

6 January 2025

Our Ref Cabinet Tuesday, 14 January 2025
Contact. Committee Services
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To: Members of the Cabinet:

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

NOTICE IS HEREBY GIVEN OF A

MEETING OF THE CABINET

to be held in the

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

on

TUESDAY, 14TH JANUARY, 2025 AT 7.30 PM

Yours sincerely,

Jeanette Thompson
Service Director – Legal and Community

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

Agenda **Part I**

Item		Page
1.	APOLOGIES FOR ABSENCE	
2.	MINUTES - 19 NOVEMBER AND 26 NOVEMBER 2024 To take as read and approve as a true record the minutes of the meeting of the Committee held on the 19 November and 26 November 2024.	(Pages 7 - 24)
3.	NOTIFICATION OF OTHER BUSINESS Members should notify the Chair of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chair will decide whether any item(s) raised will be considered.	
4.	CHAIR'S ANNOUNCEMENTS <u>Climate Emergency</u> The Council has declared a climate emergency and is committed to achieving a target of zero carbon emissions by 2030 and helping local people and businesses to reduce their own carbon emissions. A Cabinet Panel on the Environment has been established to engage with local people on matters relating to the climate emergency and advise the council on how to achieve these climate change objectives. A Climate Change Implementation group of councillors and council officers meets regularly to produce plans and monitor progress. Actions taken or currently underway include switching to green energy, incentives for low emission taxis, expanding tree planting and working to cut food waste. In addition the council is a member of the Hertfordshire Climate Change and Sustainability Partnership, working with other councils across Hertfordshire to reduce the county's carbon emissions and climate impact. The Council's dedicated webpage on Climate Change includes details of the council's climate change strategy, the work of the Cabinet Panel on the Environment and a monthly briefing on progress. <u>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.

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. 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).

8. LEISURE AND ACTIVE COMMUNITIES AGENCY MODEL - PART 2 REPORT OF THE SERVICE DIRECTOR – PLACE

25 - 88

To consider the benefits and risks of the Council changing its current contractual arrangements into an Agency Agreement with SLM (Everyone Active) for the operation of our leisure facilities.

9. LEISURE AND ACTIVE COMMUNITIES AGENCY MODEL - PART 1 REPORT OF THE SERVICE DIRECTOR – PLACE

(Pages
89 - 92)

To consider the benefits and risks of the Council changing its current contractual arrangements into an Agency Agreement with SLM (Everyone Active) for the operation of our leisure facilities.

- 10. CORPORATE PEER CHALLENGE REPORT** (Pages 93 - 134)
REPORT OF THE MANAGING DIRECTOR
- The Council recently undertook a Corporate Peer Challenge (CPC) between 4 and 7 November 2024, where we were visited by a peer team supported by the Local Government Association. The peer team met with a large number of staff and councillors, as well as external stakeholders such as contractual partners, neighbouring authorities and members of our community. The peer team has produced a feedback report, which is attached at Appendix A.
- 11. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN'S REPORT** (Pages 135 - 152)
OF FAILINGS IN THE INVESTIGATION OF STATUTORY NOISE NUISANCE BY NORTH HERTFORDSHIRE DISTRICT COUNCIL (REF NO: 23 014 065)
REPORT OF THE MONITORING OFFICER
- The purpose of this cover report is to draw Cabinet's attention to the Local Government & Social Care Ombudsman –'LGO's finding(s), following an investigation into a complaint about the Council (referenced above) and the conclusion of fault and recommended action (report at Appendix A).
- 12. LOCAL DEVELOPMENT SCHEME** (Pages 153 - 194)
REPORT OF THE PRINCIPAL STRATEGIC PLANNING OFFICER
- This report provides an update on progress following Cabinet's resolution to proceed with a full review and update of the North Herts Local Plan (NHLP) in January 2024. It seeks the approval of an updated Local Development Scheme (LDS).
- 13. STRATEGIC PLANNING MATTERS** (Pages 195 - 246)
REPORT OF THE SERVICE DIRECTOR – REGULATORY
- This report identifies the latest position on key planning and transport issues affecting the District.
- 14. COUNCIL TAX REDUCTION SCHEME 2025/2026** (Pages 247 - 258)
REPORT OF THE SERVICE DIRECTOR – CUSTOMERS
- To consider and recommend to Council the continuation of the banded scheme for working age applicants which remains largely unchanged for 2025/2026.
- 15. REPORT ON RISK MANAGEMENT GOVERNANCE (MID-YEAR UPDATE)** (Pages 259 - 296)
REPORT OF THE SERVICE DIRECTOR – RESOURCES
- To provide the Committee with an update on the effectiveness of the Risk Management Governance arrangements at the Council. The review is referred on to Cabinet and the Committee can make recommendations on how we can improve our risk management arrangements.

