are assisted by the Performance and Risk Officer to ensure that information is captured in line with the RMF.

8.3.2 During 2023/24, all Corporate Risks were reviewed and updated on a quarterly basis, regardless of the assessed risk level. These reviews were undertaken with the Performance and Risk Officer, as part of preparations for the quarterly Council Delivery Plan monitoring reports.

8.3.3 At the end of 2023/24, out of the 33 service risks, 31 were up to date. These risks had been reviewed during the year and had not yet reached their scheduled next review dates. Two risks were overdue for review. The Procurement Act risk was assessed as high risk and had last been reviewed on 19 December 2023. The scheduled review has now been undertaken (on 17 April 2024), with the delay caused by resourcing issues. The management of open space in new strategic site developments was also assessed as high risk and was last reviewed on 28 November 2023. Again, the scheduled review has now been undertaken (on 22 April 2024), with the delay caused by numerous officers having input into the review process and the review not being finalised until all officer contributions had been considered.

### 8.4 **New and Archived Risks**

8.4.1 Archived risks for the year are included as Appendix B. Archived risks are risks which have been managed down to business as usual, as per the RMF, or have been replaced by more relevant risks.

8.4.2 New risks for the year are included as Appendix C. New risks are often linked to new projects or events that take place.

## 8.5 Risk Awareness and Appetite

- 8.5.1 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.
- 8.5.2 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.
- 8.5.3 In December 2023, the Senior Management Group did an exercise on horizon scanning in relation to risks and opportunities. The results of this were reviewed by the RPMG in February. The risks and opportunities included:

### **Risks**

- Impact of General Election
- The role of our Town centres and the location of employment
- Budget cuts
- Policy direction
- Post Brexit-legislation e.g. in relation to Environmental Health
- Staffing retention – use of agency/consultants
- Cyber attacks
- LATCo (Local Authority Trading Company)- their role and governance
- Skills and knowledge
- Retirements – developing new managers
- Climate change- severe weather events
- Future growth
- Council Tax base
- Infrastructure

### **Opportunities**

- Churchgate regeneration
- New skills and new knowledge
- Four-year administration
- Joint partnerships- working together with other Local Authorities

- 8.5.4 The RPMG discussed what we should record on IdeaGen in relation to climate change risks, and agreed it should be linked to the next update to the climate change strategy. It also concluded that none of the others needed to be added to the risk register, but were worth keeping an eye on. It was also considered that it was a useful exercise to do, and should be repeated on a regular basis (at least every year).

- 8.5.5 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.
- 8.5.6 The FAR Committee has a role in monitoring how effectively the Council delivers against its strategic approach to risk appetite.

## **9 Insurance Review**

- 9.1 Hertfordshire County Council continued to handle the Council's insurance arrangements under a shared service arrangement. Due to the contract for Engineering Inspection and Insurance ending on 31 March 2024 a tender exercise was carried out and the contract was retained by Zurich Municipal. All other policies were renewed from 1 April 2024. Due to the rising cost of claims in the insurance market, rates were increased by the liability and motor insurers.
- 9.2 The Council transfers some financial risks to its insurers. Public liability insurance provides the Council with insurance cover for claims made by the public for personal injury and/or property damage. These types of claim are subject to a £10,000 excess that is charged to the responsible service area. Areas that have been subject to a claim are identified and wherever possible, action is taken to prevent future damage to property or personal injury.
- 9.3 As of 31 March 2024, five insurance claims were received from the public relating to the policy year 2023/24. Although claims are made, these are not always successful for the claimant, as payments of compensation are made only when there is a proven legal liability.
- 9.4 The Municipal Mutual Insurance (MMI) Scheme of Arrangement was triggered in 2013 and the Council now pays 25% of any new claims dating back to the period that MMI was the Council's insurer (1974 to 1993). The Council's Financial Risks make provision for any new claims and any further levy demands relating to the period that MMI were the Council's insurers. As at 31 March 2024, there are no outstanding claims with MMI.

## **10 Business Continuity**

- 10.1 Business Continuity Planning (BCP) continues to be a key focus for the Council. The Council has a statutory responsibility under the Civil Contingencies Act to maintain business continuity plans. Our comprehensive structure consists of a number of plans including the main Resilience Plan that provides direction on the Council's corporate response to an emergency/major business disruption and plans at a corporate cross-Council level and operational level.
- 10.2 During 2023, a new Service Continuity Plan template was developed and issued to critical services, as identified from the previous 2022/23 full Business Impact Assessment (BIA) review process. This examined service functions, impacts of service interruption, key risks for consideration, and dependencies. The Council's list includes

17 critical functions, which were agreed by Leadership Team, and these must be prioritised in the event of a major internal business disruption.

- 10.3 These 17 Service Continuity Plans have now been completed and the Resilience Team have been working through these and liaising with managers on any areas that require further information. Following completion of the plans, the BCP training schedule will recommence, including training for staff, and a series of exercises to test the new arrangements e.g., tabletop and discussion-based exercises to test corporate arrangements, and service level exercises during 2024/25.
- 10.4 The review of all Resilience Plans includes taking into account learning from recent exercises, incidents and responses. We have held debriefs for the Baldock industrial estate fire (July 2023) and the DCO Power Outage (Jan 2024), which required Careline to relocate to the Disaster Recovery site. Debrief reports have been produced with actions and recommendations to incorporate into the planning cycle.
- 10.5 There is continual development of procedures for key business interruption risks e.g., national power outage, loss of IT, cyber attacks, and adverse weather.
- 10.6 Every year we support the Business Continuity Institutes (BCI) annual Business Continuity Awareness Week (BCAW) campaign. For May 2024, the theme is 'Business Continuity and Resilience Awareness' and we will once again be utilising this campaign to promote information to staff and the public via various communication channels.
- 10.7 BCP information is available on the Intranet and the Council's website, along with links to additional advice and guidance from HCC and Government.

## **11 Health and Safety**

- 11.1 We were given notice by the supplier of our compliance contract (including health and safety compliance) that they would terminate their contract early. The termination date was the end of February 2024, but an ongoing core service was provided by HTS until new arrangements came fully into place. The contract provides a H&S compliance servicing regime to both Council properties and community centres. To provide greater resilience the new contract into 3 lots. New contractors were appointed following a tender process and this started on 1<sup>st</sup> April 2024. Some parts of the old contract have now been taken up by the community centre managers, the Green Space team and Property Services staff.
- 11.2 A new approach to reviewing legionella risk assessments has been undertaken by Property Services. It has been decided that where the water systems within buildings are currently rated as low risk and have no water due to local isolation (void buildings) or the water system is of simple layout i.e., limited WCs/sinks then the review will be undertaken by in-house staff. If a building is still considered low risk but has a more complex water system i.e., multiple outlets/showers then the review will be put out to our existing contractor.
- 11.3 We are trying to increase the membership of our staff Health and Safety Group. This includes promoting what the Group is about and the benefits of being a part of the

group. This has been through other groups (e.g. Staff Consultation Forum and Leadership Team) and via the intranet.

## 12 Actions for 2023/24

- 12.1 Last year's Annual Report detailed the following key actions for 2023/24 to enhance our Risk Management processes:

Action	Due Date	Comments
Undertake the annual review of Risk Management Framework documentation.	31/12/23	No change required
Update the Risk Management E- Learning Module on Growzone to reflect the updated Strategy	30/09/23	No change required
Develop Member Training on Risk and deliver to key members of FARC and O&S	31/12/23	Finance and risk training made available to all members in June 23. To carry out more detailed training in 24/25.
Continue to refine the new Council Delivery Plan	31/03/24	It has continually evolved and for 24/25 will have a change of approach for performance indicators.

## 13 Actions for 2023/24

- 13.1 The following actions are planned for 2024/25 to help ensure the continued development of risk management:

Action	Due Date
Undertake the annual review of Risk Management Framework documentation.	31/12/24
Assess how well the cyclical attendance of Service Directors at RPMG works	31/12/24
SMG review of emerging risks and opportunities	31/12/24
Training for O&S (also open to other Members) on using IdeaGen	30/09/24
Training for FAR (also open to other Members) on carrying out a risk assessment	30/09/24
Continue to refine the Council Delivery Plan	31/03/25

## 14. LEGAL IMPLICATIONS

- 14.1 Cabinet's Terms of Reference include "To take decisions on resources and priorities, together with other stakeholders and partners in the local community, to deliver and implement the budget and policies decided by the Full Council. To monitor performance and **risk** in respect of the delivery of those policies and priorities" (Constitution 5.7.3).
- 14.2 The Council's Risk Management Framework Strategy document determines that all Councillors should support and promote an effective risk management culture. This report being considered by Full Council contributes towards that culture.

## **15. FINANCIAL IMPLICATIONS**

- 15.1 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 situation.

## **16. RISK IMPLICATIONS**

- 16.1 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.
- 16.2 The Risk and Opportunities Management Strategy requires the Finance Audit and Risk Committee to consider regular reports on the Councils Corporate Risks. Failure to provide the Committee with regular updates would conflict with the agreed Strategy and would mean that this Committee could not provide assurance to Cabinet that the Councils identified Corporate Risks are being managed.

## **17. EQUALITIES IMPLICATIONS**

- 17.1 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.
- 17.2 Reporting on the management of risk provides a means to monitor whether the Council are meeting the stated outcomes of the district priorities, its targets or delivering accessible and appropriate services to the community to meet different people's needs. The risks of NHDC failing in its Public Sector Equality Duty are recorded on the Risk Register. The Councils 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.

## **18. SOCIAL VALUE IMPLICATIONS**

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

## **19. ENVIRONMENTAL IMPLICATIONS**



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

## **20. HUMAN RESOURCE IMPLICATIONS**

20.1 The proposed Resourcing risk highlights the potential impact on staff of taking on new tasks.

## **21. APPENDICES**

22.1. Appendix A: Terms of Reference for RPMG  
Appendix B: Archived risks  
Appendix C: New risks

## **22. CONTACT OFFICERS**

22.1 Ian Couper, Service Director – Resources  
[ian.couper@north-herts.gov.uk](mailto:ian.couper@north-herts.gov.uk) ext. 4243

Tim Everitt, Performance and Risk Officer  
[Tim.everitt@north-herts.gov.uk](mailto:Tim.everitt@north-herts.gov.uk), ext.: 4646

Ellie Hollingsworth, Trainee Policy Officer  
[Ellie.hollingsowrth@north-herts.gov.uk](mailto:Ellie.hollingsowrth@north-herts.gov.uk), ext: 4220

Jeanette Thompson, Service Director: Legal and Community  
[Jeanette.thompson@north-herts.gov.uk](mailto:Jeanette.thompson@north-herts.gov.uk), ext: 4370

## **23. BACKGROUND PAPERS**

23.1 None

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 Leadership Team's approved Risk Management Framework and Performance Management Framework.

### **Membership**

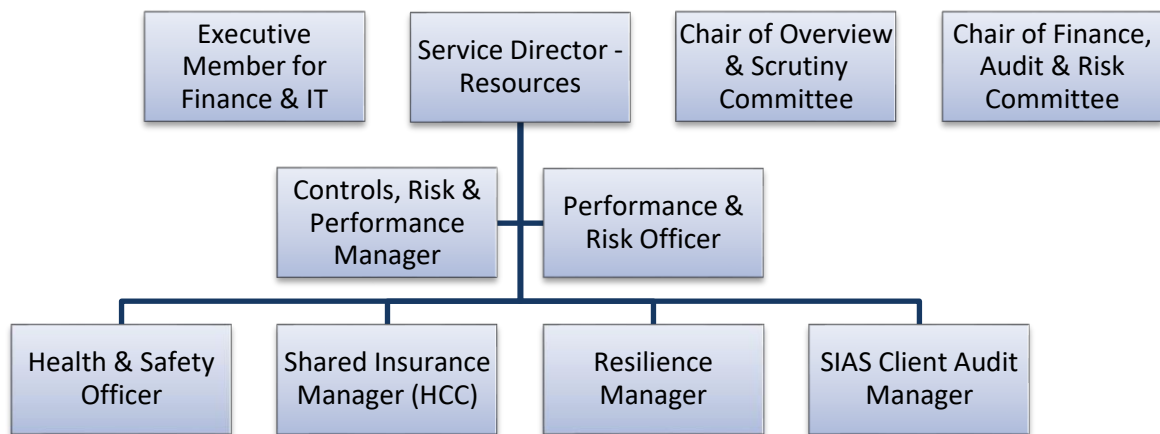
Core RPMG members are Managers and Officers with strong operational knowledge of the Authority's functions who are committed to process and service improvement, and Members fulfilling specific roles (see structure). The RPMG will invite all Service Directors to attend meetings on a rolling basis to provide an overview of key projects and challenges relating to their service areas. Each Service Director will attend at least one meeting per year, in line with the agreed rotation. Where possible, attendance will be scheduled to align with the setting of milestones or assessment of risks for key projects. Other Officers may also be invited, including support functions such as Finance, Legal, and Human Resources, 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.

## Core 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 Leadership Team and 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 Leadership Team and 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.

## Risk and Performance Management Group - Terms of Reference



#### 4. Meeting Frequency

The RPMG will meet at least four times per year.

#### 5. Core 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.

##### **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 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 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 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.

**Shared Insurance Manager (HCC)**

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

**SIAS Client Audit Manager**

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

**Reviewed: May 2024**

**Next Review: May 2027 or sooner if required**

This page is intentionally left blank



## Archived Risks

24 risk entries have been archived since 1 April 2023.

Code	Title	Summary
CDP02	Tourism Strategy	Superseded by new 'Enterprise Strategy' CDP risk for 2023/24.
CDP03	Business Recovery: Grants	Related project completed in 2022/23.
CDP06	Economic Development Strategy	Superseded by new 'Enterprise Strategy' CDP risk for 2023/24.
CDP09	EV Charging for Council Vehicles	Related project completed in 2022/23.
CDP14	Customer Portal	Related project completed in 2022/23.
CDP16	Supplier Self-Service	Originally envisaged CDP project ceased, as new supplier portal being incorporated into the implementation of a new joint cash management and financial system. Implementation due to be completed in 2024/25.
CDP20	Local Plan Implementation	Residual risks managed via new 'Local Plan Delivery and Review' CDP risk for 2023/24.
CDP23	Full Review of Council Tax Reduction Scheme	Related project completed in 2022/23.
CDP24	Response to Government Resources and Waste Strategy	Superseded by two new CDP risks for 2023/24 – 'Waste and Street Cleansing Contract Procurement' and 'Waste Depots'.
CDP25	Green Space Management Strategy	Related project completed in 2022/23.
CDP28	Local Government Boundary Review	LGBCE published final recommendations. Approved by Parliament November 2023.
RR320.1	Grounds Maintenance Contract - SLA with settle	New SLA with settle signed and sealed in May 2023.
RR383	Gypsy and Traveller Sites	Following adoption of the Local Plan, we are now able to demonstrate sufficient Gypsy and Traveller provision.
RR484	Renewal of Lease Agreements for Community Facilities	One outstanding community centre lease renewal completed in March 2023. There are no more holding over leases relating to community facilities.
RR493	IT Disaster Recovery	IT disaster recovery arrangements adequate for the organisation and provide fall back options, although it is an ever-evolving issue. Generally, a duplication of the new 'Cyber Risks' CDP risk for 2023/24 and adequate response options already in place.

Code	Title	Summary
RR548	Sustainability of Careline Business Model	Risk created in 2014 and no longer represents a significant risk. Now assessed at the target risk level, as risks have been mitigated and new contract with HCC in place. Residual risks managed by business-as-usual activities.
RR558	Hertfordshire Home Improvement Agency	HHIA has now been operating for six years. Significant improvements made and an effective management structure in place. Satisfied suitable control measures are in place.
RR568	Regulatory - Staffing	Risk entry out of date due to the referenced service areas now being in two separate directorates. Risks now covered by the 'Resourcing' CDP risk, with effective mitigations likely to be applied corporate wide.
RR577	Impact of Anti-Social Behaviour on Council Facilities	This is an ongoing issue (typically low level) requiring a business-as-usual response. The specific impact on Council property is being substantially managed. Any further controls or mitigating activities will be informed by the number and location of incidents, the level of anti-social behaviour being experienced, and our ability to introduce proportionate measures within available budgets.
RR579	Pool Chemical Shortage	No longer issues with the availability of pool chemicals and supply chain arrangements back to normal.
RR582	Cyber Risks	Superseded by new 'Cyber Risks' CDP risk for 2023/24.
RR586	National and Regional Planning Issues	Risk originally created in 2013 and now out of date due to progress made over the last decade and the adoption of the Local Plan in 2022. Significant items will continue to be reported to Cabinet via Strategic Planning Matters reports. If relevant, individual risk entries to be raised for specific key areas.
RR587	Neighbouring Authorities	Risk originally created in 2013 and now out of date due to changing threats, progress made over the last decade, and the adoption of the Local Plan in 2022. Significant items will continue to be reported to Cabinet via Strategic Planning Matters reports. If relevant, individual risk entries to be raised for specific key areas.

Code	Title	Summary
RR589	Area wide loss of power impacts Careline	The rollout of V3 laptops to Careline staff completed all associated actions to improve the management of this risk. We have now implemented all reasonably practicable controls/measures.

This page is intentionally left blank

## New Risks

16 new risk entries created since 1 April 2023.

Code	Title	Summary
CDP31	Create and Communicate a Place Narrative for North Herts	Introduced alongside new CDP project for 2023/24 – now complete.
CDP32	Enterprise Strategy	Introduced alongside new CDP project for 2023/24.
CDP33	Local Plan Delivery and Review	Introduced alongside new CDP project for 2023/24.
CDP34	Oughtonhead Common Weir	Introduced alongside new CDP project for 2023/24.
CDP35	Playground Renovation Programme	Introduced alongside new CDP project for 2023/24.
CDP36	Waste and Street Cleansing Contract Procurement	Introduced alongside new CDP project for 2023/24.
CDP37	Waste Depots	Introduced alongside new CDP project for 2023/24.
CDP38	Local Authority Housing Fund	Introduced alongside new CDP project for 2023/24.
CDP39	Leisure Contract Procurement	Introduced alongside new CDP project for 2023/24 – now complete.
CDP40	Solar PV on Leisure Centres	Introduced alongside new CDP project for 2023/24 – to be superseded by a new CDP risk for 2024/25 relating to the Public Sector Decarbonisation Scheme.
CDP42	Digital Transformation	Introduced alongside new CDP project for 2023/24.
CDP44	Cyber Risks	Included in the CDP for 2023/24, as a significant threat to the delivery of services and projects corporate wide.
RR591	Baldock Industrial Estate Fire	Risks associated with the fire on the Baldock Industrial Estate. Although potentially significant immediately after the event, risk level now reducing.
RR592	Reinforced Autoclaved Aerated Concrete (RAAC)	Risks relating to an incomplete picture of RAAC in NHC buildings. Risk level reduced by undertaking a programme of inspections. No RAAC identified.
RR594	EV Charging Points	Increased fire risk to premises associated with an increased provision of EV charging points and risk to future insurance cover should adequate controls not be in place.

Code	Title	Summary
RR595	New Combined Financial Management System	Risks to successful implementation of new combined financial management system and planned August 2024 'go live' date – limited tolerance in project schedule, data extraction, resourcing.

**CABINET**  
**25 June 2024**

**PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: REVENUE BUDGET OUTTURN 2023/24**

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

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 at the end of the financial year 2023/24. The net outturn of £16.494million represents a £194k decrease from the net working budget of £16.688million. Explanations for all the significant variances are provided in table 4. There are corresponding requests to carry forward £487k of unspent budget to fund specific projects that will now take place or continue into 2024/25. There is a further forecast impact on the 2024/25 base budget of a £147k increase.