- 16. SECOND QUARTER REVENUE BUDGET MONITORING 2024/25** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 297 -
310)
- The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure forecasts for the financial year 2024/25, as at the end of the second quarter.
- 17. SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2024/25** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 311 -
344)
- To update Cabinet on progress with delivering the capital and treasury strategy for 2024/25, as at the end of September 2024.
- 18. REVENUE AND CAPITAL BUDGETS FOR 2025/26 ONWARDS** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 345 -
364)
- The Council’s budget setting process starts with proposals that are developed by Officers and Executive Members. These proposals are considered by the Political Liaison Board, in the context of the Council’s forecast overall financial position. The selected proposals are then taken to the two budget workshops (administration group and opposition groups). Feedback from those workshops is considered by Cabinet in this report to determine those proposals that should be taken forward to set the 2025/26 budget.
- 19. COUNCIL DELIVERY PLAN 2024-25 (QUARTER 2 UPDATE)** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 365 -
394)
- This report presents progress on delivering the Council Delivery Plan for 2024-25. This is a Quarter 2 update, but generally reflects progress up to the point that this report was prepared (early December).
- 20. GARDEN WASTE CHARGE** (Pages
REPORT OF THE SERVICE DIRECTOR – PLACE 395 -
400)
- For Cabinet to agree the level of garden waste charge for the subscription period 1 April 2025 to 31 March 2026. The charge can be considered in relation to charges by other Local Authorities, increases in the cost of providing the service and encouraging home composting.
- 21. DECARBONISATION OF LEISURE CENTRES UPDATE** (Pages
REPORT OF THE SERVICE DIRECTOR – PLACE 401 -
416)
- To provide an update on the project to decarbonise the Council’s leisure centres, including predicted growth in ongoing revenue costs, due to revised modelling of the impact of installing air source heat pumps at the facilities.

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Public Document Pack Agenda Item 2

NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

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

MINUTES

Present: *Councillors: Daniel Allen (Chair), Val Bryant (Vice-Chair), Ian Albert, Amy Allen, Mick Debenham and Dave Winstanley.*

In Attendance: *Faith Churchill (Democratic Services Apprentice), Philip Doggett (Principal Estates Surveyor), Jo Dufficy (Service Director - Customers), Susan Le Dain (Committee, Member and Scrutiny Officer), David Martins Hesp (Assistive Technology Manager), Robert Orchard (Culture and Facilities Services Manager), Anthony Roche (Managing Director), Nigel Smith (Strategic Planning Manager) and Jeanette Thompson (Service Director - Legal and Community).*

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

58 APOLOGIES FOR ABSENCE

Audio recording – 1 minute 58 seconds

No apologies for absence were received.

59 MINUTES - 10 SEPTEMBER 2024

Audio Recording – 2 minutes 12 seconds

RESOLVED: That the Minutes of the Meeting of the Committee held on 10 September 2024 be approved as a true record of the proceedings and be signed by the Chair.

60 NOTIFICATION OF OTHER BUSINESS

Audio recording – 3 minutes 4 seconds

There was no other business notified.

61 CHAIR'S ANNOUNCEMENTS

Audio recording – 3 minutes 9 seconds

- (1) The Chair advised that, in accordance with Council Policy, the meeting would be recorded.
- (2) The Chair reminded Members that the Council had declared both a Climate Emergency and an Ecological Emergency. These are serious decisions, and mean that, as this was an emergency, all of us, Officers and Members had that in mind as we carried out our various roles and tasks for the benefit of our District.

- (3) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.
- (4) The Chair advised for the purposes of clarification that 4.8.23(a) of the Constitution did not apply to this meeting.

62 PUBLIC PARTICIPATION

Audio recording – 4 minutes 18 seconds

There was no public participation at the meeting.

63 ITEMS REFERRED FROM OTHER COMMITTEES

Audio recording – 4 minutes 23 seconds

The Chair advised that the item referred from the Overview and Scrutiny Committee would be taken with Item 7 on the agenda.

64 MUSEUM STORAGE OPTIONS APPRAISAL

Audio recording – 4 minutes 36 seconds

The Chair invited Councillor Matt Barnes, as Chair of the Overview and Scrutiny Committee, to present the referral on this item. Councillor Barnes advised that:

- The committee wished to thank Councillor Tamsin Thomas and all the Officers involved for the very well presented report.
- There was discussion around all the options available which resulted in the proposed amendments to the original recommendations.
- The committee endorsed the proposal to apply for grant funding towards the costs of any of the proposals to reduce capital spend.
- The committee wished to thank Councillor Tamsin Thomas and all the Officers for the knowledge and expertise they demonstrated at the meeting which was great assistance to Members.

Councillor Daniel Allen, as Interim Executive Member for Planning and Transport, presented the report entitled 'Museum Storage Options Appraisal' and advised that:

- The primary purpose of the report was to provide an appraisal of the full range of options available.
- The majority of the collection was in storage and not on display in the main museum.
- The museum curators had an active approach to the museum collection and the collection continued to grow.
- The site at Bury Mead was not supposed to be used as a long-term solution and it was not fit for this purpose any longer.
- Accreditation was important as it not only enabled the Council to host travelling exhibitions, but also to access capital and project-based grants and to bid for grants.
- Officers identified eight possible options, three of which were short term options and five were longer term options.
- It was preferable to find a viable long-term proposal for the storage as costs would rise over time and a long-term solution was most needed.

The following Members asked questions:

- Councillor Ian Albert
- Councillor Mick Debenham

In response to questions, the Principal Estates Surveyor advised that a six-month timeframe should be enough time to allow costings to be presented back to Cabinet.

In response to questions the Culture and Facilities Survey Manager advised that:

- The Council would have to work alongside any grant funding timeframes which may result in a delay to the six-month timeframe for costings to be available.
- An overview of the damage and deterioration to the collection that had occurred to date was detailed in Appendix 5.
- Although urgent issues had been mitigated, deterioration was a gradual process and if objects were stored in poor conditions they would deteriorate over time.