**2. RECOMMENDATIONS**

- 2.1. That Cabinet note this report.
- 2.2. That Cabinet approves a decrease of £194k in the 2023/24 net General Fund expenditure, as identified in section 8, to a total of £16.494million.
- 2.3. That Cabinet approves the adjustments to the 2024/25 General Fund budget, as identified in table 4 and paragraph 8.3, a total £634k increase in net expenditure.

**That Cabinet recommends to Council**

- 2.4. That Council approves the net transfer to earmarked reserves, as identified in table 9, of £2.028million.

**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.
- 3.2. Changes to the Council's balances are monitored and approved.

**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 28<sup>th</sup> May 2024.

## 7. BACKGROUND

- 7.1. Council approved the revenue budget for 2023/24 of £18.496million in February 2023. As at the end of the financial year, the working budget has reduced to £16.688million. Table 1 below details the approved changes to this budget to get to the current working budget:

**Table 1 - Current Working Budget**

	<b>£k</b>
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)
Second Quarter Revenue Monitoring 2023/24 report - 2023/24 variances approved by Cabinet (January 2024)	(475)
Month 8 revenue monitoring included within 2024/25 budget report – 2023/24 variances approved by Cabinet (February 2024)	(301)
Quarter 3 2023/24 Revenue Monitoring report - 2023/24 variances approved by Cabinet (March 2024)	(415)
<b>Current Working Budget</b>	<b>16,688</b>

- 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 original net direct budget allocations for 2023/24.



**Table 2 – 2023/24 Service Directorate Budget Allocations**

	Managing Director	Customers	Enterprise	Legal & Community	Place	Regulatory Services	Resources	Total
	£k	£k	£k	£k	£k	£k	£k	£k
<b>Original Budget</b>	<b>490</b>	<b>4,298</b>	<b>(87)</b>	<b>2,658</b>	<b>6,132</b>	<b>2,079</b>	<b>2,926</b>	<b>18,496</b>
Q3 2022/23	400	(5)	16	0	57	53	28	549
Outturn 2022/23	97	(205)	25	22	(1)	15	0	(47)
<b>Budget at start of 2023/24</b>	<b>987</b>	<b>4,088</b>	<b>(46)</b>	<b>2,680</b>	<b>6,188</b>	<b>2,147</b>	<b>2,954</b>	<b>18,998</b>
Q1 2023/24	(1,280)	138	56	31	(145)	58	23	(1,119)
Q2 2023/24	(573)	(67)	(161)	(29)	327	111	(83)	(475)
Month 8 2023/24	0	(320)	5	0	0	9	5	(301)
Q3 2023/24	(33)	(132)	(22)	15	58	(225)	(76)	(415)
Other Changes	(496)	38	99	188	78	117	(24)	0
<b>Current Budget</b>	<b>(1,395)</b>	<b>3,745</b>	<b>(69)</b>	<b>2,885</b>	<b>6,506</b>	<b>2,217</b>	<b>2,799</b>	<b>16,688</b>

## 8. RELEVANT CONSIDERATIONS

- 8.1. Cabinet are asked to approve the net expenditure on the General Fund in 2023/24 of £16.494million (recommendation 2.2). This is a net decrease of £194k on the working budget of £16.688million. Table 3 below confirms the net expenditure for each Service Directorate and the variance with the current working budget. The major changes reported during the year are recorded at Appendix A.

**Table 3 - 2023/24 Revenue Outturn by Service Directorate**

Directorate	Net Direct Working Budget	Net Direct Outturn*	(Under) / Overspend
Managing Director	(1,395)	(1,549)	(154)
Customers Directorate	3,745	4,065	320
Enterprise Directorate	(69)	53	122
Legal & Community Directorate	2,885	2,835	(50)
Place Directorate	6,506	6,450	(56)
Regulatory Services Directorate	2,217	1,897	(320)
Resources Directorate	2,799	2,743	(56)
<b>TOTAL</b>	<b>16,688</b>	<b>16,494</b>	<b>(194)</b>

\* Directorate outturn totals exclude year-end finance lease accounting entries. These entries have a net zero impact on the Council's General Fund, but their inclusion would distort the Directorate performance indicated in the table. During the year, part of the Regulatory service was split off in to Housing and Environmental Health. For consistency over the year this is still shown under the overall Regulatory heading.

- 8.2. Table 4 below highlights and explains 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) revenue budget.

**Table 4 - Summary of significant variances**

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
<b>Managing Director</b> Strategic Priorities Fund	76	0	(76)	This fund was created to enable short-term investments in Council priorities, including testing out new ideas and where there is an invest-to-save opportunity. There are amounts committed in future years to cover community engagement software, improving automation of waste charging and maintaining the Social Value Portal.	76	0
<b>Managing Director</b> Staffing Costs Carry Forward	25	0	(25)	Underspend represents unallocated balance of the £300k of staffing underspend in 2022/23 carried forward to 2023/24 to create capacity to deliver Council projects and priorities and improve resilience. The allocation of the carry forward budget was detailed in the delegated decision notice published in June 2023.  It is requested to carry this forward to provide external support for the setting of the new Council Plan.	15	0
<b>Managing Director</b> External Audit Fees	65	187	+122	Increase in External Audit fees is indicative of the additional work required from External Auditors to meet regulatory and compliance audit requirements, with amendments to auditing standards and changes to the requirements in respect of the Value for Money assessment. Estimated ongoing impact is based on the published audit scale fee of £150k for 2023/24 and the most recent quote for the housing benefit subsidy audit.	0	107
Redmond Review Local Audit Grant	0	(21)	(21)	The Council was notified in May 2024 of its allocation of the Redmond Review Local Audit Grant for 2023/24. The grant is intended to support authorities with the additional audit fees associated with the implementation of the recommendations of the Redmond review. It had been hoped that it would provide a greater contribution towards the additional costs. While external audit fees are not expected to reduce going forward, there is currently no basis for assuming that this grant contribution will continue in future years.	0	0

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
<b>Managing Director</b> Income Receipts held in the suspense account	0	(49)	(49)	Outturn represents income received in the Council's bank account more than 18 months ago where it has since not been possible to allocate the funds due to there being no reference or details. Should a business or individual come forward with evidence of payment at some point in the future, the income receipt will be reallocated accordingly.	0	0
<b>Managing Director</b> Joint Waste Contract with East Herts DC - Overhead Charging	0	(65)	(65)	As part of the operation of the joint waste contract, an annual contribution has been expected to be paid to East Herts for the use of the Buntingford office and recycling shed, while an annual contribution has been expected from East Herts for the support services and management costs associated with the client team operated by North Herts as the lead administrative authority for the contract. The estimated annual income and liability amounts have been prudently accrued in recent years. Given the similar amounts due to and from East Herts, it is proposed to cease accruing for these charges with a view to reassessing the position when the new contract commences in May 2025.	0	0
<b>Customers</b> IT Staffing Costs	574	554	(20)	A carry forward of salary underspend was requested at Quarter Two to fund the costs in 24/25 of two additional fixed term posts to cover IT staff working on projects. At the time it was anticipated these posts would be recruited during the final quarter of 23/24, however due to other priorities the posts were not advertised before April. It is therefore requested to carry forward a further £20k of unspent salary budget to fund the additional months of the two posts now falling in 2024/25.	20	0
<b>Customers</b> Careline Telephony Upgrade	134	102	(32)	The project to replace the current ISDN phone lines with SIP (Session Initiation Protocol) lines, as the ISDN lines are now obsolete and telecommunications firms are phasing them out, was due to commence in 23/24. The project however has been delayed due to supplier delays and wider hardware supply issues. It is requested to carry forward the unspent budget into 2024/25 to fund those project costs that will now fall in the next financial year.	32	0

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
<b>Customers</b> Careline Service – income contributions from Hertfordshire County Council (HCC)	(2,906)	(2,934)	(28)	Increase in this income stream is due to an increase in the number of client referrals received from HCC.	0	0
<b>Customers</b> Contribution to the sundry debtors bad debt provision	10	110	+100	The higher contribution required to the bad debt provision is primarily due to the ageing of an outstanding commercial property debt. The debt was originally raised following a rent review, the outcome of which is disputed by the tenant. The ageing of the debt has increased the level of provision required to 75% of the amount raised. Officers are seeking to resolve the dispute as soon as possible.	0	0
<b>Customers</b> Housing Benefit Overpayments income	(275)	(193)	+82	Reduction in overpayments income raised in year is attributed to a combination of both the fall in the total amount of housing benefits paid, reducing by more than 25% over the last two years as working age housing benefit claimants migrate to the Universal Credit scheme, and ongoing improvements to systems and processes helping to minimise overpayment values.	0	82
<b>Customers</b> Contribution to the Housing Benefit Overpayments bad debt provision	50	326	+276	Where working age Housing Benefit clients have migrated to Universal Credit (UC), administered by the DWP, the Council can no longer collect overpayments debt from deductions to ongoing housing benefit payments. This has contributed to a reduction in overpayments debt collected during the year and an increase in the provision required. The Council has the option to apply for UC deductions, however other debts such as Council Tax and utility bills take priority with overpayments 13th on the list of debts to be repaid, and the Council can also apply for deductions from earnings via HMRC, however only a prescribed amount can be taken, which is dependent on salary.	0	0

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
<b>Enterprise</b> Net Income from North Herts Community Lottery	(3)	(12)	(9)	Income from the lottery in 2023/24 has surpassed that expected in the original business case. The Council receives 10p from every ticket sold and a further 50p from each ticket where North Herts Community Lottery Fund has been selected as the chosen good cause. North Herts Council has paid out more than £45k in 2023/24 to local good causes via the Community Forums, with the allocation of an extra £25k to Community Forum budgets approved by Council in February to support local good causes in 2024/25.	0	0
<b>Enterprise</b> Net Rental Income from Churchgate Shopping Centre	(224)	(133)	+91	Shortfall on anticipated net income is mainly due to related expenditure exceeding the provision in the budget. Significant items of expense include repairs and maintenance required at the premises, the business rates liability for vacant units, and the calculated contribution required from the General Fund to the bad debt provision for rental debts outstanding at the end of the year.	0	0
<b>Legal &amp; Community</b> Community Forum Grants Expenditure	47	39	(8)	The carry forward of £7.9k of unspent Community Forum budgets is requested. This total is comprised of £2.1k for Hitchin, £2.2k for Baldock, £2.9k for Southern Rural and £0.7k for Letchworth.	8	0
<b>Legal &amp; Community</b> Legal Services Income	(35)	(74)	(39)	Surplus income reflects primarily a significant increase in the number of instructions received by Legal during the year. The growth in instructions has been driven by the Council's commercial and Estates activities, with the legal team raising income for work undertaken in respect of, for example, the sale of land, the lease of land, licences to sublet or licenses to change use.	0	0
<b>Legal &amp; Community</b> Community Safety Grant Funded Projects	13	4	(9)	Unspent expenditure budget on Community Safety Initiatives is requested to be carried forward to fund activities planned for 2024/25.	9	0
<b>Place</b> Waste Management IT Systems integration	20	0	(20)	The work on the integration of waste management IT systems and online reporting for residents has not yet begun pending the award of the new waste contract. The underspend is therefore requested to be carried forward to complete this work in the next financial year.	20	0

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
<b>Place</b> Garden Waste Collection Service Income	(1,211)	(1,244)	(33)	Overachievement of income is indicative of a higher number of subscribers to the service than anticipated in the budget estimates. This may be due to the extended 18-month subscription period offering enhanced value to residents.	0	0
<b>Place</b> Leisure Consultants	111	100	(11)	The unspent budget is requested to be carried forward to cover the professional fees anticipated in the next financial year related to the final minor amendments and land searches requested for the leases for the new leisure centre management contract.	11	0
<b>Place</b> Leisure Management Contract Fee Income	(533)	(775)	(242)	Under the terms of the Leisure contract in 2023/24 the risk in respect of energy costs was shared between the Council and the leisure contractor SLL, with the Council responsible for energy costs over and above a base level. Based on procured energy prices and anticipated energy consumption, the contract income budget total was reduced by an estimated energy cost liability of £240k. The liability value payable will however be calculated using actual energy usage. With the actual value currently unknown, it is proposed that the £240k is transferred to earmarked reserve and used to mitigate the impact of any agreed liability ultimately payable in the next financial year.	0	0
Transfer to earmarked reserve	0	240	+240		0	0
<b>Place</b> Climate Change and Sustainability Consultants	75	57	(18)	The unspent budget is requested to be carried forward to fund the delivery of both an updated emissions assessment to track progress towards our 2030 net zero target and climate change projects aligned with our Climate Change Strategy.	18	0
<b>Regulatory</b> Planning Policy Staffing	556	507	(49)	Underspend is due to the use of DEFRA biodiversity grant to fund the cost of the Senior Ecologist post in 2023/24 rather than the existing salary budget provision. It is requested that the unspent budget is carried forward to extend various agency workers contracts to vacancies where recruitment has been unsuccessful.	49	0

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
<b>Housing and Env Health (shown under Regulatory)</b> Environmental Health Staffing	313	213	(100)	Covid Recovery Grant of £100k from the Health Protection Board at HCC has been used to fund Environmental Health staff carrying out Covid recovery work, resulting in an underspend on the existing staffing budget. It is requested that the unspent staffing budget is carried forward to fund the costs of a proposed 4-year Environmental Health Officer Apprentice post, to be appointed prior to the forthcoming academic year.	100	0
<b>Regulatory</b> Town Centre Strategies	30	20	(10)	Retail consultants have been appointed on a six-month contract to prepare the necessary background evidence for the preparation of an overarching Town Centre Strategy. The consultants have started the work and are in the process of evidence gathering with the aim of producing a draft Town Centre & Retail study by May/June this year. The £10k of unspent budget is therefore requested to be carried forward to fund the completion of the study in the next financial year.	10	0
<b>Regulatory</b> Hitchin Rail Station Eastern Access Project	30	9	(21)	Hertfordshire County Council have been leading on this project and have employed consultants to undertake an options appraisal, with North Herts Council contributing to the cost. The remainder of the £30k investment budget is anticipated to be required in working with Network Rail and HCC in refining the options in 2024/25 and therefore the carry forward of the unspent revenue investment budget is requested.	21	0
<b>Regulatory</b> Supplementary Planning Documents	37	23	(14)	An update on the programme of work for supplementary planning documents (SPDs) to support the adopted Local Plan was included in the Strategic Planning Matters report presented to Cabinet in March 2024. Following successful recruitment, preparatory work on a District-Wide Design Code SPD has begun with an initial pilot project in Hitchin. Work on this project will be progressed further in 2024/25 and it is requested that the unspent budget is carried forward to support this.	14	0
<b>Regulatory</b> Extension of the Chilterns Area Of Outstanding Natural Beauty (AONB)	10	0	(10)	The timetable for the AONB review is controlled by Natural England and not by the Council. Natural England have advised formal consultation on the AONB proposals is currently planned for Spring 2024. The £10k revenue investment budget is therefore requested to be carried forward.	10	0

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
<b>Regulatory (managed by Place)</b> Highways Verge Maintenance	297	261	(36)	Underspend variance is due to the implementation of reduced mowing regimes in accordance with the standards within the agency agreement with Herts Highways.	0	0
<b>Regulatory</b> Parking Lines and Signs maintenance	51	12	(39)	Budget was earmarked for the replacement and upgrading of the tariff boards associated with both the project to install electric vehicle charging points across the Council's car parks and with the alternative methods of payment project. Suppliers have now been appointed for both projects and the implementation work on both will commence in the next financial year 2024/25. It is therefore requested that the unspent budget is carried forward to support the implementation.	39	0
<b>Regulatory (managed by Resources)</b> Letchworth Multi-Storey Car Park lighting	25	0	(25)	With lighting failures becoming more frequent, the options for alternative light fittings have been investigated during the year. Costs are now anticipated for consultant lighting designers to evaluate the proposed lighting changes, trial the replacement fittings on suitable areas, and the preparation of a specification for the potential replacement of all the existing lighting at the car park. A carry forward of the unspent revenue investment budget is therefore requested to fund these costs in the next financial year.	25	0
<b>Regulatory</b> Contribution to Parking PCN bad debt provision	162	229	+67	A higher level of PCNs being issued, and non-payment of them, has meant that it has been necessary to write-off some of the amounts owed and also make an increased bad debt provision for those amounts where still seeking payment to be made. The Council actively chases all PCN debts and write-off is a last resort.	0	0
<b>Resources</b> CCTV Maintenance and Monitoring	136	107	(29)	The Council's contribution to the running costs of the Hertfordshire CCTV Partnership is based on the number of cameras monitored in the district as a proportion of the total number of cameras maintained by the Partnership. With other authorities in the Partnership increasing the number of cameras in their localities, this has meant a relative reduction in the contribution required from North Herts Council.	0	(29)



Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2024/25 £k
<b>Resources</b> Social Value Portal	11	8	(3)	The Social Value portal has been implemented and maintained on a three-year contract at a cost of £8k per annum, with the expenditure budget for the cost of the portal originating from one-off Brexit transition grant received. It is requested that the unspent expenditure budget is carried forward to contribute to the cost of the portal in 2024/25, with the remaining budget required in the next financial year coming from the Strategic Priorities Fund.	3	0
<b>Total of explained variances</b>	<b>(2,329)</b>	<b>(2,392)</b>	<b>(63)</b>		<b>480</b>	<b>160</b>
Other minor balances	19,017	18,886	(131)		7	(13)
<b>Overall Total</b>	<b>16,688</b>	<b>16,494</b>	<b>(194)</b>		<b>487</b>	<b>147</b>

8.3. Cabinet are asked to approve the estimated impact on the 2024/25 budget, an overall increase in budget of £634k (recommendation 2.3), which comprises;

- £487k of budget carry-forwards from 2023/24 to 2024/25 for projects that were not completed by the end of the financial year. These are shown in the penultimate column of table 4 above. This will take the total budget carried forward to £1.456million, after including those reported and approved at quarter 1, quarter 2, month 8 and quarter 3.
- £147k increase in budget to reflect the estimated net impact in 2024/25 and beyond of variances identified at Outturn. These are shown in the final column of table 4 above.

8.4. The original approved budget for 2023/24 (and therefore working budget) included efficiencies totalling £1.521million, which were agreed by Council in February 2023. At the end of the year a net total of £2.800m of efficiencies have been achieved in 2023/24, representing a net overachievement of planned efficiencies of £1.279m. The forecast at the end of Quarter Three was a net overachievement of £1.367million. The decrease since Quarter Three of £88k relates to;

- £91k underachievement of the additional income anticipated from the acquisition of Churchgate shopping centre, as highlighted in table four above.
- £3k overachievement of the additional income originally anticipated from the North Herts Lottery in 2023/24, as highlighted in table four above.
- £5k overachievement of the anticipated saving on the cost of the printing and photocopying function from the reduction in the number of Multi-Functional Devices (MFDs) in operation (included in the other minor variances total in table 4).
- £5k underachievement of the rent income budgeted from the letting of the former public convenience at Portmill Lane, Hitchin (included in the other minor variances total in table 4). With staffing capacity limited during the year due to vacancies, Estates officers will seek to progress this in the next financial year.