The following Members took part in a debate:

- Councillor Ian Albert
- Councillor Val Bryant
- Councillor Amy Allen
- Councillor Daniel Allen
- Councillor Mick Debenham

Points raised in a debate included:

- Cabinet was happy to accept the recommendations from the Overview and Scrutiny Committee.
- Careful judgement would be needed in reaching a decision as there was a limit to what funds could be allocated to projects.
- The Council was a custodian of the heritage of North Hertfordshire and the collection contained important artifacts which needed to be preserved for future generations.
- The current museum was not a suitable working space for its staff as well as the artifacts.

In response to a question, the Service Director – Resources advised that although funds were allocated from the capital programme as detailed in section 11.4 of the report, some of the costs would become revenue costs as the project proceeded.

The Leader of the Council, as Chair, advised that Cabinet accepted the recommendations (as amended) by the Overview and Scrutiny Committee at the meeting held on 12 November 2024.

Councillor Mick Debenham proposed and Councillor Amy Allen seconded and, following a vote, it was:

RESOLVED: That Cabinet:

- (1) Noted the current projected costs, advantages and disadvantages of each option.
- (2) Approved use of £30k of the allocated £4m budget in the current capital programme for this project to develop more detail on the costs of Option D (Warehouse Proposal) and to acquire the necessary details for a planning application to be made.

- (3) Approved use of £20k of the allocated £4m budget in the current capital programme for this project to develop more detail on the costs of Option E (purchase of a freehold/long leasehold building (new or existing)), should a suitable property become available.
- (4) Considered and gave approval for officers to apply for grant funding towards the investigations mentioned in 2.2 and 2.3 and recognise the need to align investigations with grant funding timetables in this instance.
- (5) Resolved to discount options A, B and G and recommend that they are no longer developed or explored further.
- (6) Indicated that Options C, F and H outlined within the report should be pursued further.

REASONS FOR DECISIONS:

- (1) Officers do not have the capacity or financial budget to progress all 8 options to an advanced stage and some early decisions are required in order to focus time and budget on pursuing the most advantageous options based on the best information available to officers and members at the present time.
- (2) In addition, the pursuit of greater detail on a number of the options will require expenditure on external reports and consultants which officers are seeking Cabinets approval to progress. Estimated figures are included in the main body of the report which can be found in Appendix 1 and are summarised in the Executive Summary Grid in Appendix 2.

65 CODICOTE NEIGHBOURHOOD PLAN

Audio recording 31 minutes 13 seconds

Councillor Daniel Allen, as Interim Executive Member for Planning and Transport, presented the report entitled 'Codicote Neighbourhood Plan' and advised that:

- Neighbourhood plans were introduced by the Localism Act in 2011.
- Neighbourhood plan laid out planning policies for their neighbourhood areas.
- The Codicote neighbourhood plan was dedicated by Council in June 2014.
- Consultations would take place over a seven-week period in December 2024 and January 2025.
- This neighbourhood plan was a key decision as it covered the two district wards of Codicote and Kimpton and also Knebworth and was therefore brought to Cabinet.

In response to a question from Councillor Ian Albert, the Strategic Planning Manager advised that the area covered by the Codicote Parish Council was the two district wards of Codicote and Kimpton and also Knebworth.

The following Members took part in a debate:

- Councillor Ian Albert
- Councillor Amy Allen

Points raised in a debate included:

- Lessons should be learnt from previous public consultations held for neighbourhood plans to ensure that the correct information was used in future plans.
- This report contained the older wording of the Department for Levelling Up, Housing and Communities (DLUHC) which need to be updated with the Ministry of Housing, Communities and Local Government (MHCLG).

Councillor Amy Allen proposed and Councillor Dave Winstanley seconded, and following a vote, it was:

RESOLVED: That Cabinet approved that public consultation can be undertaken for the submission version of the Codicote Neighbourhood Plan.

REASON FOR DECISION: To enable public consultation on the proposed submission Codicote Neighbourhood Plan 2022 – 2035 to take place before the Neighbourhood Plan is submitted for examination by an independent examiner.

66 **LAND NORTH-EAST OF GREAT ASHBY (GA2) STRATEGIC MASTERPLAN FRAMEWORK**

Audio recording – 38 minutes 33 seconds

Councillor Daniel Allen, as Interim Executive Member for Planning and Transport presented the report entitled 'Land North-East of Great Ashby (GA2) Strategic Masterplan Framework' and advised that:

- This report was asking Cabinet to refer this masterplan to Full Council for adoption as a material planning consideration for approximately 600 homes and supporting infrastructure.
- Council Officers and advisers had worked with a development team to produce this masterplan which had been overseen by the Project Board.
- The final version of the masterplan was a more visual report which delivered the key requirements of the Local Plan.
- This masterplan had set six silver and two gold targets of achievement against the Sustainability Supplementary Planning Document (SPD) which supported the Local Plan.
- If Cabinet approved the referral of this masterplan to Council, Officers would provide Members with a presentation of key plans at the meeting on 28 November.
- Members had been invited to attend a briefing session on the masterplan on 6 November which had been well attended.

The following Members asked questions:

- Councillor Daniel Allen
- Councillor Amy Allen
- Councillor Ian Albert

In response to questions, the Strategic Planning Manager advised that:

- The masterplan identified two off site cycling routes, one to the southwest and the other to the south which went towards the secondary school.
- There was currently one bridleway at the access point to the south and there was a proposal to upgrade the footpath currently on the northern boundary to also be a bridleway.
- The masterplan included a rights of way plan which could be found in both the masterplan and the supplementary document.
- Officers would check updated advice produced by Hertfordshire County Council to ensure that all stakeholders were working alongside each other and report back at Full Council on 28 November.