8.5. 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 Three it was forecast that £532k of the budget carried forward will not be spent in this year. At the end of the year £683k of the budget carried forward has not been spent. The increase of £151k relates to budgets carried forward for:

- Staffing pressures. The unallocated £25k remaining of the £300k budget carried forward was not spent in this year, as noted in table 4 above.
- Strategic Priorities Fund. £76k of the £83k carry forward budget was unspent at the end of the year and is requested to be carried forward again, as explained in table 4 above.
- Supplementary Planning Documents. £14k of the budget carried forward was not spent during the final quarter and is requested to be carried forward again, as explained in table 4 above.
- Town Centre Strategy Reviews. £10k of the budget carried forward was not spent during the final quarter and is requested to be carried forward again, as explained in table 4 above.
- On-street parking lines and signs. £18k of the £30k budget carried forward was not spent during 2023/24 and is requested to be carried forward again, as itemised in table 4 above.
- Housing Stock Condition Survey. The £20k budget carried forward has not been spent in 2023/24. The survey is due to be carried out in a framework agreement with neighbouring authorities. £15k was requested to be carried forward again in the budget monitoring review at month 8 included in the 2024/25 Revenue Budget report and the remaining £5k is now requested to be carried forward (included in the other minor variances in table 4 above).
- Brexit grant funded expenditure. £3k of the £11k expenditure budget carried forward was not spent in the year and is requested to be carried forward again, as noted in table 4 above.

8.6. Six corporate 'financial health' indicators have been identified in relation to key sources of income for the Council in 2023/24. Table 5 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 income recorded matched or exceeded the budgeted level of income. A red indicator means that the outturn has not met the budgeted level of income. An amber indicator is only used during the year to highlight that there is a risk that the budgeted level of income may not be met.






8.7. At the end of the financial year, two of the indicators are green and four are red. The summary indicators are therefore unchanged from that reported at Quarter Three. In respect of the red indicators for Leisure management fee income and car parking fees, provision amounts of £80k for Leisure and £100k for parking fees were included in the budget at the start of the year to recognise that variances in these income streams were more likely due to the ongoing recovery following the Covid-19 pandemic. The outturn for leisure centre management fee income in table 5 is net of the £240k transferred to earmarked reserve, rather than charged to the General Fund balance, as highlighted and explained in table 4.

**Table 5 - Corporate financial health indicators**

Indicator	Status	Original Budget £k	Outturn £k	Variance £k
Leisure Centres Management Fee Income	Red	(599)	(535)	64
Garden Waste Collection Service Subscriptions	Green	(1,140)	(1,244)	(104)
Commercial Refuse & Recycling Service Income	Red	(1,269)	(1,238)	31
Planning Application Fees (including fees for pre-application advice)	Red	(1,008)	(858)	150
Car Parking Fees	Red	(2,026)	(1,780)	246
Parking Penalty Charge Notices (PCNs)	Green	(573)	(730)	(157)

- 8.8. Table 6 below indicates activity levels during the year, 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 6.

**Table 6 - Corporate financial health indicators – activity drivers**

Indicator	Activity Measure	Performance 2023/24	Performance 2022/23	Percentage Movement	Direction of Trend
Leisure Centres Management Fee	Number of Leisure Centre visits	1,609,760	1,465,319	+9.9%	
Garden Waste Collection Service	Number of customers	31,082	28,928	+7.4%	
Commercial Refuse & Recycling Service	Number of bin subscriptions	1,064	1,042	+2.1%	
Car Parking Fees	Car park tickets sold / average ticket price sold	1,136,408 / £1.72	1,128,375 / £1.65	+0.7% / +4.2%	
Parking Penalty Charge Notices	Number of PCNs issued	15,395	13,775	+11.8%	

## FUNDING, RISK AND GENERAL FUND BALANCE

- 8.9. 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.
- 8.10. Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of other bodies. Each organisation has a share of the balance on the Collection Fund account. The Council has received 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 has

been transferred to reserve and used to mitigate the impact of deficits recorded, and/or changes to the rates retention scheme, in future years.

- 8.11. The Council's share of the Council Tax Collection Fund at the end of the year is a deficit balance of £12k. This represents a decrease of £12k on the forecast deficit of £24k estimated in January. The improvement in the position in the final quarter will be incorporated in the calculation of the surplus/deficit position for 2024/25 and hence impact the level of Council Tax funding available in 2025/26. It is the forecast deficit of £24k that will be transferred from the General Fund to the Collection Fund in the next financial year and this will therefore reduce the amount of Council Tax funding available in 2024/25, as was shown in Appendix C to the Revenue Budget 2024/25 report.
- 8.12. The Council's share of the Business Rates Collection Fund at the end of the year is an overall surplus balance of £51k. This represents a reduction of £365k on the estimated surplus of £416k declared in the NNDR1 return submitted to Government in January. The reduction in the surplus at the end of the year is primarily due to an increase in the calculated provision required at the end of the year for the impact of business rates appeals. Like the Council Tax Collection Fund, it is the forecast surplus amount of £416k that will be transferred to the General Fund in the next financial year.
- 8.13. 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. At the end of the year the calculated business rates levy liability for 2023/24 is £536k, which is lower than the forecast of around £800k at Quarter Three. This is due to the reduction in the final surplus position recorded for 2023/24, as explained above. The levy amount payable for 2023/24 has been funded from grant held in reserve and therefore there is a net zero impact on the General Fund balance at the end of the year.
- 8.14. 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 total grant amount receivable for 2023/24 is £4.721m, which includes an amount of £482k received as compensation for the Government's previous decisions to cap the increases in the business rates multiplier. It also includes £47k of compensation in respect of the Green Plant and Machinery exemption, with the government publishing local authority allocations earlier this year. The multiplier compensation is included in the funding total in table 7 below, with the rest of the grant received transferred to reserve. Some of the amount held in reserve has been used to fund the business rates levy payable for this year, while a further amount of £2million has been 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, £1.144million has been transferred 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.
- 8.15. In February 2024 the Government announced the distribution to Local Authorities for the 2023/24 financial year of £100million of the business rates levy account surplus. The allocated amount to North Herts Council of £22,861 is included in the outturn funding amount in table 7 below.
- 8.16. Table 7 below summarises the impact on the General Fund balance of the outturn position detailed in this report. It should be noted however that the accounts for 2023/24 are yet to be audited and changes to the General Fund balance may arise as a result of the final accounts audit.

**Table 7 – General Fund impact**

	<b>Working Budget</b>	<b>Outturn</b>	<b>Difference</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
<b>Brought Forward balance (1<sup>st</sup> April 2023)</b>	<b>(11,990)</b>	<b>(11,990)</b>	<b>-</b>
Net Expenditure	16,688	16,494	(194)
Funding (Council Tax, Business Rates, NHB, Services Grant)	(17,394)	(17,417)	(23)
Funding from Reserves (including Business Rate Relief Grant)	(1,144)	(1,144)	0
<b>Carried Forward balance (31<sup>st</sup> March 2024)</b>	<b>(13,840)</b>	<b>(14,057)</b>	<b>(217)</b>

8.17. 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 year a total of £804k has come to fruition. The identified risks realised in the final quarter relate to:

- Housing benefit bad debt provision increasing with the managed migration of working age housing benefit clients to Universal Credit, as highlighted and explained in table 4 - £276k.
- Annual external audit fees exceeding the additional related grant funding received from government as highlighted and explained in table 4 - £101k.

**Table 8 – Known financial risks.**

	<b>£'000</b>
<b>Original allowance for known financial risks</b>	<b>1,215</b>
Known financial risks realised in Quarter 1	(34)
Known financial risks realised in Quarter 2	(374)
Known financial risks realised in Quarter 3	(19)
Known financial risks realised in Quarter 4	(377)
<b>Remaining allowance for known financial risks</b>	<b>411</b>

## **EARMARKED RESERVES**

8.18. The Council has a number of earmarked reserves, which have been used to fund revenue expenditure during the year. These are detailed in Table 9 below. A total of £6.073million has been contributed to the reserves in 2023/24 and a total of £4.045million has been transferred out of the reserves to the General Fund.

**Table 9 – Earmarked Reserves**

	Balance at 1 April 2023	Contributions to reserve	Transfers out from reserves	Balance at 31 March 2024
	£'000	£'000	£'000	£'000
Childrens Services Reserve	47	0	(37)	10
Churchgate Development Reserve	138	0	(15)	123
Climate Change Grant Reserve	19	0	(2)	17
DLUHC Grants Reserve	4,354	4,559	(3,178)	5,735
Elections Admin Grant Reserve	19	48	0	67
Environmental Health Grants Reserve	84	57	(23)	118
Growth Area Fund Reserve	24	0	0	24
Homelessness Grants Reserve	352	192	(146)	398
Housing & Planning Delivery Reserve	887	0	(196)	691
Information Technology Reserve	23	0	(23)	0
Insurance Reserve	34	0	0	34
Land Charges Reserve	12	0	0	12
Leisure Management Maintenance Reserve	68	240	0	308
Museum Exhibits Reserve	14	0	0	14
Neighbourhood Plan Reserve	115	40	(23)	132
Paintings Conservation Reserve	11	0	0	11
Shared Prosperity Fund Grant Reserve	17	15	(5)	27
Street Name Plates	16	0	0	16
Syrian Refugee Project	619	189	(71)	737
Taxi Licences Reserve	11	0	0	11
Town Centre Maintenance	77	8	0	85
Traffic Regulation Orders	376	0	(4)	372
Waste Reserve	836	0	0	836
Waste Vehicles Reserve	1,850	606	0	2,456
Welfare Reform Grants Reserve	658	119	(322)	455
<b>Total Revenue Reserves</b>	<b>10,661</b>	<b>6,073</b>	<b>(4,045)</b>	<b>12,689</b>

## 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. Accounts and Audit Regulations 2015 require that the Annual Statement of Accounts be approved and published.
- 9.3. The requirement for financial reserves is acknowledged in statute. Sections 31A, 32 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. The Chief Financial Officer is required to report on the robustness of the proposed financial reserves, under Section 25 of the Local Government Act 2003.

- 9.4. Section 151 of the Local Government Act 1972 requires every local authority to 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. The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. This is a requirement of the Council Procedure Rules as set out in Part 4.4.1 (b) and 4.4.1 (k) of the Council's Constitution.

## **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.
- 10.2. The General Fund balance of £14.057million (table 7) meets the recommended minimum balance of General Fund reserves agreed when the budget was set. The Statement of Accounts is however yet to be audited and changes to the General Fund balance may arise as a result of the final audit. As the Housing Benefit claim is also yet to be audited, the relevant values included in the reported outturn are based on un-audited figures. Although note the balance is significantly above the recommended minimum of £2.5million.

## **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. Appendix A - Significant Revenue Budget Variances in 2023/24.

**17. CONTACT OFFICERS**

- 17.1. Antonio Ciampa, Accountancy Manager  
[antonio.ciampa@north-herts.gov.uk](mailto:antonio.ciampa@north-herts.gov.uk); ext. 4566
- 17.2. Ian Couper, Service Director – Resources  
[ian.couper@north-herts.gov.uk](mailto:ian.couper@north-herts.gov.uk); ext. 4243
- 17.3. Jeanette Thompson, Service Director: Legal and Community  
[Jeanette.thompson@north-herts.gov.uk](mailto:Jeanette.thompson@north-herts.gov.uk), ext. 4370
- 17.4. Reuben Ayavoo, Policy and Communities Manager  
[Reuben.ayavoo@north-herts.gov.uk](mailto:Reuben.ayavoo@north-herts.gov.uk), ext. 4212

**18. BACKGROUND PAPERS**

- 18.1. None.



## Appendix A - Significant Revenue Budget Variances in 2023/24

Directorate	Significant Service Area Variances	Net Direct Budget at April 2023	Net Direct Outturn	(Under) / Overspend	Summary Explanation	Relevant Report
Managing Director	Treasury Investments Interest Income	(1,602)	(2,941)	(1,339)	Increase primarily due to the changes to the Bank of England base rate since the preparation of the income budget estimate in January 2023.	Q1, Q2 & Q3 2023/24
	External Audit Fees	65	166	101	Additional work required from External Auditors to meet regulatory and compliance audit requirements. Outturn is net of £21k grant received from central government to support authorities with additional audit fees.	Outturn 2023/24
	Covid-19 Central Provision	450	0	(450)	Contingency budget helped to mitigate impact of identified Covid-19 impacts, including the parking and AFM income shortfalls itemised below.	Q1 & Q2 2023/24
	Other variances under £100k	1,577	1,226	(351)		
	<b>Directorate Total</b>	<b>490</b>	<b>(1,549)</b>	<b>(2,039)</b>		
Customers Directorate	Customers Directorate Staffing Costs	3,942	3,788	(154)	Underspend results from various vacant posts due to difficulty in recruiting temporary and permanent staff in the MSU, IT Services and the Customer Service Centre.	Q2 & Q3 & Outturn 2023/24
	Contribution to Sundry Debtors Bad Debt Provision	10	110	100	Primarily due to the ageing of an outstanding commercial property debt, which increased the level of provision required to 75% of the amount raised.	Outturn 2023/24
	Housing Benefit Overpayments Income - Contribution to bad debt provision	50	326	276	Where working age Housing Benefit clients have migrated to Universal Credit (UC), the Council can no longer collect overpayments debt from deductions to ongoing housing benefit payments. This contributed to a reduction in overpayments debt collected during the year and an increase in the provision required.	Outturn 2023/24
	Careline Equipment	743	542	(201)	Significant increase in the refurbishment and reuse of returned alarms has reduced expenditure on new equipment.	Month 8 2023/24
	Other budgets with variances under £100k	(619)	(701)	(82)		
	<b>Directorate Total</b>	<b>4,126</b>	<b>4,065</b>	<b>(61)</b>		
Enterprise Directorate	<b>Directorate Total (all budgets have variances under £100k)</b>	<b>54</b>	<b>53</b>	<b>(1)</b>		
Legal & Community Directorate	<b>Directorate Total (all budgets have variances under £100k)</b>	<b>2,869</b>	<b>2,835</b>	<b>(34)</b>		
Place Directorate	Domestic Waste & Recycling and Street Cleansing Contract Expenditure	6,432	6,125	(307)	The budget assumed a contract indexation of 10%, based on the respective contractual indices at that time. Mainly due to subsequent decreases in the fuel price index, the final calculation resulted in an increase to contract prices of 3.5%.	Q1 2023/24
	Commingled recycling processing and haulage costs	401	514	113	The cost of processing and haulage had an inflationary uplift of 10% applied from May 2023, equating to an additional cost of around £100k. The impact was not mitigated by increases to sale prices obtained for materials.	Q2 2023/24
	AFM Income	(395)	(278)	117	Greater levels of residual waste generated across Hertfordshire since the onset of the Covid-19 pandemic has increased the overall costs of disposal incurred by HCC and reduced the total AFM amount shared with collection authorities.	Q1 2023/24
	Other budgets with variances under £100k	(172)	89	261		
	<b>Directorate Total</b>	<b>6,266</b>	<b>6,450</b>	<b>184</b>		

Directorate	Significant Service Area Variances	Net Direct Budget at April 2023	Net Direct Outturn	(Under) / Overspend	Summary Explanation	Relevant Report
Regulatory Services Directorate	Regulatory Services Directorate Staffing Costs	4,627	4,271	(356)	Grants received have been used to fund staffing costs, which has resulted in an underspend on existing staffing budgets.	Month 8 & Outturn 2023/24
	Housing Services Net Transfer to Earmarked Reserve	(151)	46	197	Underspend on Housing Services salaries budget, due to funding staffing costs from Homelessness Prevention Grant received, transferred to reserve to fund two Homelessness Advisor posts to March 2027	Month 8 2023/24
	Supplementary Planning Documents	167	23	(144)	Draft Sustainability SPD, prepared in-house, presented to Cabinet in December. Remaining Biodiversity SPD and Design Code SPD delayed due to staffing capacity issues and the need to wait for relevant legislation and Government guidance.	Q2, Month 8 & Outturn 2023/24
	Local Plan Review	118	9	(109)	Budget to support work on an early review of the Local Plan. The narrative supporting the budget bids identified that there maybe year-on-year underspends so carry forwards would be required to help mitigate or reduce further growth bids as the Plan reaches key points.	Q2, Month 8 & Q3 2023/24
	Town Centre Strategy	120	20	(100)	Progress on delivery was hindered by three unsuccessful attempts at recruiting a Town Centre planning officer. Retail consultants have been appointed on a six-month contract to prepare the necessary background evidence for the preparation of an overarching Town Centre Strategy.	Q2, Month 8 & Outturn 2023/24
	Planning Applications Income	(1,008)	(858)	150	Material reduction in the number of minor applications received, which is a national trend, likely to be the result of interest rate increases and increases in the cost of construction materials.	Month 8 2023/24
	Car Parking Penalty Charge Notice Income	(573)	(730)	(157)	Number of penalty charge notices issued exceeded the assumption in the budget, with the Civil Enforcement Officer team managing higher levels of traffic offences within and around the town centres.	Q2 & Q3 2023/24
	Car Parking Fees Income	(1,926)	(1,780)	146	Income receipts at approximately 90% of the level observed prior to the Covid-19 pandemic. Income shortfall may be in part a consequence of greater levels of homeworking, with the reduction in daily commuters also increasing the availability of free on-street parking	Q2 & Month 8 2023/24
	Car Parking Season Tickets Income	(325)	(173)	152	Income shortfall attributed to greater levels of home working adopted since the Covid-19 pandemic.	Q2 2023/24
	Other budgets with variances under £100k	1,215	1,069	(146)		
	<b>Directorate Total</b>	<b>2,264</b>	<b>1,897</b>	<b>(367)</b>		
Resources Directorate	Directorate Total (all budgets have variances under £100k)	2,929	2,743	(186)		
<b>OVERALL TOTAL</b>		<b>18,998</b>	<b>16,494</b>	<b>(2,504)</b>		

**CABINET**  
**25 June 2024**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: INVESTMENT STRATEGY (CAPITAL AND TREASURY) END OF YEAR REVIEW 2023/24**

REPORT OF: SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND I.T.

COUNCIL PRIORITY: SUSTAINABILITY

**1 EXECUTIVE SUMMARY**

- 1.1 As at the end of financial year 2023/24, there is a reduction in Capital spend compared to quarter 3 of **£4.122million**. The majority of this change is due to revisions to the profile of planned project spend, with **£2.851million** that will now instead be incurred in 2024/25 and beyond. In addition, £1.150M of Local Authority Housing Fund was not required.
- 1.2 During the year the Council has generated **£2.941million** of interest from its investments. This is as budgeted for at Quarter 3 (£2.940M), but significantly more than the original budget of £1.602million.
- 1.3 The Council has repaid £0.020million of borrowing during the year as it has matured. The Council has £0.347million of remaining borrowing. This borrowing is at a fixed rate for a fixed period. The premium incurred from repaying this borrowing early means that it is not worthwhile to do so.
- 1.4 The Council complied with its legislative and regulatory requirements throughout the year.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet notes expenditure of £2.409million in 2023/24 on the capital programme, paragraph 8.3 refers.
- 2.2 That Cabinet approves the adjustments to the capital programme for 2024/25 as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend by £2.655million and £0.193million in 2025/26

- |     |                                                                                                                                                                                                                                                                                                                                                                                         |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.3 | That Cabinet notes the position of the availability of capital resources, as detailed in table 4 paragraph 8.7 and the requirement to keep the capital programme under review for affordability.                                                                                                                                                                                        |
| 2.4 | That Cabinet approves the application of £1.313million of capital receipts/set aside towards the 2023/24 capital programme, paragraph 8.7 refers.                                                                                                                                                                                                                                       |
| 2.5 | Cabinet is asked to note the position of Treasury Management activity as at the end of March 2024.                                                                                                                                                                                                                                                                                      |
| 2.6 | Cabinet is asked to recommend this report to Council and ask Council to:<br><br>1) Approve the actual 2023/24 prudential and treasury indicators.<br>2) Note the annual Treasury Report for 2023/24.<br>3) Approve a change to the Investment Strategy allowing investments to be placed on Lloyds Call Account so the combined total of Current Account and Call Account is up to £5M. |

### **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 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 28th May 2024.

## **7. BACKGROUND**

7.1 In February 2023, Council approved the Integrated Capital and Treasury Strategy for 2023/24 to 2032/33.

7.2 The Council will seek opportunities to utilise capital funding for 'invest to save' schemes. This is one way the Council will allocate resources to support organisational transformation that will reduce revenue expenditure. Capital spend will also be necessary to ensure the continued provision of services and delivery of priorities.

7.3 Link Asset Services Ltd were first contracted to provide Treasury advice for the financial year 2012/13 and this arrangement has been extended until 2025/26. 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 £122.3 million of capital assets that it currently owns (as at 31 March 2024). This has decreased from £124.5 million as at 31 March 2023. 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.

### **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 actual spend from 2023/24 to 2033/34 and the funding source for each capital scheme.

- 8.3 The Outturn Capital expenditure for 2023/24 is **£2.409million**. This is a reduction of **£4.122million** on that reported at the end of the third quarter. The decrease in spend is largely due to re-profiling spend into future years. Table 1 below details the changes from what was reported at Quarter 3.

**Table 1- Current Capital Estimates**

	<b>2023/24 £M</b>	<b>2024/25 £M</b>	<b>2025/26 to 2033/34 £M</b>
<b>Original Estimates approved by Full Council February 2023</b>	<b>8.516</b>	<b>7.427</b>	<b>15.624</b>
<b>Changes approved by Cabinet in 3rd Qrt 2022/23</b>	1.554	0	0
<b>Changes approved by Cabinet in 2022/23 Capital Outturn report</b>	1.221	0	0
<b>Revised Capital estimates at start of 2023/24</b>	<b>11.291</b>	<b>7.427</b>	<b>15.624</b>
<b>Changes at Q1</b>	-0.853	0.686	0.585
<b>New Financial System - Council Approved 28/09/23</b>	0.200	0	0
<b>Changes at Q2</b>	-2.413	1.789	2.109
<b>Executive Member – Finance and I.T. approved additional Expenditure EV Charging Point at the DCO</b>	0.023	0	0
<b>Executive Member – Finance and I.T. approved additional Expenditure NHLC Gym Platform Lift Replacement</b>	0.030	0	0
<b>Changes approved by Full Council 29/02/2024 - Investment Strategy 2024-34</b>	-0.788	12.731	8.832
<b>Changes recommended at Q3</b>	-0.969	0.960	0
<b>Changes approved by Full Council 29/02/2024 - Bring forward £10K of the PSDF capital budget in to 23/24</b>	0.010	-0.010	0
<b>Changes since Q3 (as detailed in this report)</b>	-4.122	2.654	193
<b>Outturn 2023/24</b>	<b>2.409</b>	<b>26.237</b>	<b>27.343</b>

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

**Table 2: Scheme Timetable Revision:**

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

<b>Scheme</b>	<b>2023/24 Working Budget £'000</b>	<b>2023/24 Outturn £'000</b>	<b>Difference £'000</b>	<b>Reason for Difference</b>	<b>Estimated impact on 2024/25 onwards £'000</b>
Local Authority Housing Fund Pt2	1,424	274	-1,150	As at 31st March, three properties had been delivered, with one expected to be completed in April. The original allocation was for 8 properties and reflected interest from a number of Registered Providers. In the end only settle were able to deliver their allocation (of 4 properties). One of the properties was the capital refurbishment of an existing property which therefore cost less than acquiring/ building a property. The other three properties also cost less than the total amount available from the grant. The grant has funded around 50% of the total cost, with the remainder coming from settle.	107
Cycle Strategy Implementation	278	0	-278	Currently working in partnership with HCC following adoption of the Local Cycling Walking & Infrastructure Plan (LCWIP) in September 2023 to move the spend of this fund forward in 24/25.	278
Transport Plans Implementation	250	0	-250	Work is ongoing with regard the preparation of Supplementary Planning Documents including sustainable transport measures which will be used to identify possible schemes that could be part funded from this budget.	250
Parking Charging Payments Management	235	0	-235	The procurement process for the new parking machines is complete. The locations and installation of the new machines is now being worked through with the supplier.	235

<b>Scheme</b>	<b>2023/24 Working Budget £'000</b>	<b>2023/24 Outturn £'000</b>	<b>Difference £'000</b>	<b>Reason for Difference</b>	<b>Estimated impact on 2024/25 onwards £'000</b>
S106 Funding for additional Social Housing	385	192	-193	Payments are made in two tranches, 50% at start on site and 50% at practical completion. The remaining £192K will be paid in December 2025/ January 2026.	193
Green Infrastructure Implementation	185	0	-185	Following the legislative changes around 'Biodiversity Net Gain', consideration will be given to the future spend of the fund.	185
Technology One Implementation	200	44	-156	Project always planned to continue in to 24/25 with a go-live date of August 24. All the budget was allocated in to 2023/24 to provide flexibility over when it could be spent.	156
Playground Renovation 23/24	180	28	-152	Due to supply chain issues and particularly wet ground conditions the commencement of works was later than anticipated. The wet weather impacted the appointed contractors anticipated commencement due to unforeseen impacts on other contracts outside North Herts. Since works have started on site several days have also been lost due to the ongoing wet weather.	152
Parking Machines Replacement	150	9	-141	The procurement process for the new parking machines is complete. The locations and installation of the new machines is now being worked through with the supplier for installation to commence in 24/25	141
CCTV Replacement	190	58	-132	Upgrade works in Letchworth and Hitchin will take place in April / May 2024. Royston and Baldock have been completed.	132



<b>Scheme</b>	<b>2023/24 Working Budget £'000</b>	<b>2023/24 Outturn £'000</b>	<b>Difference £'000</b>	<b>Reason for Difference</b>	<b>Estimated impact on 2024/25 onwards £'000</b>
Match Funding Electric Vehicle charging	100	0	-100	The procurement exercise in appointing an EV ChargePoint supplier is near completion as is the submission for Government grant funding. Subject to a successful bid and grant funding still being available the implementation of EV Charge points across our car parks will commence in the 24/25 financial year.	100
Environmental Improvements to Leisure Centres	147	69	-78	Due to delays, works were not carried out by the previous leisure operator (SLL) prior to 31 March 2024. Therefore, request to carry forward spend to enable new operator Everyone Active to carry out outstanding elements in 2024/25.	78
Newark Close Road Replacement	65	0	-65	Ongoing review to finalise the extent of the works required. So the actual works will take place in 24/25.	65
Property Improvements	100	35	-65	<p>The underspend is due to a number of reasons.</p> <ol style="list-style-type: none"> <li>1) Some works identified by previous surveys as being required in the future have found not to be necessary by our Building Surveyor and a variety of works that were previously funded from this capital budget do not meet the criteria to be capitalised and consequently are funded through the revenue budget.</li> <li>2) Some premises are awaiting longer term</li> </ol>	65

<b>Scheme</b>	<b>2023/24 Working Budget £'000</b>	<b>2023/24 Outturn £'000</b>	<b>Difference £'000</b>	<b>Reason for Difference</b>	<b>Estimated impact on 2024/25 onwards £'000</b>
				<p>strategic decisions from Estates on their future.</p> <p>3) Resourcing in the team creates delays, with timing based on assessed priorities.</p>	
Upgrade 25 Parking Machines	56	0	-56	The procurement process for the new parking machines is complete. The locations and installation of the new machines is now being worked through with the supplier. It is anticipated some existing machine will remain to cater for a cash option.	56
Install On Street Charging	50	0	-50	This project has been put on hold while undertaking a detailed feasibility study on alternative methods of payment which links in with the overall Parking Charging Payments Management System.	50
Community Facilities Refurbishment	94	46	-48	The final applicant has made some amendments to the original specification. Once planning permission has been agreed then funding will be spent in 24/25	48
Off Street Car Parks Resurfacing	40	-8	-48	The car parks are assessed for future planned works in order to set capital budgets. However, the condition of car parks is regularly checked and if found to be in reasonable condition, capital works are pushed back. The planned works in 23/24 were not required and can now take place in 24/25. Note that the negative outturn figure is due to an over provision of an accrual from 22/23.	40

<b>Scheme</b>	<b>2023/24 Working Budget £'000</b>	<b>2023/24 Outturn £'000</b>	<b>Difference £'000</b>	<b>Reason for Difference</b>	<b>Estimated impact on 2024/25 onwards £'000</b>
Oughtonhead Common Weir	80	36	-44	Currently seeking appropriate permissions from Environment Agency and also Planning Permission before tendering delivery of the works.	44
Charnwood House	50	9	-41	Works in progress, delayed due to requirement to move telephone cables.	41
Bancroft & Priory Splash Pads	35	0	-35	Works have commenced and will be complete as part of the getting ready for the new season.	35
Bury Mead Road Transfer Facility	30	0	-30	Delays to the building of a Northern Transfer Station by HCC mean that this facility will continue to be needed and will require investment. It is likely that we will need to contribute towards that investment.	30
Resurface Lairage Car Park	30	0	-30	Our Building Surveyor has met with suppliers to discuss the proposed works and they have all have raised concerns around access to the site which will hinder material delivery and are unable to provide quotations. Our Building Surveyor is currently exploring alternative material surface covering and suppliers.	30
Infrastructure Hardware 2	28	0	-28	We are currently in the process of changing our Cyber Protection software and Email Protection software. We wish to carry forward the relevant hardware spends to purchase technology that will be more compatible and enhance some of the features of the new software that we will have in May 2024. Purchasing the hardware more suited to the new	28

Scheme	2023/24 Working Budget £'000	2023/24 Outturn £'000	Difference £'000	Reason for Difference	Estimated impact on 2024/25 onwards £'000
				technology will return greater value.	
Home Repair Assistance	30	3	-27	The Carry forward will enable more of our residents the opportunity to seek financial assistance should they need to, and should they qualify. The underspend is due in part to the limited number of qualifying applicants who contacted us during 2023/24, but also due to our limitation in being able to publicise and promote the resource to a wider range of our residents as much as we would otherwise wish to due to our long-standing and protracted staffing issues.	27
Total Minor (under £25k) slippage on other projects	423	140	-283		285
Changes to 24/25 Budget					-3
<b>Total Revision to Budget Profile</b>			<b>-3.900</b>		<b>2.848</b>

8.5 There are also changes to the overall costs of schemes in 2023/24. These changes total a net decrease of £0.404million and are detailed in Table3.

**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 Spend £'000	Difference £'000	Comments
S106 Projects	31	127	96	A total of £127k of S106 funds have been released for community schemes.
Shared Prosperity Fund	20	66	46	The Shared Prosperity Fund is a mixture of revenue and capital funding, with a minimum that must be spent on capital but capital spend can be higher than the minimum amount. This is funding for town centre improvements, and more of it relates to capital than expected. It will still be fully funded from the available grant,

<b>Scheme</b>	<b>2023/24 Working Budget £'000</b>	<b>2023/24 Spend £'000</b>	<b>Difference £'000</b>	<b>Comments</b>
Local Authority Housing Fund	543	248	-295	One of the properties was the capital refurbishment of an existing property, which therefore cost less than acquiring/ building a property. The other two properties also cost less than the total amount available from the grant. Three properties were successfully delivered by Settle, in line with the grant. The grant has funded around 50% of the total cost, with the remainder coming from Settle.
Mrs Howard Hall Boiler/windows	63	0	-63	Budget no longer required. Original budget was to fund works to the boilers, windows and floors as part of a new lease. However, the costs were covered by a £36,000 Community Facility Grants Fund and the granting of an extended rent-free period to the tenant. Consequently, the allowance in the capital budget is not required.
Centros Integra Upgrade	0	-41	-41	Over provision of accruals in 22/23.
<b>Other minor changes</b>			<b>35</b>	
<b>Total revision to scheme spend</b>			<b>-222</b>	

8.6 The following capital schemes have been completed during 2023/24:

- Completion of all remaining works on the Playground Renovation projects for 22/23
- Avenue Park Floodlights
- Bancroft Kiosk
- Electric Vehicle Charging Points at DCO
- Howard Gardens Splashpad
- Icknield Way Cemetery Resurfacing
- Lairage Lifts Refurbishment
- NHLC Gym toilets refurbishment
- NHLC Reconfiguration of Reception
- NHLC Soft Play
- Renovate Howard Park Play Area
- RLC Swim Showers and Change Village
- Thomas Bellamy House Structural works

#### **Capital Programme 2023/24 Funding onwards**

8.7 Table 4 below shows how the Council have funded the 2023/24 capital programme.

**Table 4: Funding the Capital Programme:**

	<b>2023/24 Balance at start of year £M</b>	<b>2023/24 Additions £M</b>	<b>2023/24 Funding Used £M</b>	<b>2023/24 Balance at end of year £M</b>
Useable Capital Receipts and Set-aside Receipts	5.477	0.750	(1.313)	4.914
S106 receipts			(0.344)	
Other third party grants and contributions			(0.752)	
Revenue Contributions / IT Reserve			0	
Planned Borrowing			0	
<b>Total</b>			<b>(2.409)</b>	

- 8.8 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.
- 8.9 The Council's Capital Financing Requirement (CFR) at 31<sup>st</sup> March 2024 was negative £2.583 million (negative £2.719 million 31<sup>st</sup> March 2023). As the CFR is negative the Council does not have a need to borrow to fund capital spend. However, should the Capital programme be fully spent in 24/25 there will be a potential need to borrow £11.7M. This will have an impact on the revenue budget by way of a Minimum Revenue Provision (MRP) charge in 25/26. We will look to borrow internally against cash reserves, so as the money is spent it will reduce the income we generate from treasury investments (which is currently over 5%, but is expected to decrease over time).

#### **Treasury Management 2023/24**

- 8.10 The Council has operated both within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.

8.11 The Council generated £2.941M of interest during 2023/24. The average interest rate agreed on new deals during the year was 5.34%. The average interest rate on all outstanding investments at the 31<sup>st</sup> March was 5.57%.

8.12 The Council's activities expose it to a variety of risks (credit, liquidity and market). The Treasury Strategy sets out the Authority's appetite for the level of exposure to these risks.

8.13 **Security Risk** – The possibility that other parties fail to pay amounts due to the Authority.

The Council's counterparty list for 2023/24 comprised UK building societies and UK banks with a Fitch (a credit rating agency) credit rating greater than BBB, non-UK banks with a credit rating greater than AA- with a AAA Country rating, other Local Authorities and Public Corporations. It also includes smaller Building Societies that do not have a credit rating.

8.14 **Liquidity Risk** – the possibility that the Authority may not have funds available to meet its commitments to make payments.

8.15 **Market Risk** - the possibility that financial loss might arise as a result of changes in interest rates.

Investing long term (greater than one year) currently achieves lower interest rates than short term deals. The risks of long term deals are:

- (i) The longer the time period the longer the investment is exposed to default.
- (ii) If the investment has a fixed interest rate, interest rates could rise and the potential to invest at a higher rate will be lost until the investment matures. Conversely, rates could fall and it is better to have locked in to a higher rate.

8.16 Members have indicated that they are prepared to accept this risk within the limits expressed in the Treasury Strategy, which allows no more than £17M of outstanding investments to be invested for longer than 365 days at any one time. At the end of the year the Council had one investment for £2M invested for longer than 365 days (commencing 20/03/24). This reflects that interest rates have continued to rise during the year and not wanting to lock in to a longer term fixed rate that was too low.

8.17 **Interest (Yield)** – The Bank of England increased Bank Rate three times during 2023/24 starting the year at 4.25% and ending at 5.25%. With investments being kept relatively short the yield on investments increased as the year went on. £2.941million of interest was received during the year compared to £1.310million in 2022/23.

8.18 The investments outstanding at the 31 March 2024 were £46.0million. This compares to a balance of £50.5million at 31 March 2023. Investment in capital projects will continue during 2024/25 and the estimated investment interest for 2024/25 was set at £1.150million. This estimate will be revised in the 1<sup>st</sup> quarter monitoring report to reflect a higher level of balances available to invest due to capital slippage and a higher interest rate than anticipated.

#### **Call Account**

- 8.19 We can now access a Call Account that is provided by Lloyds Bank alongside our current account. The Call Account allows fee-free transfers from and to our current account. Funds can be moved in to the Call Account for any period, including overnight. The Call Account currently pays interest at around 5%, compared to 2% for the current account,. We have been using the Call Account and treating it as an investment with Lloyds Bank. This has been done in accordance with the Investment Strategy which (for 24/25) allows up to £3m to be invested with any bank. For Lloyds Bank this is on top of the £5m current account limit. The way we have been using the Call Account is partly instead of our current account i.e. we have regularly transferred some of the balance that would otherwise have been in the current account to generate more interest. Therefore it is proposed (in the recommendation to Council) that the Call Account should form part of an overall £5m limit jointly with the current account.

## **9. LEGAL IMPLICATIONS**

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

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The main financial implications are covered in section 8 of the report.
- 10.2 The Authority operates a tolerance limit on capital projects that depends on the value of the scheme and on this basis over the next ten-year programme it should be anticipated that the total spend over the period could be £4.665million higher than the budgeted £53.580million.
- 10.3 The capital programme will need to remain under close review due to the limited availability of capital resources and the affordability in the general fund of the cost of using the Council's capital receipts. When capital receipts are used and not replaced the availability of cash for investment reduces. Consequently interest income from investments reduces. £1.0million currently earns the Authority approximately £53k per year in interest (5.3%). The general fund estimates are routinely updated to reflect the



reduced income from investments. When the Capital Financing Requirement (CFR) reaches zero the Council will need to start charging a minimum revenue provision to the general fund for the cost of capital and will need to consider external borrowing for further capital spend. The CFR at the 31 March 2024 was negative £2.583million. This may turn positive in 24/25 if the capital programme is fully spent.