The following Members took part in a debate:

- Councillor Daniel Allen
- Councillor Dave Winstanley
- Councillor Mick Debenham

Points raised in a debate included:

- This development would be going ahead as it was already in the Local Plan and the masterplan would ensure the best options for residents.
- The member briefing session had made the scope and purpose of a masterplan very clear and was very useful.
- The use of masterplans was an excellent process.

Councillor Amy Allen proposed and Councillor Mick Debenham seconded and, following a vote, it was:

RECOMMENDED TO COUNCIL: That the Strategic Masterplan Framework for the land North-East of Great Ashby (Local Plan site GA2), attached at Appendix A, is approved and adopted as a material planning consideration for relevant planning decisions relating to the site.

REASONS FOR RECOMMENDATION:

- (1) To set an agreed design framework for the delivery of a strategic site within the Council's adopted Local Plan.
- (2) To accord with policy requirements of the Local Plan.

67 NORTH STEVENAGE STRATEGIC MASTERPLAN FRAMEWORK

Audio recording – 50 minutes 21 seconds

Councillor Daniel Allen, as Interim Executive Member for Planning and Transport, presented the report entitled 'North Stevenage Strategic Masterplan Framework' and advised that:

- This report was asking Cabinet to refer the masterplan back to Full Council for reconsideration.
- The masterplan was originally considered at Council back in July 2024 but was not adopted at that time as a number of issues were raised by Members.
- This report provides an update on the issues and clarifies several changes that have been made and more visual material has now been used.
- This report clarifies the access arrangements into the site, detailed how cars will be able to circulate within and between the two schemes using the access points from North Road and an internal connection at the east of the site.
- All parts of the NS1 site are within a 20-minute walk of the school and shops on site.
- This masterplan was aiming to meet several gold targets set in the Sustainability Supplementary Planning Document (SPD) which supported the Local Plan.
- If Cabinet approve to refer this masterplan back to Council, there would be a presentation of key plans to Members at the meeting on 28 November.
- Members had been invited to attend a briefing session on the masterplan on 6 November which had been well attended.

In response to a question by Councillor Val Bryant, the Strategic Planning Manager advised that:

- Hertfordshire County Council had decided that two primary schools were required.
- The two primary school had been built in close proximity to each other as schools had to be built on the most accessible and flattest part of the site.
- Detail of the provision of school sites would be decided in the legal agreement at the application stage.

The following Members took part in a debate:

- Councillor Daniel Allen
- Councillor Dave Winstanley
- Councillor Val Bryant

Points raised in a debate included:

- The main concern was how to improve integration between the two sides of the sites.
- This was an excellent masterplan with a good spread of affordable housing within the two sites.
- The masterplan provided good phasing particularly in regard to green spaces and the allocation of 40% affordable housing at each phase.

Councillor Dave Winstanley proposed and Councillor Val Bryant seconded and, following a vote, it was:

RECOMMENDED TO COUNCIL:

- (1) Following the Full Council decision not to adopt the masterplan in July 2024, the additional information and clarification in this report is noted.
- (2) The Strategic Masterplan Framework for North Stevenage, attached at Appendix B, is approved and adopted as a material planning consideration for relevant planning decisions relating to the site.

REASONS FOR RECOMMENDATIONS:

- (1) To facilitate the delivery of a strategic site within the Council's adopted Local Plan.
- (2) To accord with policy requirements of the Local Plan.

68 EXCLUSION OF PRESS AND PUBLIC

Audio recording – 59 minutes 34 seconds

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

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

69 **EXTENSION OF PARTNERSHIP AGREEMENT BETWEEN CARELINE AND HERTFORDSHIRE COUNTY COUNCIL - PART 2**

N.B. This item was considered in restricted session and therefore no recordings were available.

The Executive Member for Community and Partnerships presented the report entitled 'Extension of Partnership Agreement between Careline and Hertfordshire County Council – Part 2'.

Councillor Ian Albert proposed and Councillor Mick Debenham seconded and, following a vote, it was:

RESOLVED: That Cabinet noted the recommendations in Part 1 of this report.

70 **EXTENSION OF PARTNERSHIP AGREEMENT BETWEEN CARELINE AND HERTFORDSHIRE COUNTY COUNCIL - PART 1**

Audio recording – 1 hour 15 minutes 20 seconds

Councillor Val Bryant, the Executive Member for Community and Partnerships, presented the report entitled 'Extension of Partnership Agreement between Careline and Hertfordshire County Council' and advised that:

- This report asked Cabinet to approve to extend the agreement between North Herts Careline and Hertfordshire County Council (HCC) for a period of five years from 1 April 2026 to 31 March 2031.
- This contract would continue the delegation of service from HCC to North Herts Council.
- The current five-year contract would expire on 31 March 2026.
- The Careline partnership worked well and promoted the wellbeing of the residents of North Hertfordshire.

The following Members asked questions:

- Councillor Dave Winstanley
- Councillor Daniel Allen
- Councillor Ian Albert

Points raised in a debate included:

- Careline was an invaluable service to the residents of North Hertfordshire.
- Careline handled 1,500 calls a day as detailed in section 7.1 of the report.
- Careline was a great example of how local authorities worked together to support communities.

Councillor Dave Winstanley proposed and Councillor Amy Allen seconded, and following a vote, it was:

RESOLVED: That Cabinet:

- (1) Approved the extension of the agreement between Herts Careline and HCC for a period of five years to run from 01 April 2026 to 31 March 2031. This contract will be delivered by way of delegation from HCC to NHC.
- (2) Delegated the operational contractual arrangements and final sign off of the agreement to the Service Director Customers, in consultation with the Executive Member for Community and Partnerships.

REASON FOR DECISIONS: The existing partnership between Careline and HCC works very well. An extension of the contract will enable us to continue to build on the positive relationship to the benefit of service users across Hertfordshire.

The meeting closed at 8.50 pm

Chair

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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

**MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, GERONON ROAD, LETCHWORTH, HERTS DG6 3JF
ON TUESDAY, 26TH NOVEMBER, 2024 AT 7.30 PM**

MINUTES

Present: *Councillors: Daniel Allen (Chair), Val Bryant (Vice-Chair), Ian Albert, Amy Allen, Mick Debenham, Tamsin Thomas and Dave Winstanley.*

In Attendance: *Antonio Ciampa (Accountancy Manager), Deborah Coates (Principal Strategic Planning Officer), Jo Doggett (Service Director - Housing & Environmental Health), Ian Fullstone (Service Director - Regulatory), Martin Lawrence (Strategic Housing Manager), Susan Le Dain (Committee, Member and Scrutiny Officer), Nigel Smith (Strategic Planning Manager), Jeanette Thompson (Service Director - Legal and Community) and Sjanel Wickenden (Committee, Member and Scrutiny Officer).*

Also Present: *At the commencement of the meeting there were approximately 12 members of the public present, including registered speakers.*

Councillor Matt Barnes was in attendance as Chair of the Overview and Scrutiny Committee.

71 APOLOGIES FOR ABSENCE

Audio recording – 2 minutes 1 second

There were no apologies for absence received.

72 NOTIFICATION OF OTHER BUSINESS

Audio recording – 2 minutes 10 seconds

There was no other business notified.

73 CHAIR'S ANNOUNCEMENTS

Audio recording – 2 minutes 14 seconds

- (1) The Chair advised that, in accordance with Council Policy, the meeting would be recorded.
- (2) The Chair reminded Members that the Council had declared both a Climate Emergency and an Ecological Emergency. These are serious decisions, and mean that, as this was an emergency, all of us, Officers and Members had that in mind as we carried out our various roles and tasks for the benefit of our District.
- (3) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.

- (4) The Chair advised for the purposes of clarification that 4.8.23(a) of the Constitution did not apply to this meeting.

74 PUBLIC PARTICIPATION

Audio recording – 3 minutes 32 seconds

The Chair invited Ms Hilary Napier to address the Committee regarding Item 7 Chesfield Conservation Area. Ms Napier thanked the Chair for the opportunity and provided the Committee with a verbal presentation, including that:

- She lived in the area at Chesfield that had been proposed as a conservation area.
- Last September Cabinet resolved that the proposed conservation area be deferred and that further consultations with residents were arranged to ensure that the People First priority of the Council was met.
- Heritage experts advising Ms Napier had concluded that the threshold of specialness and quality required for a conservation area had not been reached.
- Stevenage Borough Council had raised concerns regarding the proposed designation of the area.
- She requested that Members followed the People First priority of the Council to not progress with designation of a Conservation Area at Chesfield.

In response to a point of clarification from Councillor Ian Albert, Ms Napier advised that this process had been going on for a considerable period and was causing stress to the residents.

The Chair thanked Ms Napier for her presentation.

The Chair invited Ms Elaine Southern to address the Committee regarding Item 7 Chesfield Conservation Area. Ms Southern thanked the Chair for the opportunity and provided the Committee with a verbal presentation, including that:

- This area was soon to be enveloped by the development of around 2000 houses.
- Residents should not be required to pay a premium or seek permission to update buildings and fencing as was required in a Conservation Area.
- The only buildings of significant age were already protected and grade listed.
- Residents should be left to manage their properties amidst the housing development surrounding them.

In response to a point of clarification from Councillor Amy Allen, Ms Southern advised that animals often escaped into the fields and caused damage to fencing, therefore a more modern type of fencing was required to be used which was more robust.

The Chair thanked Ms Southern for her presentation.

The Chair advised that Mr Julian Pye, Associate Director of Hyas Associates, was in attendance at the meeting to be available to answer questions from Members regarding Agenda Item 7 – East of Luton Strategic Masterplan Framework.

75 ITEM REFERRED FROM OTHER COMMITTEES

Audio recording – 20 minutes 5 seconds

The Chair advised that the item referred from the Overview and Scrutiny Committee would be taken with Agenda Item 9.

76 CHESFIELD CONSERVATION AREA

Audio recording 20 minutes 20 seconds

Councillor Daniel Allen, as Interim Executive Member for Planning and Transport, presented the report entitled 'Chesfield Conservation Area' and advised that:

- The 2016 heritage assessment for North Stevenage 1 (NS1) recommended there should be investigation of a conservation area in Chesfield, as an extension to the existing conservation area in Stevenage.
- Consultation on a draft Conservation Area Appraisal and Management Plan took place between December 2022 and February 2023 and the results were reported to Cabinet in September 2023.
- Cabinet resolved to defer the decision to undertake further consultation based on representations received.
- After reassessment, the professional judgement of consultants advising the Council was that the area was still of sufficient interest to merit the designation of a Conservation Area.