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

## **11. RISK IMPLICATIONS**

- 11.1 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 Board (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.  
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](mailto:Dean.fury@north-herts.gov.uk)

Ian Couper, Service Director: Resources, Tel 474243, email  
[ian.couper@north-herts.gov.uk](mailto:ian.couper@north-herts.gov.uk)

Antonio Ciampa, Accountancy Manager, Tel 474566, email,  
[Antonio.ciampa@north-herts.gov.uk](mailto:Antonio.ciampa@north-herts.gov.uk)

Reuben Ayavoo, Policy and Communities Manager, Tel 474212, email,  
[Reuben.ayavoo@north-herts.gov.uk](mailto:Reuben.ayavoo@north-herts.gov.uk)

Jeanette Thompson, Service Director - Legal & Community,  
Tel 474370, email [Jeanette.Thompson@north-herts.gov.uk](mailto:Jeanette.Thompson@north-herts.gov.uk)

Ellie Hollingsworth, Trainee Policy Officer Legal & Community,  
Tel 474220, email [ellie.hollingsworth@north-herts.gov.uk](mailto:ellie.hollingsworth@north-herts.gov.uk)

## **18. BACKGROUND PAPERS**

- 18.1 Investment Strategy (Integrated Capital and Treasury Strategy)  
<https://srvmodgov01.north-herts.gov.uk/documents/s21481/INVESTMENT%20STRATEGY%20INTEGRATED%20CAPITAL%20AND%20TREASURY.pdf>  
<https://srvmodgov01.north-herts.gov.uk/documents/s21482/Final%20Council%20Appendix%20A-%20Integrated%20Capital%20and%20Treasury%20Strategy.docx.pdf>  
<https://srvmodgov01.north-herts.gov.uk/documents/s21567/Appendix%20A1%20-%20Full%20Capital%20Programme%202022-23v4.pdf>

									Funding				
		2023/24 Funding £	2024/25 Funding £	2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 Funding £	2029/30 - 2033/34 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
Project	Service Directorate												
40 KVA UPS Device or Battery Replacement	Customers	0	12,000	14,000	0	0	16,000	0	0	0	0	0	42,000
Air Handling Humidification	Enterprise	0	15,000	0	0	0	0	0	0	0	0	0	15,000
Alternative to safeword tokens for staff/members working remotely	Customers	0	9,900	0	3,000	0	19,000	0	0	0	0	0	31,900
Audio Improvements to Mountford Hall	Enterprise	0	15,000	0	0	0	0	0	0	0	0	0	15,000
Avenue Park Floodlights	Place	2,400	0	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	0	70,000
Baldock Road Recreation Ground Letchworth	Place	0	30,000	0	0	0	0	0	0	0	0	0	30,000
Baldock Town Hall project	Legal and Community	4,100	0	0	0	0	0	0	0	0	0	0	4,100
Bancroft & Priory Splash Pads	Place	0	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	0	800
Bancroft Lighting	Place	0	45,000	0	0	0	0	0	0	0	0	0	45,000
Burials Database System	Place	0	55,000	0	0	0	0	0	0	0	0	0	55,000
Burymead Road Transfer Facility	Place	0	30,000	0	0	0	0	0	0	0	0	0	30,000
Cabinet Switches - 4 Floors	Customers	0	0	0	0	0	0	0	0	0	0	0	0
Cadcorp Local Knowledge & Notice Board Software	Customers	0	5,400	0	0	0	0	0	0	0	0	200	5,200
Careline Laptops	Customers	5,100	0	0	0	0	0	0	5,100	0	0	0	0
CCTV at DCO & Hitchin Town Hall	Customers	5,100	14,900	0	0	0	0	0	0	0	0	0	20,000
CCTV Replacement	Customers	58,100	131,900	0	0	0	0	0	0	0	0	0	190,000
Chapelwood House	Enterprise	9,400	390,600	0	0	0	0	0	0	0	0	0	400,000
Community Centres Flat Roof Safety Barriers	Resources	0	43,000	0	0	0	0	0	0	0	0	0	43,000
Conference Calling Solutions in Large Meeting Rooms & District Council Offices	Customers	0	13,000	0	0	0	0	0	0	0	0	0	13,000
Council property improvements following condition surveys	Resources	34,800	165,200	100,000	100,000	85,000	0	0	0	0	0	0	485,000
Cyber Attacks - Events Monitoring Software Solution	Customers	0	2,000	0	0	0	0	0	0	0	0	0	2,000
Cycle Strategy implementation (GAF)	Regulatory	0	278,000	0	0	0	0	0	0	278,000	0	0	0
Data Switch Upgrade	Customers	0	0	0	0	0	0	0	0	0	0	0	0
Disabled Facilities Grant	Regulatory	-5,700	0	0	0	0	0	0	0	0	0	0	-5,700
DR Hardware Refresh Inc UPS Battery Pk (unit 3)	Customers	0	0	55,000	0	0	0	0	0	0	0	0	55,000
Email Encryption Software Solution	Customers	2,700	17,700	0	0	0	0	0	0	0	0	0	20,400
Enhancements to Hitchin Swim Centre facility	Place	58,900	0	0	0	0	0	0	0	0	0	0	58,900
Environmental Improvements	Place	69,000	78,300	0	0	0	0	0	0	0	0	0	147,300
EV Charging Point at the DCO	Resources	24,900	0	0	0	0	0	0	0	0	0	0	24,900
Fibre Waste Bins	Place	0	0	1,170,000	0	0	0	0	0	0	0	0	1,170,000
Former Public Convenience Portmill Lane	Enterprise	0	25,000	0	0	0	0	0	0	0	0	0	25,000
Green Infrastructure implementation (GAF)	Regulatory	0	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	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	0	75,000
Hitchin Swim Centre Café	Place	0	19,000	0	0	0	0	0	0	0	0	0	19,000
Hitchin Swimm Centre Pool View	Place	0	70,000	0	0	0	0	0	0	0	0	0	70,000
Hitchin Swim Centre Reception Toilet Refurbishment	Place	0	40,000	0	0	0	0	0	0	0	0	0	40,000
Hitchin Swim Centre: Archers Member Change and Relaxation Area Refurbishment	Place	0	0	300,000	0	0	0	0	0	0	0	0	300,000

Project	Service Directorate								Funding				
		2023/24 Funding £	2024/25 Funding £	2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 Funding £	2029/30 - 2033/34 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
Hitchin Swim Centre: Changing Village Refurbishment	Place	0	0	0	225,000	0	0	0	0	0	0	0	225,000
Hitchin Swim Centre: Fitness Equipment Replacement	Place	0	0	371,700	0	0	0	0	0	0	0	0	371,700
Hitchin Town Hall Kitchen Enhancement	Enterprise	0	0	0	25,000	0	0	0	0	0	0	0	25,000
Howard Gardens Splashpad	Place	17,400	0	0	0	0	0	0	0	0	0	0	17,400
Howard Park Kiosk Refurbishment	Enterprise	15,400	14,600	0	0	0	0	0	0	0	0	0	30,000
Howard Park Letchworth Path Resurfacing	Place	0	20,000	0	10,000	10,000	0	0	0	0	0	0	40,000
Icknield Way Cemetery Letchworth Road and Path Resurfacing	Place	100,500	0	0	0	0	0	0	0	0	0	0	100,500
Infrastructure Hardware	Customers	0	375,000	0	18,000	18,000	190,000	0	0	0	0	0	601,000
Installation of trial on-street charging (GAF)	Regulatory	0	50,000	0	0	0	0	0	0	50,000	0	0	0
Inrtegra Centros	Resources	-41,200	0	0	0	0	0	0	0	0	0	0	-41,200
Ivel Springs Footpaths	Place	0	10,000	0	0	0	0	0	0	0	0	0	10,000
King George V Muga Hitchin	Place	0	55,000	0	0	0	0	0	0	0	0	0	55,000
John Barker Place, Hitchin	Regulatory	0	1,096,000	0	0	0	0	0	0	0	270,400	0	825,600
Lairage Multi-Storey Car Par - Structural wall repairs	Resources	2,800	111,100	0	0	0	0	0	0	0	0	0	113,900
Lairage Lifts Refurbishment	Resources	-2,400	0	0	0	0	0	0	0	0	0	0	-2,400
Laptops - Refresh Programme	Customers	43,900	40,000	319,000	49,000	35,000	40,000	443,000	0	0	0	0	969,900
Lease Cars	Resources	0	141,000	0	0	0	0	0	0	0	0	0	141,000
Leisure Condition Survey Enhancements	Place	58,800	0	0	0	0	0	0	0	0	0	0	58,800
Letchworth Multi-storey Car Park - parapet walls, soffit & decoration	Resources	0	129,000	0	0	0	0	0	0	0	0	0	129,000
Letchworth OD Pool Café	Place	0	53,000	0	0	0	0	0	0	0	0	0	53,000
Local Authority Housing Fund	Regulatory	247,500	0	0	0	0	0	0	0	247,500	0	0	0
Local Authority Housing Fund Pt 2	Regulatory	273,700	107,000	0	0	0	0	0	0	380,700	0	0	0
Match funding for Electric Vehicle charging	Regulatory	0	100,000	0	0	0	0	0	0	0	0	0	100,000
Members Laptops Refresh Programme	Customers	29,900	0	0	30,000	0	0	60,000	0	0	0	0	119,900
Microsoft Enterprise Software Assurance	Customers	18,600	0	679,000	0	0	747,000	747,000	0	0	0	0	2,191,600
Museum Storage Facility	Enterprise	0	2,000,000	2,000,000	0	0	0	0	0	0	0	0	4,000,000
Newmarket Road Royston Skatepark & Access	Place	24,400	75,600	0	0	0	0	0	0	0	100,000	0	0
NH Museum & Community Facility	Enterprise	0	48,300	0	0	0	0	0	48,300	0	0	0	0
NHLC Air Handling Units	Place	0	250,000	0	0	0	0	0	0	0	0	0	250,000
NHLC Café	Place	0	20,000	0	0	0	0	0	0	0	0	0	20,000
NHLC Gym Platform Lift Replacement	Place	14,300	15,700	0	0	0	0	0	0	0	0	0	30,000
NHLC Gym Equipment	Place	0	434,000	0	0	0	0	0	0	0	0	0	434,000
NHLC Gym Refubishment	Place	0	292,000	0	0	0	0	0	0	0	0	0	292,000
NHLC Gym toilets and accessible toilet refurbishment	Place	39,200	0	0	0	0	0	0	0	0	0	0	39,200
NHLC Interactive Water Feature	Place	0	0	0	0	120,000	0	0	0	0	0	0	120,000
NHLC Lift Replacement	Place	0	90,000	0	0	0	0	0	0	0	0	0	90,000
NHLC Male, Female and Accessible Wet Change Refurbishment	Place	0	0	0	250,000	0	0	0	0	0	0	0	250,000
NHLC Pool Flume Replacement	Place	0	0	0	0	0	150,000	0	0	0	0	0	150,000
NHLC Pool View	Place	0	110,000	0	0	0	0	0	0	0	0	0	110,000
NHLC Reconfiguration of Reception Area	Place	28,500	0	0	0	0	0	0	0	0	0	0	28,500
NHLC Soft Play	Place	112,500	0	0	0	0	0	0	0	0	0	0	112,500
Northern Transfer Station	Place	0	0	0	3,000,000	3,000,000	0	0	0	0	0	0	6,000,000
Norton Common Bowls Pavilion	Place	0	55,000	0	0	0	0	0	0	0	28,000	0	27,000

Project	Service Directorate								Funding				
		2023/24 Funding £	2024/25 Funding £	2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 Funding £	2029/30 - 2033/34 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
Norton Common Footpaths	Place	0	10,000	0	0	0	0	0	0	0	0	0	10,000
Norton Common Letchworth Tennis Courts	Place	0	25,000	0	0	0	0	0	0	0	0	0	25,000
Off Street Car Parks resurfacing and enhancement	Resources	-7,500	100,000	50,000	59,400	0	0	0	0	0	0	0	201,900
Old Hale Way Allotments Hitchin	Place	0	20,000	0	0	0	0	0	0	0	0	0	20,000
Oughtonhead Common Footpaths	Place	0	20,000	0	0	0	0	0	0	0	0	0	20,000
Oughtonhead Common Hitchin Weir	Place	36,400	363,600	0	0	0	0	0	0	0	0	0	400,000
Oughtonhead Common Signage and Interpretation	Place	0	10,000	0	0	0	0	0	0	0	0	0	10,000
Parking Charging, Payments & Management	Regulatory	0	235,000	0	0	0	0	0	0	0	0	0	235,000
Parking Machines Replacement	Regulatory	8,800	291,200	0	0	0	0	0	0	0	0	0	300,000
Parking Machines Upgrade - Contactless Payment Facility Installation	Regulatory	0	56,000	0	0	0	0	0	0	42,000	0	0	14,000
PC's - Refresh Programme	Customers	2,700	26,600	7,000	8,000	5,000	8,000	13,000	0	0	0	0	70,300
Playground Renovation District Wide	Place	111,900	331,700	180,000	180,000	180,000	180,000	900,000	0	0	0	0	2,063,600
Priory Memorial Gardens MUGA Royston	Place	0	55,000	0	0	0	0	0	0	0	0	0	55,000
Private Sector Grants	Regulatory	3,400	204,700	60,000	60,000	60,000	60,000	300,000	0	0	0	0	748,100
Provide housing at market rents.	Enterprise	13,000	22,100	0	0	0	0	0	0	0	0	0	35,100
Public Sector Decarbonisation Fund	Place	12,900	10,790,100	0	0	0	0	0	0	7,730,100	0	0	3,072,900
Ransome Rec Footpaths, Gates and Railing	Place	0	20,000	0	0	0	0	0	0	0	0	0	20,000
Refurbishment and improvement of community facilities	Legal and Community	46,000	47,800	0	0	0	0	0	0	0	0	0	93,800
Refuse and Recycling Bins	Place	149,700	90,000	90,000	90,000	90,000	90,000	270,000	0	0	0	0	869,700
Remote testing equipment - Emergency Lights and Water Temperature Monitoring	Resources	0	0	13,000	0	0	0	0	0	0	0	0	13,000
Renovate skate park at KGV Hitchin	Place	1,300	248,700	0	0	0	0	0	0	0	0	0	250,000
Replacement of Newark Close, Royston	Enterprise	0	65,000	0	0	0	0	0	0	0	0	0	65,000
Replacement of the timber access bridge at Norton Common	Place	0	75,000	0	0	0	0	0	0	0	0	0	75,000
Resurface Lairage Car Park	Resources	0	346,300	0	0	0	0	0	0	0	0	0	346,300
Riverside walkway, Biggin Lane	Place	0	53,000	0	0	0	0	0	0	0	0	0	53,000
RLC change village refurbishment – replacement of cubicles, lockers, vanity area and group change.	Place	0	150,000	0	0	0	0	0	0	0	0	0	150,000
RLC swim showers and change village toilet refurbishment	Place	88,400	0	0	0	0	0	0	0	0	0	0	88,400
RLC Café	Place	0	0	20,000	0	0	0	0	0	0	0	0	20,000
Royston Leisure Centre Dry Side Toilet Refurbishment	Place	0	0	30,000	0	0	0	0	0	0	0	0	30,000
Royston Leisure Centre extension	Place	0	1,000,000	0	0	0	0	0	0	0	168,000	0	832,000
RLC Pool View	Place	0	70,000	0	0	0	0	0	0	0	0	0	70,000
RLC Gym Equipment	Place	0	0	349,800	0	0	0	0	0	0	0	0	349,800
RLC Gym Refurbishment	Place	0	0	452,000	0	0	0	0	0	0	0	0	452,000
RLC Learner Pool	Place	0	2,500,000	0	0	0	0	0	0	0	0	0	2,500,000
Royston Leisure Centre Members Changing Refurbishment	Place	0	200,000	0	0	0	0	0	0	0	0	0	200,000
S106 Projects	Various	126,700	0	0	0	0	0	0	0	0	126,700	0	0
S016 Funding for additional social housing	Regulatory	192,500	0	192,500	0	0	0	0	0	0	385,000	0	0
Security - Firewalls	Customers	0	23,600	0	18,000	0	18,000	0	0	0	0	0	59,600

Project	Service Directorate								Funding				
		2023/24 Funding £	2024/25 Funding £	2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 Funding £	2029/30 - 2033/34 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
Shared Prosperity Fund Community and Place Intervention: Community Engagement Schemes	Enterprise	0	163,000	0	0	0	0	0	0	163,000	0	0	0
Shared Prosperity Fund Community and Place Intervention: Creation of and improvements to local green spaces	Enterprise	66,100	100,000	0	0	0	0	0	0	166,100	0	0	0
Shared Prosperity Fund Community and Place Intervention: Local sports facilities, tournaments, teams and leagues	Resources	109,900	100,000	0	0	0	0	0	0	209,900	0	0	0
Shared Prosperity Fund Community and Place Interventions	Resources	50,000	0	0	0	0	0	0	0	50,000	0	0	0
St Johns Cemetery Footpath	Place	0	40,000	0	0	0	0	0	0	0	0	0	40,000
Swinburne Recreation Ground Hitchin	Place	0	30,000	0	0	0	0	0	0	0	0	0	30,000
Tablets - Android Devices	Customers	22,800	13,900	10,000	10,000	4,000	4,000	12,000	0	0	0	0	76,700
Technology One Financial System	Resources	44,200	155,800	0	0	0	0	0	0	0	0	0	200,000
Telephony system	Customers	3,200	0	0	0	0	0	0	0	0	0	0	3,200
Thomas Bellamy House, Hitchin	Enterprise	58,300	6,000	0	0	0	0	0	0	0	0	0	64,300
Transport Plans implementation (GAF)	Regulatory	0	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	0	250,000	0	37,000	0	13,000
Waste and Street Cleansing Vehicles	Place	0	0	8,500,000	0	0	0	0	0	0	0	3,200,000	5,300,000
Weston Hills Baldock	Place	0	20,000	0	0	0	0	0	0	0	0	0	20,000
Weston Hills LNR Footpath Renovation	Place	0	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	0	40,000
Wilbury Hills Cemetery Footpaths	Place	15,200	10,000	0	30,000	0	0	0	0	0	0	0	55,200
		2,409,300	26,237,300	15,303,000	4,165,400	3,607,000	1,522,000	2,745,000	303,400	9,752,300	1,115,100	3,200,200	41,618,000

# **Annual Treasury Management Review 2023/24**

## Contents

Purpose.....	3
Executive Summary.....	4
Introduction and Background .....	5
1. The Council’s Capital Expenditure and Financing.....	5
2. The Council’s Overall Borrowing Need .....	6
3. Treasury Position as of 31st March 2024.....	7
4. The Strategy for 2023/24 .....	10
5. Borrowing Outturn .....	11
6. Investment Outturn.....	11



# Annual Treasury Management Review 2023/24

---

## Purpose

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2023/24. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2023/24 the minimum reporting requirements were that the Full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 23/02/2023)
- a mid-year, (minimum), treasury update report (Council 25/01/2024)
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

In addition, Cabinet and the Finance, Audit and Risk (FAR) Committee have received quarterly treasury management update reports.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Finance, Audit and Risk (FAR) Committee before they were reported to Cabinet / Full Council. Members are provided with an annual training session on Local Government finance, which takes place in June each year. All members are invited, with a focus on new members attending. Members of Finance, Audit and Risk Committee are provided with a short training session before most meetings. The content of these sessions is guided by Members needs, and treasury management will be considered as a topic for 2024/25.

## Executive Summary

During 2023/24, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	31.3.23 Actual £m	2023/24 Original £m	31.3.24 Actual £m
Capital Expenditure	6.923	8.516	2.409
Capital Financing Requirement	-2.719	-1.500	-2.583
Gross borrowing	0.367	0.347	0.347
External debt	0.367	0.347	0.347
Investments	50.500	40.685	46.000
Net borrowing	-50.133	-40.338	-45.653

Other prudential and treasury indicators are to be found in the main body of this report. The Director of Finance also confirms that no new borrowing was undertaken and the statutory borrowing limit, (the authorised limit), was not breached.

## Introduction and Background

This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

### 1. The Council's Capital Expenditure and Financing

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m General Fund	31.3.23 Actual	2023/24 Budget	31.3.24 Actual
<b>Capital expenditure</b>	<b>6.923</b>	<b>8.516</b>	<b>2.409</b>
Financed in year	5.192	7.610	2.273
<b>Unfinanced capital expenditure</b>	<b>1.731</b>	<b>0.906</b>	<b>0.136</b>

## 2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2023/24 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLb], or the money markets), or utilising temporary cash resources within the Council.

The Council's 2023/24 MRP Policy, (as required by DLUHC Guidance), was approved as part of the Treasury Management Strategy Report for 2023/24 on 23/02/2023.

The Council's CFR for the year is shown below, and represents a key prudential indicator.

CFR (£m): General Fund	31.3.23 Actual £m	2023/24 Working Budget £m	31.3.24 Actual £m
Opening balance	-4.446	-2.375	-2.719
Add unfinanced capital expenditure (as above)	1.731	0.906	0.136
Less Finance Lease Repayments	0.004	0.004	0.004
Closing balance	-2.719	-1.465	-2.579

The negative closing balances mean that the Council does not have a need to borrow.

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2023/24) plus the estimates of any additional capital financing requirement for the current (2024/25) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator as all borrowing is historic and it is not economical to repay it.

	31.3.23 Actual £m	2023/24 Budget £m	31.3.24 Actual £m
Gross borrowing position	0.367	0.347	0.347
CFR	-2.719	-1.465	-2.579

**The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2023/24 the Council has maintained gross borrowing within its authorised limit.

**The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

**Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2023/24 £m
Authorised limit	7.0
Maximum gross borrowing position during the year	0.367
Operational boundary	2.0
Average gross borrowing position	£0.358m
Financing costs as a proportion of net revenue stream	-15.77%

### 3. Treasury Position as of 31st March 2024

The Council’s treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council’s Treasury Management Practices. At the end of 2023/24 the Council’s treasury position was as follows:-

DEBT PORTFOLIO	31.3.23 Principal £m	Rate/ Return	31.3.24 Principal £m	Rate/ Return
Fixed rate funding:				
-PWLB	0.367	10.28%	0.347	10.48
-Market	0		0	
Variable rate funding:				
-PWLB	0		0	
-Market	0		0	
<b>Total debt</b>	<b>0.367</b>	<b>10.28%</b>	<b>0.347</b>	<b>10.48</b>
CFR	-2.719		-2.579	
Over / (under) borrowing	3.086		2.926	
<b>Total investments</b>	<b>50.5</b>	<b>4.19%</b>	<b>46.0</b>	<b>5.57%</b>
<b>Net debt</b>	<b>50.133</b>		<b>45.653</b>	

The maturity structure of the debt portfolio was as follows:

	31.3.23 Actual £'000	31.3.24 Actual £'000
Under 12 months	21	21
12 months and within 24 months	21	20
24 months and within 5 years	50	40
5 years and within 10 years	25	15
10 years and above	250	250

INVESTMENT PORTFOLIO	31.3.23 Actual £m	31.3.22 Actual %	31.3.23 Actual £m	31.3.23 Actual %
<b>Treasury investments</b>				
Banks	11.0	22	2.0	4
Building Societies - rated	8.0	16	0.0	0
Building Societies – unrated	0.0	0	0.0	0
Local authorities	29.0	57	44.0	96
DMADF (H M Treasury)	2.5	5	0.0	0
<b>TOTAL TREASURY INVESTMENTS</b>	<b>50.5</b>	<b>100%</b>	<b>46.0</b>	<b>100%</b>

The maturity structure of the investment portfolio was as follows:

	31.3.23 Actual £m	31.3.24 Actual £m
Investments Longer than 1 Year	2.0	2.0
Investments Up to 1 Year	48.5	44.0

## 4. The Strategy for 2023/24

The strategy in 2023/24 was to continue lending to UK banks, building societies, money market funds and Local Authorities and allow investments with non-UK banks with a credit rating greater than AA- with a AAA Country rating. Only UK banks that met credit rating criteria ("BBB" or above for longer term deals, and F3 or above for short term deals) were on the Council's lending list. (These are Fitch definitions of ratings). Not all building societies are credit rated but this did not preclude them from the lending list as lending to a building society was dependant on their asset size. Where a society did have a rating, this was considered at the time of the deal taking into account the amount of investment and the length of the deal.

### 4.1 Investment strategy and control of interest rate risk

Investment returns picked up throughout the course of 2023/24 as central banks, including the Bank of England, continued to respond to inflationary pressures that were not transitory, and realised that tighter monetary policy was called for.

Starting April at 4.25%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August. By the end of the financial year, no further increases were anticipated. Indeed, the market was pricing in a first cut in Bank Rate in either June or August 2024.

The upward sloping yield curve that prevailed throughout 2023/24 meant that local authorities continued to be faced with the challenge of proactive investment of surplus cash, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and "laddering" deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.

With bond markets selling off, UK equity market valuations struggled to make progress, as did property funds, although there have been some spirited, if temporary, market rallies from time to time – including in November and December 2023. However, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration), have continued to be at the forefront of most local authority investment strategies, particularly given Money Market Funds have also provided decent returns in close proximity to Bank Rate for liquidity purposes. In the latter part of 2023/24, the local authority to local authority market lacked any meaningful measure of depth, forcing short-term investment rates above 7% in the last week of March.

While the Council has taken a prudent approach to investing surplus monies, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Global Financial Crisis of 2008/09. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

### 4.2 Borrowing strategy and control of interest rate risk

The policy of avoiding new borrowing by running down spare cash balances which has served well over the last few years continued during 23/24.



Interest rate forecasts initially suggested further gradual rises in short, medium and longer-term fixed borrowing rates during 2023/24. Bank Rate had initially been forecast to peak at 4.5% but it is now expected to have peaked at 5.25%.

By January it had become clear that inflation was moving down significantly from its 40-year double-digit highs, and the Bank of England signalled in March 2024 that the next move in Bank Rate would be down, so long as upcoming inflation and employment data underpinned that view. Currently (at February 2024) the CPI measure of inflation stands at 3.4% but is expected to fall materially below 2% over the summer months and to stay there in 2025 and 2026. Nonetheless, there remains significant risks to that central forecast, mainly in the form of a very tight labour market putting upward pressure on wages and continuing geo-political inflationary risks emanating from the prevailing Middle East crisis and the Russian invasion of Ukraine.

## 5. Borrowing Outturn

### **Borrowing**

No new borrowing was undertaken during the year

### **Borrowing in advance of need**

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

### **Rescheduling**

No rescheduling was done during the year as the approximate 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

### **Repayments**

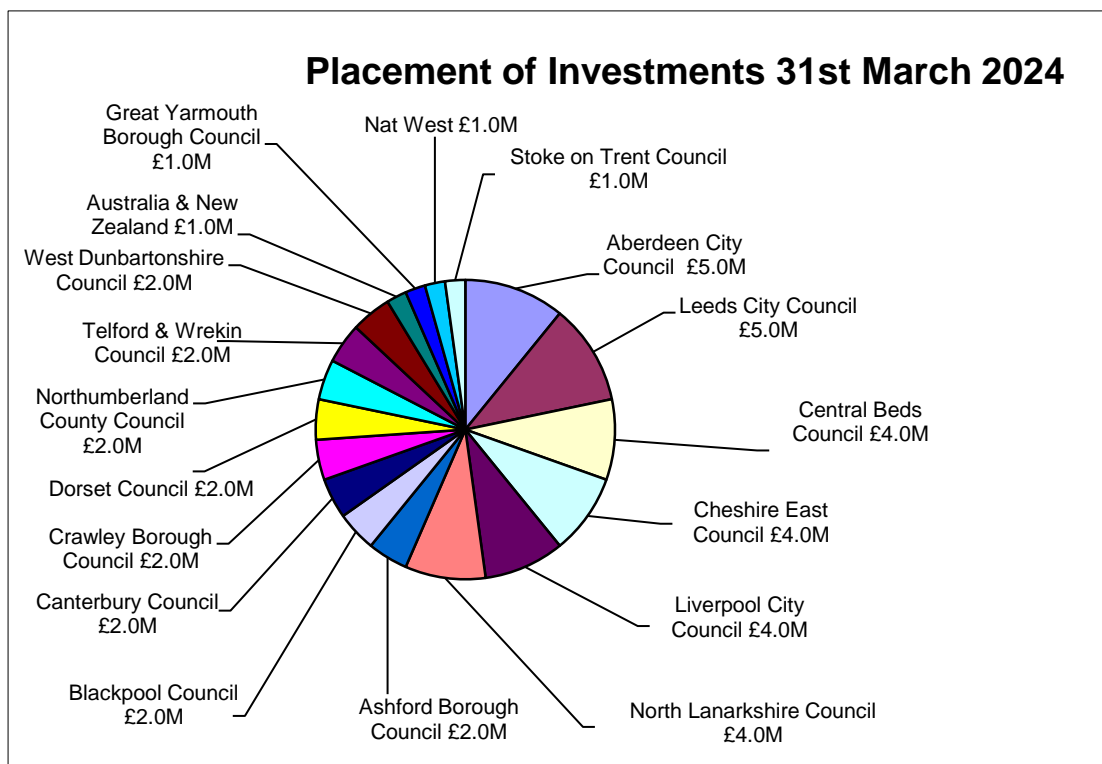
£20K of PWLB loans were repaid during the year, as they became due.

## 6. Investment Outturn

**Investment Policy** – the Council's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the Council on 23 February 2023. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the Fitch credit rating agency for banks and asset size for building societies.

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

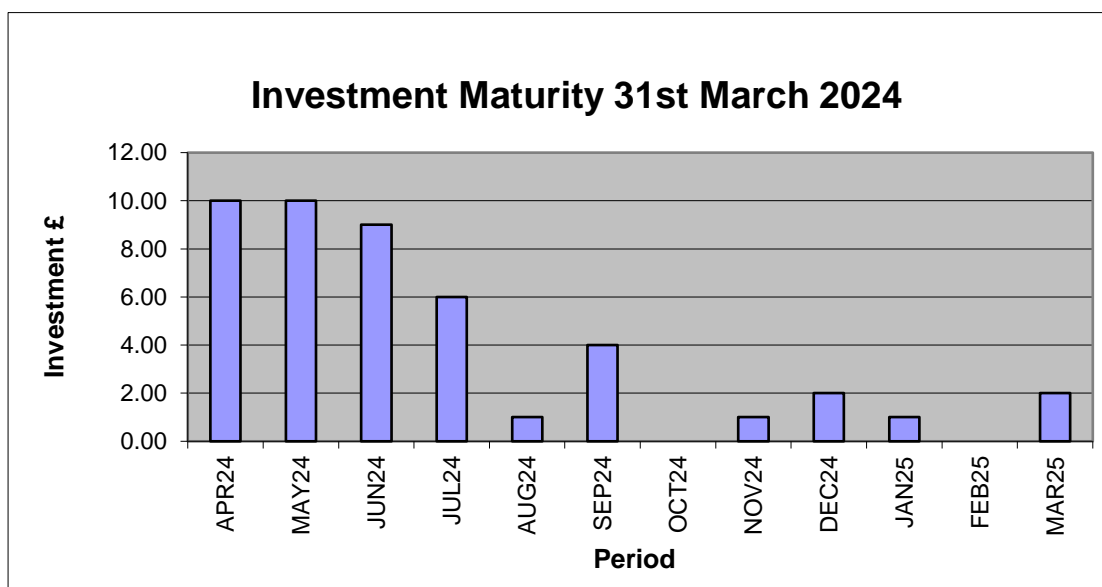
The pie chart below shows the spread of investment balances as at 31 March 2024. This is a snapshot in time that demonstrates the diversification of investments.



The average daily balance of investments was £57.0m with balances varying between £46m and £72.0m.

£2.941m of interest was generated from investments during the year. This is as budgeted for at Quarter 3 (£2.940M), but significantly more than the original budget of £1.602million.

The graph below shows the maturity profile of investments at 31st March 2024.



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 31 March. The most risky investment still has a risk of default of only around 0.044%. It should also be noted that in general the interest rate received is correlated to the risk, so the interest income received would be less if it took on less risk. All investments have been made in accordance with the Investment Strategy. The risk of default is also affected by the length of the investment.

<b>Borrower</b>	<b>Interest Rate %</b>	<b>Principal</b>	<b>Days to Maturity from 31/03/24</b>	<b>Risk of Default %</b>	<b>Expected Credit Loss £</b>
Telford & Wrekin Council	5.7	2,000,000	15	0.001	0
Ashford Borough Council	5.65	2,000,000	17	0.001	0
Cheshire East Council	5.5	2,000,000	22	0.001	0
Central Beds Council	5.45	2,000,000	23	0.001	0
Crawley Borough Council	5.55	2,000,000	26	0.002	0
Aberdeen City Council	5.7	3,000,000	33	0.002	0
Blackpool Council	5.5	1,000,000	37	0.002	0
Central Beds	5.5	2,000,000	43	0.003	0
North Lanarkshire Council	5.55	2,000,000	54	0.003	0
Aberdeen City Council	5.55	2,000,000	60	0.004	0
Leeds City Council	5.5	5,000,000	64	0.004	0
Cheshire East Council	5.5	2,000,000	64	0.004	0
Canterbury Council	5.65	2,000,000	78	0.005	0
Australia and New Zealand Bank	5.51	1,000,000	93	0.011	113
Nat West	5.26	1,000,000	93	0.011	113
Dorset Council	5.51	2,000,000	99	0.006	0
Liverpool City Council	5.55	2,000,000	121	0.008	0
Blackpool Council	5.9	1,000,000	144	0.009	0
North Lanarkshire Council	5.8	2,000,000	170	0.011	0
Northumberland County Council	5.55	2,000,000	183	0.012	0
Great Yarmouth Borough Council	5.6	1,000,000	227	0.014	0
West Dunbartonshire Council	5.7	2,000,000	260	0.017	0
Stoke on Trent City Council	5.75	1,000,000	303	0.019	0
Liverpool City Council	5.25	2,000,000	354	0.023	0
<b>Total</b>	<b>5.57</b>	<b>46,000,000</b>		<b>0.006</b>	<b>226</b>

Under IFRS 9, the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default.

This page is intentionally left blank

**CABINET  
25 JUNE 2024**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: KEY PERFORMANCE INDICATORS 2024/25**

REPORT OF: *SERVICE DIRECTOR: RESOURCES*

EXECUTIVE MEMBER: *FINANCE AND IT*

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

**1. EXECUTIVE SUMMARY**

This report recommends the adoption of Council key performance indicators for 2024/25. The intention of these indicators is that they provide a view of how the Council is performing overall, with a particular focus on key priorities and areas of significant risk. The indicators will be reported on a quarterly basis to Overview and Scrutiny Committee and Cabinet. There will be scope to amend the key performance indicators during the year.

**2. RECOMMENDATIONS**

- 2.1. That Cabinet adopt the performance indicators set out in paragraph 8.3 for 2024/25.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. We had tried to move towards having indicators that were focused on our key projects. However we have found that these do not generally give the level of Council oversight that we would want. Therefore these performance indicators are proposed to give that view of overall performance.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. We could continue to just look at indicators that are linked to key Council projects. This is rejected for the reason set out above.
- 4.2. We could move to having a much larger set of key performance indicators. Whilst this would be feasible, as we do collect data across our various service areas, it would mean losing the focus on a key set of indicators.

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

- 5.1 A report went to the internal informal Political Liaison Board of the Executive and the Leadership team, in June 2024 and the issues with performance indicators for sickness absences was discussed.

## **6. FORWARD PLAN**

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

## **7. BACKGROUND**

- 7.1. In March 2024, Cabinet and Overview and Scrutiny (O&S) Committee received a report making recommendations on the projects that would form part of the Council Delivery Plan (CDP) for 2024-25. This reduced the number of projects that would form part of the CDP, so that it was more focused on key projects.

- 7.2. That report also provided the following commentary on performance indicators:

*Before we moved to the current CDP process, we were reporting on a lot of performance indicators that did not provide much insight on how the Council overall was performing (i.e. from a corporate perspective). The idea with the CDP was that we would link performance indicators to the projects. However we have found that very few projects have meaningful indicators. Also, for those projects that do have indicators they tend to only provide meaningful data after implementation/ completion, and by that point the project itself has been removed from the CDP. Whilst it is important that we make sure that projects have achieved their goals, that is probably best assessed through the project management process. It is recommended that we develop a set of performance indicators that give a view of how the Council overall is performing. This could include measures in relation to customer services performance, customer satisfaction and complaints, HR and resourcing, environmental sustainability,*

- 7.3. Based on the above, this report makes recommendations on the performance indicators for 2024/25.

## **8. RELEVANT CONSIDERATIONS**

- 8.1. The overall purpose of the performance indicators is to allow Councillors, Officers and residents to get an insight in to how the Council is performing, with a focus on key Council objectives. Measures are either strategic or focused on key service areas.

- 8.2. The more detailed suggested principles are:

- The aim is not to create significant additional workload to compile the indicators. We will put effort into a new indicator if it provides meaningful insight. We will not just carry on compiling and reporting on indicators just because we have always done so. We will continue to satisfy statutory requirements to provide data.
- There will still be service level performance indicators as well. If Overview and Scrutiny want to focus on a particular service area then that greater level of detail can be provided.
- This will be reported quarterly to O&S/ Cabinet, and also be a dashboard on IdeaGen (previously Pentana).
- Where targets are set they will be set on a RAG basis. Amber should be at a level where need to consider appropriate action. Red should be where urgent action is required. Green shows that performance is at an acceptable level.

- Measures and targets will aim to be SMART (Specific, Measurable, Achievable, Relevant, Time-bound). This includes not setting targets which are unavailable and only act as an aspiration.

8.3. The proposed Performance Indicators are set out in the following tables, which are separated by theme:

#### Customer Services

Measure	Frequency of reporting	Recent data	Targets and Comments
% CSC calls answered	Quarterly	2023/24 Q1 91%, Q2 88%, Q3 86%	Currently an aspirational target of 95% but in the revised context (i.e., amber means take action, red means take urgent action) it is not unrealistic. In the medium term we will have the impact of waste customer services being brought back in-house which may affect performance.  Revised target of 90% Green, 80-90% Amber, below 80% = Red.
% calls answered within 45 seconds	Quarterly	2023/24 Q1 87%, Q2 80%, Q3 80%	Current target of 80% is realistic. That will be set as Green level, with Amber 70%-80% and Red below 70%.

#### Customer Feedback

Measure	Frequency of reporting	Recent data	Targets and Comments
Stage 1 Number of complaints	Quarterly	2023/24 Q1 30, Q2 39, Q3 42	No target, for information only. Having a target would imply that we are seeking a level of complaints. Zero complaints is not realistic.
% of complaints resolved within 10 days	Quarterly	2023/24 Q1 77%, Q2 80%, Q3 83%	Current target of 80% is realistic. Set that as Green level. Amber 70%-80% and Red below 70%.
% of stage 2 complaints resolved within 20 days	Quarterly	2023/24 Q1 71%, Q2 70%, Q3 70%	Currently an aspirational target of 80% but in the revised context (i.e., amber means take action, red means take urgent action) it is not unrealistic. Set Green at 70%, with Amber 60%-70% and Red below 60%.

The intention is that there will still be additional half-yearly reports that provide more detail on customer services and customer feedback performance. Those reports will include more detail on how customers access our services, number of contractor complaints and detail on LGO (Local Government Ombudsman) complaints.

#### Staff Wellbeing

Measure	Frequency of reporting	Recent data	Targets and Comments
Working days lost due to short-term absence (per FTE)	Quarterly (for	4.18 days (at end of March)	Used to be 3.5 days, but general trend is that short-term sickness is now higher. Suggested target is that below 4 is Green, 4-5 is Amber and above 5 is Red.

	previous 12 months)		
Working days lost due to long-term absence (per FTE)	Quarterly (for previous 12 months)	4.02 days (at end of March)	No target as generally can't control or influence significantly, but long-term sickness will affect productivity. Note that although overall level could be low, it could still be having a significant impact on specific teams.

When timing is relevant, we will also add in results from staff surveys.

### Staff Recruitment and Retention

Measure	Frequency of reporting	Recent data	Targets and Comments
Staff turnover	Monthly refresh of annual value	9.16% (to March 24)	Up to 15% is Green, 15-20% is Amber, above 20% is Red.
% of advertised vacancies filled in first round	Quarterly	New for 24/25	Above 75% is Green, 50-75% is Amber, under 50% is Red.