The following Member asked questions:

- Councillor Tamsin Thomas
- Councillor Mick Debenham
- Councillor Daniel Allen
- Councillor Ian Albert

In response to questions, the Principal Strategic Planning Officer advised that:

- Consultation had taken place with members of the public and heritage consultants.
- The Council was obliged to review heritage aspects within the district and to protect heritage assets.
- The benefits of the Chesfield Conservation Area to the Council would be reputational, not financial.
- There was already an element of individual buildings on site protected by historic grading.
- Permitted development rights were removed in a conservation area and any works carried out on a property would incur costs for the homeowners.
- Fencing works could be carried out in an emergency, but retrospective planning approval would then need to be obtained.
- The museum services team had not expressed any view on this proposal.

The following Members took part in a debate:

- Councillor Ian Albert
- Councillor Dave Winstanley
- Councillor Amy Allen
- Councillor Val Bryant
- Councillor Daniel Allen
- Councillor Tamsin Thomas

Points in a debate included:

- The designation of a Conservation Area at Chesfield would not provide any further protection for the heritage assets in the area which were already protected.
- There would be no benefit from imposing this and it would only cause issues for the local residents.

- The Members wished to acknowledge the stress that the residents have suffered whilst this proposal has been considered, but also the importance of having followed due process.

Councillor Mick Debenham proposed and Councillor Amy Allen seconded and, following a vote, it was:

RESOLVED: Not to undertake further consultation and that no further work was undertaken on the proposed designation of a Conservation Area at Chesfield.

REASON FOR DECISION: To ensure that the historic assets within North Hertfordshire are appropriately assessed and designated to inform decision making for planning applications and in the preparation of neighbourhood plans and our Local Plan.

77 LAND EAST OF LUTON STRATEGIC MASTERPLAN FRAMEWORK

Audio recording – 38 minutes 13 seconds

Councillor Daniel Allen, as Interim Executive Member for Planning and Transport, presented the report entitled 'Land East of Luton Strategic Masterplan Framework' and advised that:

- This report asked Cabinet to refer to Full Council the approval of the Strategic Masterplan Framework for land to the east of Luton as a material planning consideration.
- Allocation of this site had already been agreed and was detailed in the Local Plan.
- This Masterplan detailed how the scheme would address the expectations and meet targets of the Sustainability Supplementary Planning Document (SPD).
- The land to the east of Luton had been identified to meet housing requirements in the area.
- There would be provision of two primary schools, a secondary school and a local centre.
- Details of changes made to the Masterplan could be found in the plan itself and the summary document at Appendix B.
- Officers would provide Members with a presentation of key plans prior to the debate at Full Council on 28 November. The developer team, Luton Council and Offley Council would also be in attendance for the Item.
- Members had been invited to attend a briefing session on the masterplan on 14 November which had been well attended.

The Chair advised that the Strategic Planning Manager would be addressing points raised in an email received from Offley Parish Council on 20 November 2024 when he answered any questions from Members.

The following Members asked questions:

- Councillor Tamsin Thomas
- Councillor Val Bryant
- Councillor Ian Albert
- Councillor Dave Winstanley

In response to questions, the Strategic Planning Manager advised that:

- This Masterplan was just one stage in a number of processes required to happen before the scheme reached delivery stage.
- This Masterplan committed to delivering 40% affordable housing. The legal agreement(s) accompanying any application(s) would ensure needs in Luton were met.
- One of the key issues of this Masterplan was to ensure the three different land ownerships worked together to create a high level of unity between the sites.

- Detailed planning stages allowed for a mixed range of housing both across and within each of the three sites.
- Public discussions had been held with Offley Parish Council at Cockernhoe regarding the views of the villagers and feedback could be found on page 97 of the agenda pack.
- Housing needs in Luton had been considered in allocation of the site in the Local Plan. The planning application stage would be the stage when any subsequent changes to the housing needs in Luton could be addressed.
- Hertfordshire County Council had been involved in the whole Masterplan process and both Highways and Education were supportive.
- There were already bus links from Stevenage to Luton and Hertfordshire County Council were not planning to build any new roads in the area.

In response to questions, the Associate Director or Hyas Associates advised that:

- The valuable characteristics of the area had been considered to ensure the villages were kept separate from the new development but also how to build cohesion between all the sites.
- Woodland and open spaces were valuable assets and would be preserved.
- Public consultation had been robust to ensure the best development of the area.

The following Members took part in the debate:

- Councillor Ian Albert
- Councillor Daniel Allen
- Councillor Mick Debenham

Points raised during the debate included:

- That Members acknowledged the concerns of Offley Parish Council and residents in the village of Cockernhoe.
- This Masterplan was a good plan and had been produced to a high-level design framework.
- The production of Masterplans should be supported as they ensured procedures were followed to ensure the best results for residents.

Councillor Amy Allen proposed and Councillor Val Bryant seconded and, following a vote, it was:

RECOMMENDED TO COUNCIL: That the Strategic Masterplan Framework for the land East of Luton (Local Plan sites EL1, 2 & 3), attached at Appendix A, is approved and adopted as a material planning consideration for relevant planning decisions relating to the site.

REASON FOR RECOMMENDATION: To set an agreed design framework for the delivery of a strategic site within the Council's adopted Local Plan. To accord with policy requirements of the Local Plan.