### Financial Sustainability

Measure	Frequency of reporting	Recent data	Targets and Comments
Percentage of annual Council Tax collected	Updated monthly, reported to Cabinet and O&S each Quarter.	97.9% at end of March	Already monthly profile target in place. Green where at or exceed target. Amber up to 2 percentage points below target. Red more than 2 percentage points under target.
Percentage of annual NNDR collected		97.5% at end of March	Already monthly profile target in place. Green where at or exceed target. Amber up to 2 percentage points below target. Red more than 2 percentage points under target.
Performance against revenue budget (projection against original budget)	Quarterly	(10%) at Q3	Underspend = Green. Overspend of up to 2% is Amber. Overspend above 2% is Red. More detail would be available in finance reports that go to Finance, Audit and Risk Committee and Cabinet.

### Environmental Sustainability

Measure	Frequency of reporting	Recent data	Targets and Comments
Council's scope 1-3 emissions	Annual	4,030 tonnes CO2e (19/20). 22/23 and 23/24 data will be available soon.	To develop targets that reflect actions that are realistic and the impact of those actions.



## Service Performance

Measure	Frequency of reporting	Recent data	Targets and Comments
Careline - Number of alarm calls in a given period	Updated monthly, reported to Cabinet and O&S each Quarter.	388,053 (23/24)	Relevant targets still to be determined. The Service Director: Customers (in discussion with the relevant Executive Member) will confirm these as part of the Quarter 1 update (in September). O&S and Cabinet will then have a chance to comment.
Careline - Number of service users supported in the month	Updated monthly, reported to Cabinet and O&S each Quarter.	6,827 (March 23)	
Careline - Percentage of non-urgent installations turned around within 20 working days	Updated monthly, reported to Cabinet and O&S each Quarter.	New for 24/25	
Planning- NI157e (percentage of all applications within time periods)	Quarterly	85.4% (Q4 23/24)	This indicator can be affected by factors that are outside of the Council's control, such as applicants agreeing to extensions to time limits. The targets may be subject to caveats, but proposed to be set at: Above 80% Green, 70-80% Amber, Below 70% Red.
Waste- percentage of household waste that is recycled, reused or composted	Quarterly	57.2% (Q4 23/24)	Above the annual target of 57.5% is Green. Amber from 55% to 57.5%. Below 55% is Red.
Leisure Centre Visitor numbers	Updated monthly, reported to Cabinet and O&S each Quarter.	1,609,760 (at end of March)	Target by month. Green at or above target. Amber under 5% less than target. Red more than 5% below target.

## 9. LEGAL IMPLICATIONS

- 9.1. The constitution determines the role of Cabinet as including: “To take decisions on resources and priorities, together with other stakeholders and partners in the local community, to deliver and implement the budget and policies decided by the Full Council. To monitor performance and risk in respect of the delivery of those policies and priorities” (paragraph 5.7.3)

- 9.2. The constitution determines the role of Overview and Scrutiny as including: “To review performance against the Council’s agreed objectives / priorities and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/or service areas. To consider risk to the achievement of those objectives/ priorities. To make recommendations to Cabinet” (paragraph 6.2.7 (s)).

## **10. FINANCIAL IMPLICATIONS**

- 10.1. There are no direct financial implications arising from this report.

## **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. Effective monitoring of performance helps us to spot areas where we might not achieve our outcomes. Focusing on key performance indicators ensures that the overview is manageable, and therefore any actions taken are proportionate and appropriately focused.

## **12. EQUALITIES IMPLICATIONS**

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

## **13. SOCIAL VALUE IMPLICATIONS**

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

## **14. ENVIRONMENTAL IMPLICATIONS**

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

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 Whilst it takes time to collate performance data, the proposals in this report are generally:
- Data that is already collected, including data that must be collected for other purposes (e.g. statutory data reporting),
  - Data that is useful for the Service in assessing their performance anyway.
  - Not overly onerous.
- 15.2 The data will be collected via IdeaGen (previously Pentana) which allows the automation of reporting on performance.

## **16. APPENDICES**

16.1 *None*

**17. CONTACT OFFICERS**

17.1 *Ian Couper, Service Director: Resources, [ian.couper@north-herts.gov.uk](mailto:ian.couper@north-herts.gov.uk), Ext: 4243*

17.2 *Tim Everitt, Performance and Risk Officer, [tim.everitt@north-herts.gov.uk](mailto:tim.everitt@north-herts.gov.uk), Ext: 4646*

17.3 *Ellie Hollingsworth, Trainee Policy Officer, [ellie.hollingsowrth@north-herts.gov.uk](mailto:ellie.hollingsowrth@north-herts.gov.uk), Ext: 4220*

**18. BACKGROUND PAPERS**

18.1 *COUNCIL DELIVERY PLAN: Q3 UPDATE AND PROJECTS FOR 2024/25, Cabinet report March 2024*

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank



Cabinet  
25 June 2024

## PART 1 – PUBLIC DOCUMENT

**TITLE OF REPORT: LEISURE INVESTMENTS AND DECARBONISATION PROJECT**

REPORT OF: THE SERVICE DIRECTOR - PLACE

EXECUTIVE MEMBER: ENVIRONMENT & LEISURE: CLLR MICK DEBENHAM

COUNCIL PRIORITY: SUSTAINABILITY

### 1. EXECUTIVE SUMMARY

- 1.1 This report provides an update to Cabinet on Phase 3c of the Public Sector Decarbonisation Scheme (PSDS) project for the Council's three leisure centres and seeks approval to take the next steps to deliver the project. The report also asks Cabinet to consider the business case for the construction of a learner pool at Royston Leisure Centre. It also seeks an increase in the capital allocation for the fitness extension at Royston Leisure Centre.

### 2. RECOMMENDATIONS

That Cabinet takes into account the matters set out in the Part 2 report when reaching the following decisions:

- 2.1 That Cabinet agree in principle to terminate the Combined Heat and Power Centrica contracts at North Herts Leisure Centre (NHLC) and Hitchin Swimming and Fitness Centre (HSFC) at the appropriate time during the PSDS project and recommend to Council as per 2.6 below regarding the termination fee.
- 2.2 That Cabinet expresses its profound disappointment at the position taken by Centrica over the cost of the CHP contract termination, given the company's stated position as "Energising a greener, fairer future" and requests that the Council continues to raise, and seek solutions to, the issue of long-term inflexible agreements for gas CHPs with Salix and Government, which will inevitably prevent many public sector organisations from achieving their net zero ambitions.
- 2.3 That Cabinet does not approve the business case for Royston Leisure Centre Learner Pool and the capital budget is removed from the capital programme, due to the matters identified in the Part 2 report.

That Cabinet recommends to Council:

- 2.4 an increase in capital expenditure of £2.4m into the capital programme for the decarbonisation work to the three leisure centres. The overall budget will be profiled across 2024/25 and 2025/26.

- |     |                                                                                                                                                                                                                         |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.5 | an increase in the capital budget of £250k for the Royston Leisure Centre (RLC) gym extension, to ensure the extension is built to net zero carbon standards.                                                           |
| 2.6 | approval of revenue expenditure of up to £757k for termination and removal fees of the gas CHPs at North Herts Leisure Centre and Hitchin Fitness and Swimming Centre. This would be funded from General Fund reserves. |

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1** North Herts Council passed a climate emergency motion in May 2019. This declaration asserted the council's commitment toward climate action beyond current government targets and international agreements. This is currently pursued through the North Herts Climate Change Strategy 2022-2027 which sets out what the council will aim to do to reduce its own carbon emissions to achieve Carbon Neutrality for the Council's own operations by 2030 and a Net Zero Carbon district by 2040.
- 3.2** Gas use from our leisure centres is a significant contributor towards the Council's own emissions. In 2022-23, gas use across the three leisure centres accounted for 1,428 tonnes CO<sub>2</sub>e. This equates to 45% of the Council's Scope 1-3 emissions. Taking action to replace gas heating for our leisure centres with low carbon alternatives is the single most effective action we can take towards meeting our target of being carbon neutral by 2030.
- 3.3** There is currently a capital allocation in the 2024/25 budget to build a gym extension and learner pool (subject to business case) at Royston Leisure Centre.
- 3.4** During the procurement for the leisure and active communities contract, the Council committed to deliver the gym extension project which is incorporated in to the contractual management fee. The initial tender stage returns showed that extension would generate additional income of at least £150k per year, and subject to inflationary increases. The latest estimate is that the capital costs will be £1.25m. This is an increase from the initial estimate of £1m and includes making the extension net-zero. The income generated will still exceed the revenue cost of capital (at around £90k per year), but in line with the financial regulation the increased capital spend needs to be approved by Cabinet.
- 3.5** The business case for the learner pool has not yet been agreed and is included in the Part 2 report.

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

- 4.1** Not proceed with the decarbonisation project. This option is not recommended as the Council will not be able to meet its 2030 carbon reduction targets. The council will also need to commit its own capital expenditure to install the proposed technology (or similar) at a later date. The gas boilers at the leisure centres are at the end of their life and are in need of replacement. If the PSDS project does not proceed, they will have to be replaced, meaning the council will not be eligible for further rounds of funding. There is an option that the council could complete scaled back energy efficiency works and install solar PV and not change the heating source from gas, however this would also not be recommended as the council will not meet its decarbonisation objectives.

- 4.2 Proceed with a scaled back version of the decarbonisation project (i.e. only progressing with decarbonisation at one or two of the centres), to lower the Council's capital contribution to the overall project. However, this would mean a significant reduction in the grant value allocated to the council and would mean the Council would also be ineligible for future rounds of funding for the other sites, due to the need to replace the gas boilers at the sites, which are end of life. There is also a significant risk that Salix would not accept such a large change to the original application. This option would also mean that the council would not make as significant progress towards meeting 2030 net zero carbon targets.
- 4.3 Approve the business case for the learner pool at Royston due to the community benefits of enhanced swimming provision on site. This is not recommended due to the financial position.

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

- 5.1. A project board has been established for consultation on the leisure decarbonisation project and RLC options. The project board includes senior officers and the Executive Member for Environment and Leisure, Cllr Debenham and Cllr Ian Albert, Executive Member for Finance and IT. The Service Director – Place is Project Executive and a representative from SIAS (Shared Internal Audit Service) is also included to ensure good project management governance.

## **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 5 January 2024.

## **7. BACKGROUND**

- 7.1 In November 2023 the Council submitted an application for Phase 3c of the PSDS. The application included details of existing buildings and heating systems and high-level proposals to enable substantial decarbonisation of the three major leisure centres.
- 7.2 In February 2024, the Council was advised its application was successful, securing £7.74m to assist in replacing end of life gas boilers with Air Source heat pumps and on-site generation of electricity through installing Solar PV panels. Other measures such as new air handling units and external and internal insulation also form part of the project at the three leisure centres; North Herts Leisure Centre (NHLC), Hitchin Swimming and Fitness Centre (HSFC) and Royston Leisure Centre (RLC).

The following table details the total project value and the total grant value.

Total Project Value	£8,799,119.00
Total Grant Value	£7,743,224.00

- 7.3 During development of the PSDS application, costs were developed based on the findings of Heat Decarbonisation Plans which had been produced. At this stage, very early design stages were submitted. Additional costs incurred during the delivery of a project, such as preliminary costs are not incorporated into the application. A value for money metric is also applied by Salix during their review process, costs supplied were

therefore reflective of market prices at the time of submission. Further capital was therefore secured to cover these additional costs, plus the Council's own match funding contribution required as part of the grant award criteria. The total capital allocation for 2024/25 is £10,803,000 (including the grant). In the capital programme (agreed in February 2024) this was made up of the following items:

<b>Capital Programme item</b>	<b>Amount (£000)</b>
HSC Boiler replacement	200
HSC PV panels	142
NHLC Boiler replacement	200
NHLC PV panels	338
RLC Boiler replacement	100
RLC Solar Thermal	67
RLC PV panels	241
PSDS Top-up	9,515
<b>TOTAL</b>	<b>10,803</b>

- 7.4 The 2024/25 Revenue Budget assumed a decrease in energy costs equal to the revenue costs of capital from undertaking the decarbonisation works. That was based on the element that wasn't covered by the PSDS grant and a cost of capital at 7.5%.

**7.5 Royston Leisure Centre Developments**

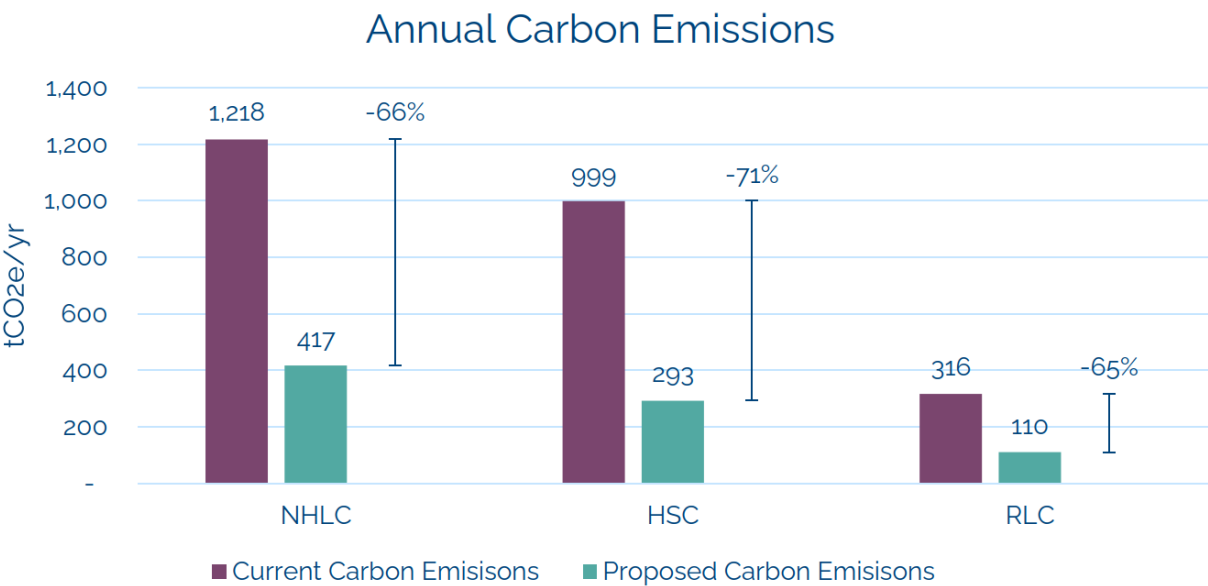
To save on preliminary construction costs, it is planned that any Royston Leisure Centre developments will be carried out at the same time as the PSDS works. There is currently a capital allocation in the 2024/25 capital budget to build a gym extension (£1m) and learner pool (£2.5m) at the centre. The 2024/25 Revenue Budget incorporates the management fee from the contract with Everyone Active (EA), inclusive of inflationary increases. This incorporates the increased income that EA expect the fitness extension to generate. The 2024/25 Budget also included assumed income equal to the revenue costs of capital from building the learner pool. That was based on a capital cost of £2.5m and a cost of capital at 5%. A lower cost of capital was used to reflect that any additional income generated would increase in line with inflation.

- 7.6 The business case for the gym extension was tested as part of the procurement of the Council's Leisure and Active Communities contract and it was agreed to proceed with this element as part of the process. It was however agreed that the business case for the learner pool be brought back to Cabinet, once the capital costs had been through feasibility stage.

**8. RELEVANT CONSIDERATIONS**

- 8.1 The annual carbon emissions before and after low-carbon interventions have been calculated using the 2023 UK government carbon factors, published by DESNZ. The proposed carbon emissions include both the additional grid import due to the loss of CHP-generated electricity, and PV generation. After the decarbonisation measures, there would be over 60% reduction in CO<sub>2</sub>e emissions for all sites. There are still some carbon emissions for each site, partly due to residual emissions from energy consumption. These will reduce year-on-year as the UK's power grid transitions to renewable sources, in line with the Government's 2050 net-zero target. NHLC also has gas boilers for the learner pool which are not included in the project, due to the boilers

not being eligible for funding, as they are not end of life (less than 10 years old). At Hitchin, the emissions include those from the outdoor pool which also are not included in the project, due to the boilers being too new to qualify. The following graph demonstrates the carbon savings at each facility following completion of the decarbonisation project:



- 8.2
- Once the works are complete there will be anticipated revenue savings from lower energy consumption, of approximately £32,000 per year (based on the leisure operator’s current energy prices). Due to current low gas prices and the decarbonisation project leading to a higher reliance on grid electricity, the anticipated savings based on current prices are low.
- 8.3
- The future savings will be affected by any change in gas and electricity prices, especially where the changes are relatively different. Electricity has the potential to be produced with a lower (or zero) carbon impact, relative to gas. Electricity production can also be achieved without using limited resources. This could be an indication that electricity prices are more likely to move downwards relative to any movement in gas prices. The heatmap below shows a comparison of estimated current usage (pre decarbonisation interventions) and estimated future energy usage (after decarbonisation interventions). Each usage estimate is costed at various relative prices for gas and electricity. The difference between the total cost is shown (in £000’s) and shaded as green to red. Green shows cost decreases and red shows cost increases. The £32k annual cost reduction is highlighted at that shows the impact at current prices. Under the leisure contract, the Council takes on the risk and reward in relation to energy prices. If energy prices increase with general inflation, then it is estimated that they would increase by around 20% over a 10 year period. In that scenario the estimated savings would actually reduce slightly to £26k annually. In paragraph 8.13 it shows a revenue cost of capital of around £450k. The heatmap shows that there would need to be a significant increase in gas prices (80%+ increase) and a significant fall in electricity prices (20%+ decrease) to move to a point where the cost of capital would be covered by energy savings.

COMPARING COST OF CURRENT USAGE WITH FORECAST USAGE (POST DECARBONISATION) AT VARIOUS PRICE POINTS FOR ELECTRICITY AND GAS																
Amounts are £000	ELECTRICITY PRICES AS A PERCENTAGE OF CURRENT															
	60%	70%	80%	90%	100%	110%	120%	130%	140%	150%	160%	170%	180%	190%	200%	
GAS PRICES AS A PERCENTAGE OF CURRENT	60%	-46	-12	22	56	89	123	157	191	225	259	293	327	360	394	428
	70%	-77	-43	-9	25	59	93	127	161	194	228	262	296	330	364	398
	80%	-107	-73	-39	-5	29	62	96	130	164	198	232	266	300	333	367
	90%	-137	-104	-70	-36	-2	32	66	100	134	167	201	235	269	303	337
	100%	-168	-134	-100	-66	-32	2	35	69	103	137	171	205	239	272	306
	110%	-198	-164	-131	-97	-63	-29	5	39	73	107	140	174	208	242	276
	120%	-229	-195	-161	-127	-93	-59	-26	8	42	76	110	144	178	212	245
	130%	-259	-225	-191	-158	-124	-90	-56	-22	12	46	80	113	147	181	215
	140%	-290	-256	-222	-188	-154	-120	-86	-53	-19	15	49	83	117	151	185
	150%	-320	-286	-252	-218	-185	-151	-117	-83	-49	-15	19	53	86	120	154
	160%	-351	-317	-283	-249	-215	-181	-147	-113	-80	-46	-12	22	56	90	124
	170%	-381	-347	-313	-279	-245	-212	-178	-144	-110	-76	-42	-8	26	59	93
	180%	-411	-378	-344	-310	-276	-242	-208	-174	-140	-107	-73	-39	-5	29	63
	190%	-442	-408	-374	-340	-306	-273	-239	-205	-171	-137	-103	-69	-35	-2	32
	200%	-472	-438	-405	-371	-337	-303	-269	-235	-201	-167	-134	-100	-66	-32	2

- 8.4 The issue with the heatmap above is that it is comparing relative costs, and in some cases both impacts would be unaffordable against current budgets. The revised heatmap below compares the costs at various gas and electricity prices, with the cost of current usage at inflated current prices. The inflation that has been added is based on 10 years of general price inflation, which is estimated at around 22%. This shows that we get towards the right size of savings (to cover the revenue costs of capital) when there is a fall in electricity prices by 40%, with a lower impact from any change in gas prices.