78 LGO COMPLAINT REPORT

The Chair confirmed that agenda Item 8 – LGO Complaint Report had been withdrawn from the agenda.

79 SUPPORTED HOUSING SCHEME FOR WOMEN

The Chair invited Councillor Matt Barnes, as Chair of the Overview and Scrutiny Committee, to present the referral on this item. Councillor Barnes advised that:

- An allocation of £73k was required to match fund a commitment from Hertfordshire County Council.
- This scheme would assist homeless women who have support needs, such as suffering from domestic abuse, mental health issues and substance abuse.
- It was difficult at this stage to predict how many women would benefit from this scheme.
- Druglink had the performance requirements on which to monitor the success of this trial and although the actual address would be restricted, relevant Ward Members would be informed of the scheme's presence in their area.

Councillor Dave Winstanley as Executive Member for Housing and Environmental Health, presented the report entitled 'Supported Housing Scheme for Women' and advised that:

- This scheme would help address the growing need for housing by single homeless women in North Hertfordshire.
- This was a two-year pilot which would be run in partnership by Hertfordshire County Council and Druglink, which was a Hertfordshire based substance misuse charity.
- In December 2022 Cabinet had previously agreed funding of £73k of Ministry of Housing, Communities and Local Government (MHCLG) ring fenced Homeless Prevention Grant (HPG) to support a similar scheme, which had fallen through.
- This proposal would offer a tailored safe space for women to empower them to gain confidence and independence and to develop skills to return to the community.
- This initiative would not only meet a critical local need but would support the commitment of the Council to tackle domestic violence in line with the White Ribbon accreditation.

The following Members asked questions:

- Councillor Mick Debenham
- Councillor Dave Winstanley
- Councillor Tamsin Thomas

In response to questions, the Executive Member for Housing and Environmental Health advised that:

- Residency of a unit would be offered to a suitable candidate from outside of the district if required.
- It was hoped to be able to secure funding from another grant at the end of the two-year pilot to continue with this scheme if it was a success.
- This scheme would be run from a single building in the district which would be administered by Druglink, a very experienced charity which offered the required services.

In response to questions, the Strategic Housing Manager advised that:

- There could be a proportion of residents sent from outside the district to escape violent domestic situations.
- Similarly, residents from North Hertfordshire benefited from being housed outside of the district when required.
- The Council worked in conjunction with SADA Domestic Abuse Service to manage demands for housing.
- It was difficult to estimate the turnaround of the 6 units until the scheme was up and running as the circumstances for each resident would vary.

- Costs associated with this scheme would be similar to costs associated with the previous scheme which had fallen through.
- If the scheme was successful, after the end of the two-year pilot, all parties would consider funding options nearer the time.
- Druglink were very experienced and looked at a broad spectrum of services, providing support for needs such as poor mental health, domestic abuse and substance misuse.
- Meeting the support needs of survivors of domestic abuse was a key priority for the Council.
- The Council would be supporting Hertfordshire County Council with a 50/50 stake in the two-year pilot.
- This scheme would be run in a building already owned by HCC and the service would be closely monitored.
- The police would be notified once the scheme was approved in line with safeguarding procedures.

The following Members took part in the debate:

- Councillor Dave Winstanley
- Councillor Val Bryant
- Councillor Amy Allen

Points raised during the debate included:

- This was a valuable service to provide in the district.
- Members were pleased to be able to support this scheme.

Councillor Amy Allen proposed and Councillor Tamsin Thomas seconded and, following a vote, it was:

RESOLVED: That the Cabinet supported the allocation of £73k of ring fenced MHCLG Homelessness Prevention Grant to HCC to match fund the two-year pilot of Druglink's Supported Housing Scheme for Women.

REASON FOR DECISION: This proposal has been made in order to enable the two-year pilot to go ahead.

The meeting closed at 8.56 pm

Chair

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CABINET

14 JANUARY 2025

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: LEISURE AND ACTIVE COMMUNITIES AGENCY MODEL

REPORT OF: SERVICE DIRECTOR - PLACE

EXECUTIVE MEMBER: LEISURE, ENVIRONMENT AND GREEN SPACE

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

For Cabinet to consider the benefits and risks of the Council changing its current contractual arrangements into an Agency Agreement with SLM (Everyone Active) for the operation of our leisure facilities.

2. RECOMMENDATIONS

2.1. To confirm the recommendations passed following the Part 2 discussions

3. REASONS FOR RECOMMENDATIONS

3.1. See and confirm from Part 2 report.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1. See Part 2 report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1. The Executive Member for Leisure, Environment and Green Spaces has been consulted on the proposal, along with the Executive Member for Finance and IT.

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 15 November 2024.

7. BACKGROUND

7.1. In March 2023, HMRC announced a significant change to the VAT treatment of local authority leisure services, which means that most supplies of leisure services by a local

authority can now be treated as “non-business”. In essence this means that when a local authority sells a leisure service, for example a gym membership, it no longer needs to charge VAT on that sale. As it is treated as non-business, the local authority is also able to recover all the VAT it incurs on providing that service.

7.2. Several leisure operators (including Everyone Active) who manage leisure centres on behalf of local authorities, are now considering how the change could also improve the VAT position between the operator and the local authority.

7.3. In September 2024, SLM (Everyone Active) sent a proposal to North Herts Council for consideration regarding the creation of an Agency Model, whereby they would act as our agent for delivering leisure services.