COMPARING COST OF FORECAST USAGE (POST DECARBONISATION) AT VARIOUS PRICE POINTS FOR ELECTRICITY AND GAS WITH ESTIMATED IMPACT OF INFLATION (2% PER YEAR OVER 10 YEARS) ON CURRENT USAGE AND PRICES																
Amounts are £000		ELECTRICITY PRICES AS A PERCENTAGE OF CURRENT														
		60%	70%	80%	90%	100%	110%	120%	130%	140%	150%	160%	170%	180%	190%	200%
GAS PRICES AS A PERCENTAGE OF CURRENT	60%	-469	-402	-334	-267	-199	-132	-64	3	71	138	206	273	341	408	476
	70%	-465	-397	-330	-262	-195	-127	-60	8	75	142	210	277	345	412	480
	80%	-461	-393	-326	-258	-191	-123	-56	12	79	147	214	282	349	417	484
	90%	-456	-389	-321	-254	-186	-119	-51	16	84	151	219	286	354	421	489
	100%	-452	-385	-317	-250	-182	-115	-47	20	88	155	223	290	358	425	493
	110%	-448	-380	-313	-245	-178	-110	-43	25	92	160	227	295	362	430	497
	120%	-443	-376	-308	-241	-173	-106	-38	29	96	164	231	299	366	434	501
	130%	-439	-372	-304	-237	-169	-102	-34	33	101	168	236	303	371	438	506
	140%	-435	-367	-300	-232	-165	-97	-30	38	105	173	240	308	375	443	510
	150%	-431	-363	-296	-228	-161	-93	-26	42	109	177	244	312	379	447	514
	160%	-426	-359	-291	-224	-156	-89	-21	46	114	181	249	316	384	451	519
	170%	-422	-354	-287	-219	-152	-85	-17	50	118	185	253	320	388	455	523
	180%	-418	-350	-283	-215	-148	-80	-13	55	122	190	257	325	392	460	527
	190%	-413	-346	-278	-211	-143	-76	-8	59	127	194	262	329	397	464	531
	200%	-409	-342	-274	-207	-139	-72	-4	63	131	198	266	333	401	468	536

- 8.5 The PSDS application included details of high-level site surveys for existing buildings and heating systems and high-level proposals to generate the required technical appraisals to support the application. Following the grant award, the Council commissioned Willmott Dixon (WD) to carry out further detailed feasibility studies to ensure the decarbonisation measures set out in the application could be achieved. WD also carried out feasibility for the gym extension and the learner pool at Royston.
- 8.6 During feasibility, WD identified a technical issue regarding the proposal to insulate the underside of the roofs at all three centres. These would have carried a significant risk of condensation and are not therefore deemed viable options. This option would also have meant the pools would have to be closed for several weeks while the works are carried out. Due to this, the proposal is now to install new roofing systems on the outside of all three roofs, which has led to a significant increase in costs. In addition, there have been amendments to the cladding replacement required at Royston Leisure Centre. Temporary plant costs have also been added to ensure any closures to the leisure facilities are kept to a minimum.
- 8.7 The Council would need to fund these additional costs using its own capital, as the Salix grant conditions do not allow an increase to the overall grant value under any circumstance.
- 8.8 Council funding of £3.060m was agreed last year, in addition to the grant value, giving a total of £10.803m. This budget included original estimates for the works to the leisure centres at £10.55m plus provisional costs associated with required upgrades to the

electricity network. Following detailed feasibility works and as a result of the issues identified at 8.6, WD have advised of an increase in budget of £2.24m.

The following table details the budget costs by leisure centre.

<b>Leisure Centre</b>	<b>Previous Budget</b>	<b>Revised Budget</b>	<b>Cost Increase</b>
NHLC	£3,920,815	£4,215,742	£294,927
HSFC	£3,308,226	£4,187,520	£879,294
RLC	£3,324,819	£4,388,591	£1,063,772
<b>Total</b>	<b>£10,553,860</b>	<b>£12,791,853</b>	<b>£2,237,993</b>

8.9 As part of the PSDS application, high level site surveys were undertaken across all three centres to generate the required technical appraisals to support the application. Two of these sites, NHLC and HSFC, have Combined Heat and Power (CHP) units installed. CHP's use gas to generate electricity and additionally gives the opportunity to use the excess heat for heating and hot water. It was originally intended that the units would remain in place as emergency backups, with the primary source of heating being switched to Air Source Heat Pumps (ASHPs).

8.10 At the detailed feasibility stage of the project, it was identified that 15-year Discount Energy Purchase (DEP) Agreements are in place for both CHPs with Centrica, which end in 2035. These agreements also have a minimum usage requirement of 19 hours a day and therefore it is not feasible to keep the CHPs in place as emergency backup only, under the terms of the agreement. There are financial penalties of £737k (as of 31 March 2025) for early termination of these agreements, plus fees of approximately £10,000 per site for removal of the CHPs. The Council did attempt to negotiate with Centrica on these fees, however they have advised that they will not change their position. The termination fee per centre can be found below:

<b>Date</b>	<b>Location</b>	<b>Amount</b>
31 March 2025	NHLC	£434,523
31 March 2025	HSFC	£302,201

8.11 The proposed PSDS works would see improvements to some of the building fabric (e.g. walls, glazing and roofing) at each of the leisure centres. These improvements may mean that future works to these areas are not required or can be significantly delayed. This could therefore mean that this investment is providing future capital savings. However, there is no capital budget currently allocated for any such works to the building fabric.

#### **Project management and Quantity Surveyor costs**

8.12 Due to the scale of the projects and limited officer technical expertise and resource, it is recommended that the Council appoint an external Quantity Surveyor (QS) to oversee North Herts Council's interests. Services would include reviewing and negotiating the Contractor's second stage tender price, agreeing any variations and producing cost update reports. The cost of appointing a QS to the project is up to £170,000 (this could be reduced depending on appointment date). These costs directly relate to the delivery of the capital project so can be treated as capital expenditure. These costs take the increase up to £2.4m as detailed in recommendation 2.4.



### **Financial Summary**

- 8.13 With the latest forecasts, the total capital spend that the Council would need to fund is around £5.5m. Assuming a 7.5% cost of capital this gives an annual cost of capital of £413k. Whilst the buy-out of the CHP is not capital expenditure, it is a significant payment that has not been budgeted for. At a 5% interest rate, £737k would generate annual income of £37k. The current annual cost is therefore estimated at £450k.
- 8.14 As detailed in paragraph 8.2, the estimated energy cost savings are forecast to be around £32k per year. Paragraphs 8.3 and 8.4 show how these savings could be impacted by future movements in energy prices. They focus on the scenarios where price changes would enable the costs of capital to be covered by savings. However, the heatmaps also show the impact of energy prices making the financial situation worse. This is also covered in the risk implications (section 11). Overall, the decision on whether to proceed with the leisure sector decarbonisation project has to be made on the basis of environmental sustainability, and noting that it will come at a significant financial cost. As detailed in section 10, this will require financial savings to be made on other areas of revenue spend.

### **Royston Leisure centre investments**

- 8.15 Following feasibility assessments, WD have advised an increase in budget of £470k for the learner pool and gym extension at Royston. This increase is primarily due to the building upgrades needed to ensure they are built to net zero carbon standards.

<b>Project</b>	<b>Previous Budget</b>	<b>Revised Budget</b>	<b>Cost Increase</b>
Gym Extension	£1m	£1.25m	£250k
Learner Pool	£2.5m	£2.72m	£200k
<b>Total</b>	<b>£3.5m</b>	<b>£3.97m</b>	<b>£470k</b>

As referenced in paragraph 3.4, there is still a viable business case for the gym extension.

- 8.16 EA have provided a forecast of additional income from the building of a learner pool at Royston Leisure Centre. This forecast reflects the impact of the closure of the Ward Freman Pool in Buntingford (East Herts). They have also advised that the closure of the pool at Melbourn (South Cambs) could further increase income, but it is not certain whether that pool will stay closed, so they cannot commit to that further additional income. In accordance with the contract, the increase from the learner pool would increase by inflation each year (using CPI). Further details are in the part 2 report.
- 8.17 WD have provided an estimate of the capital cost of building a learner pool at Royston, which is £2.72 million. That estimate is based on a previous design, and WD have advised that it is likely to be necessary to change the roof design and they would also recommend some internal layout changes. They have not been able to advise on the impact of those changes, except to say that they would increase the build costs. It would therefore be prudent to assume build costs of at least £3 million.
- 8.18 As detailed in paragraph 10.2, capital investment has a revenue cost. Based on a revenue cost of capital of 7.5% (2.5% MRP and 5% interest) this is an annual cost of £225k.

- 8.19 The revenue implications of the £3m build cost are far higher than the forecast additional management fee income in the short and long-term. The average annual revenue loss from the learner pool is forecast to be over £100k per year on an ongoing basis. The Part 2 report provides specific details of the forecast additional income and how this could be affected by increases in line with inflation.
- 8.20 The non-financial benefits of a learner pool would include:
- Capacity for more swimming lessons. Royston is current at capacity for stage 1 and 2 classes. These are the first two stages for school age children. The centre is also at 86% capacity for pre-school classes.
  - The teaching pool would also add value to school swimming lessons, increasing capacity and providing a more comfortable environment for non swimmers.
  - The teaching pool could also be used for under 5s fun swimming (to build water confidence), quiet adult swimming (which may be of particular benefit to those living with dementia and those who are neurodivergent) and quiet family swimming (which may be of particular benefit to those living with SEND, those who are neurodivergent or people living with other long term health conditions).
- 8.21 On financial grounds it is recommended to not proceed with the learner pool at Royston. It is recommended that the capital budget is removed from the capital programme, as keeping it in there means the costs of capital have to continue to be forecasted in later years. But the business case could be kept under review as it could change with the following factors:
- Further increases in income projections e.g. from greater certainty over the Melbourn pool and/or greater demand from population growth.
  - Relative reductions in construction costs.
  - Improvements in interest rates.
  - External funding (e.g. s106 contributions).
  - To promote the potential non-financial benefits and see if there is the opportunity for alternative funding (e.g. suitable central government, lottery or sports body grant funding), especially in relation to the quiet adult and quiet family sessions.

## **9. LEGAL IMPLICATIONS**

- 9.1. Cabinet has remit as per section 5.7.3 of the Cabinet's terms of reference "*To take decisions on resources and priorities, together with other stakeholders and partners in the local community, to deliver and implement the budget and policies decided by the Full Council. To monitor performance and risk in respect of the delivery of those policies and priorities.*". Where budget is required, then appropriate recommendations to Council should be made.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The financial implications are generally covered in the body of this report, and also in the part 2 report.
- 10.2 The Council has a reasonable level of financial reserves but is currently budgeting to spend more than its forecast funding whilst it identifies the decisions that it needs to take to achieve a balanced budget. Any decision that results in an increase in expenditure above that currently reflected in the budget, will further increase the level

of savings that will need to be identified and delivered. It is therefore vital that decisions reflect Council priorities, as there will be an inherent need for other services/ projects to have a lower priority attached to them.

- 10.3 The Council is moving to a position where it has a need to borrow to fund its capital spend (i.e. it cannot fund them from previous capital receipts). This does not mean that the Council has to borrow externally, as it can initially borrow against its internal cash reserves. But in the longer term those reserves will run out and external borrowing will be required. The revenue costs of the capital spend are then made up of (1) lost interest that would have been generated from investing those cash reserves or in the longer term the cost of external borrowing, and (2) a requirement to charge a Minimum Revenue Provision (MRP) which spreads the capital investment over the life of the asset.
- 10.4 For a new building or significant alternation works it can be reasonable to assume a useful life of 40 years, which gives an annual MRP charge of 2.5% of the capital cost. There is some risk with assuming a 40 year life for the works covered by this report as they are change to buildings that are already fairly old (e.g. RLC is 20 years old and NHLC is over 40 years old. But this is mitigated by the fact that we continue to invest in the building and carry out condition surveys.
- 10.5 Air Source heat pumps will have a shorter expected useful life of around 20-25 years. Using a 20 year life equates to an annual MRP charge of 5%. However the PSDS grant will fund the costs of the heat pumps. As that means that the Council funded element will be on building fabric works, it is appropriate to use a MRP charge of 2.5%.
- 10.6 Interest rates remain high and currently borrowing rates and investment returns are both around 5%. We had expected that we would see a drop in interest costs by now, but economic conditions have not yet enabled that to happen. The Council can borrow from the Public Works Loan Board and they publish borrowing rates for various durations of borrowing. There is currently very little variation between across the various borrowing terms (e.g. around 5.2% for 10 years, 5.4% for 20 years and 5.7% for 40 years). Based on that we cannot assume that there will be a drop in borrowing rates.
- 10.7 If the decision is taken to proceed with the leisure centre decarbonisation, then it needs to be accepted that it comes with an annual revenue cost of around £400k per year. The forecasts in the Medium Term Financial Strategy are that the Council already needs to make significant savings, so this will add to that requirement, and require further decisions in relation to service changes, income generation (including increases in fees and charges) and reduced capital spend. Most of the capital spend that will be funded from Council resources will not be incurred until 2025/26, so there will not be a need to revise the current Council Investment Strategy.
- 10.8 If there was a decision to proceed with the learner pool, then it needs to be accepted that it comes with an average annual revenue cost of around £100k per year. This would be higher in the earlier years and slowly reduce over time. The forecasts in the Medium Term Financial Strategy are that the Council already needs to make significant savings so this will add to that requirement, and require further decisions in relation to service changes, income generation (including increases in fees and charges) and reduced capital spend. The level of capital spend in 2024/25 may mean that there is a need to revise the current Council Investment Strategy.

## 11. RISK IMPLICATIONS

11.1 The decisions contained within this report cannot be made on a financial basis, due to the capital costs involved and relatively low value of the energy savings that will be generated. The decision needs to therefore be based on relative priorities, whilst also considering risk. Risks that would favour making a decision to continue with the decarbonisation works are:

- By not progressing we will lose access to the substantial PSDS funding, and (due to the need to replace the boilers) would not have access to any such funding in the future.
- The work by WD and the Quantity Surveyor may identify capital cost savings.
- Gas prices may increase by more than projected, which makes the move to electricity more economically viable (note: this improves the business case but doesn't actually help the Council's budget)
- Electricity prices may drop by more than projected, which helps reduce the cost of heating generated by electricity.
- As we approach national net zero targets (which we're not currently on track to achieve), one aspect that may drive behavioural change, may come in the form of a carbon tax, which could financially penalise bodies for carbon emitted over baseline/benchmark values. However, this is not a current policy direction which has been set by Government.

Risks that would **not** favour making a decision to continue with the decarbonisation works are:

- We have already seen cost increases, and there is the potential that further capital cost increases could be identified.
- Gas prices may increase by less than projected (or even fall), which makes the move to electricity relatively even more expensive.
- Electricity prices may not drop as much as projected (or could increase) which increases the relative cost of heating generated by electricity.
- There is a low risk that alternative, non-fossil fuel-based heating sources, such as hydrogen, will emerge as commercially viable options in the long term. However, the UK Government has indicated that the use of technologies such as heat pumps will be "the primary means of decarbonisation for the foreseeable future."

11.2 A representative from SIAS will sit on Project Board to mitigate project risks and ensure good governance of the project.

11.3 There are numerous risks relating to the delivery of decarbonisation schemes, including risks associated with the installation and operation of measures as well as programme related risks, such as delays resulting from supply chain issues. Salix Finance, as the fund administrator, sets extremely short project delivery timescales, with a completion date set of 31 March 2026.

11.4 The risks relating to these programmes have been captured in a risk register, which sets out the risk owners and mitigation strategies. The risk registers will be kept up to date and reported to the Project Board, which will have oversight of the project.

- 11.5 Otherwise, 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.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 The Council has a responsibility to achieve a balanced budget in order to provide a wide range of services to residents in North Hertfordshire. There is already a provision for swimming lessons at Royston which provides an opportunity for those who wish to learn. However, it is acknowledged at paragraph 8.20 that a learner pool may increase participation opportunities. If the learner pool provision is to be kept under review, these opportunities should be taken into consideration, in conjunction with consideration of the council's priorities.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 As the recommendations in the report relate to a contract above £50,000, Social Value will be incorporated in the procurement process.
- 13.2 The Public Services (Social Values) Act 2012 imposes an active duty on relevant contracting Authorities to consider the economic, environmental and social benefits that can be achieved through commissioning. It does so by requiring consideration of the improvements of economic, environmental and socio-economic of the procurement to wider society.
- 13.3 The Council will be using the SCAPE Procure Regional Construction Framework for the procurement and social value is integral to SCAPE's approach and operations. Utilisation of the Framework ensures Social Value outcomes; for example, utilising a 'go local' approach to spend which benefits the local economy.
- 13.4 SCAPE unlocks social value at scale, through procurement solutions and innovative joint ventures, which engender long-term collaborative relationships with framework delivery partners and with the Council, creating scope to plan sustainably and invest for the future. SCAPE generates social value both directly, through its activities; and indirectly, by regulating supplier behaviour through procurement and thought leadership.

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. Section 8 highlights that whilst there are carbon costs associated with construction, the project is solely focused on improving the energy efficiency of the sites and implementing renewable energy solutions to substantially decarbonise the sites. This should lead to an overall reduction in operational carbon emissions as identified at the graph at 8.1. Section 8.11 identifies that fabric work (glazing, new roofing, cladding etc) may prolong the life of the buildings, reducing the risk of needing to demolish and replace buildings from scratch, which may have a higher carbon cost. Additionally, the proposed gym extension will be built to net zero carbon standards.

**15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 A project of this size will have considerable resource implications internally. To ensure resource can be appropriately managed, a Project Manager has been appointed to support the project and the costs of appointing a quantity surveyor to act on the council's behalf are included in recommendation 2.3.

**16. APPENDICES**

- 16.1 None

**17. CONTACT OFFICERS**

- 17.1 Sarah Kingsley, Service Director – Place  
[sarah.kingsley@north-herts.gov.uk](mailto:sarah.kingsley@north-herts.gov.uk)
- 17.2. Louise Randall, Leisure and Active Communities Manager  
[Louise.randall@north-herts.gov.uk](mailto:Louise.randall@north-herts.gov.uk)
- 17.3. Ian Couper, Service Director - Resources  
[ian.couper@north-herts.gov.uk](mailto:ian.couper@north-herts.gov.uk)
- 17.4. Jeanette Thompson, Service Director – Legal and Community  
[Jeanette.thompson@north-herts.gov.uk](mailto:Jeanette.thompson@north-herts.gov.uk)
- 17.5 Reuben Ayavoo, Policy and Communities Manager  
[Reuben.ayavoo@north-herts.gov.uk](mailto:Reuben.ayavoo@north-herts.gov.uk)
- 17.6 Rizwan Shah, Procurement officer  
[Rizwan.shah@north-herts.gov.uk](mailto:Rizwan.shah@north-herts.gov.uk)

**18. BACKGROUND PAPERS**

- 18.1 None