7.4. The details of the proposal can be found in the Part 2 report.

8. RELEVANT CONSIDERATIONS

8.1. See Part 2 report

9. LEGAL IMPLICATIONS

9.1 See Part 2 report

10. FINANCIAL IMPLICATIONS

10.1 See Part 2 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. See Part 2 Report

12. EQUALITIES IMPLICATIONS

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

12.2. There are no equalities implications as a result of this report.

13. SOCIAL VALUE IMPLICATIONS

13.1. As the recommendations in the report relate to a contract above £50,000, Social Value has been considered as part of our existing contract with SLM. If we move to the Agency

model, SLM's Social Value method statement will remain part of how they deliver the agency services – and will remain part of their contractual obligations.

14. ENVIRONMENTAL IMPLICATIONS

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

15. HUMAN RESOURCE IMPLICATIONS

15.1 There are no known HR impacts that apply to this report.

16. APPENDICES

16.1 None

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1 None

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CABINET

14 JANUARY 2024

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: CORPORATE PEER CHALLENGE REPORT

REPORT OF: MANAGING DIRECTOR

EXECUTIVE MEMBER: LEADER OF THE COUNCIL

COUNCIL PRIORITY: THRIVING COMMUNITIES / ACCESSIBLE SERVICES / RESPONSIBLE GROWTH / SUSTAINABILITY

1. EXECUTIVE SUMMARY

1.1 The Council recently undertook a Corporate Peer Challenge (CPC) between 4 and 7 November 2024, where we were visited by a peer team supported by the Local Government Association. The peer team met with a large number of staff and councillors, as well as external stakeholders such as contractual partners, neighbouring authorities and members of our community. The peer team has produced a feedback report, which is attached at Appendix A.

2. RECOMMENDATIONS

2.1 That the content of the Corporate Peer Challenge report and its recommendations be noted.

2.2 That the Managing Director, Leader of the Council and Deputy Leader be requested to develop an action plan responding to the recommendations in the Corporate Peer Challenge report, to be reported to the next scheduled meeting of Cabinet.

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure that the Council responds to the matters identified within the CPC report, ensuring that the benefits of the CPC process are realised.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1. The 'do nothing' option of not creating an action plan to follow up on the report has been discounted, as the Council committed to undertake the CPC and should therefore seek to gain benefit from that process.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 All staff and councillors who took part in the CPC were invited to attend the feedback session on the final day. That presentation has been made available to all staff and councillors (including those who had not taken part). The Leader, Deputy Leader and the

Leadership Team have received the feedback report and been given the opportunity to raise any questions or clarifications.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1 The Local Government Association offers a number of services to authorities, one of them is the CPC and all authorities are encouraged to undertake them every four to five years. The Council's last CPC took place in January 2020 and it was decided to undertake a CPC early in the new political administration, so that the recommendations can help shape and inform the approach over the four year term.
- 7.2 The CPC is designed by the Local Government Association to provide a robust and effective improvement tool managed and delivered by the sector, for the sector. Peers are at the heart of the peer challenge process and consist of councillors and senior officers from other District/Borough Councils who provide a 'practitioner perspective' and 'critical friend' challenge. The CPC was at no additional cost to the Council.
- 7.3 All CPC's look at five core areas for good performance (see section 4.2 of the feedback report). As part of considering Capacity for Improvement we specifically asked that peers look at our digital transformation programme, given its importance to the modernisation of the Council.
- 7.4. To prepare for the CPC the Council developed a background briefing document which set out our assessment of how the Council performs in certain key areas identified by the LGA.
- 7.5 The approach taken in the CPC is set out in section 4.3 of the feedback report and is therefore not repeated here.

8. RELEVANT CONSIDERATIONS

- 8.1 The CPC feedback report covers a range of areas and identifies both the Council's strengths and also areas where it could improve or change approach. In general terms the report is very positive and a fair assessment of the organisation, identifying a number of positive traits including:-

- we perform well, caring for and delivering for our residents;
- we have a clear understanding of the needs, wants and challenges in the district and are passionate about delivering for our communities;
- we generally have a happy workforce who feel supported to do their jobs and have access to learning and development opportunities;
- the administration is ambitious and keen to deliver for the residents of North Herts in their four-year term;
- there was significant goodwill and support for the work of NHC from stakeholders.

- 8.2 The areas for improvement include:-

- ensuring an effective roll out of the Council Plan, so that everyone is aware of their role in delivering against it;
- a need for clarity on our priorities;
- creating capacity for strategic leadership;
- improve the performance management framework;
- strengthen project and programme management.

8.3 The requirement of any CPC is that an action plan is developed within three months to respond to the recommendations from the peer team. There are ten recommendations within the report, set out in section 3. Additionally there is useful feedback and helpful suggestions within the body of the report which it will be important to capture. The action plan will be developed to respond to the ten recommendations and will be reported back to Cabinet in March for approval. The resourcing of any work will be considered as part of the development of the action plan.

9. LEGAL IMPLICATIONS

9.1 Cabinet's terms of reference include at paragraph 5.7.13 "To consider the reports of external review bodies on key aspects of overall service delivery".

9.2 The CPC is a voluntary process and therefore there is no legal obligation to either host a CPC or act upon the recommendations. However it is best practice to undertake a CPC and having done so, to act upon the issues identified.

9.3 The CPC report includes suggestions that relate to the Council's Constitution. These are matters for Full Council to determine in accordance with paragraph 4.4.1(p) of the Council's constitution and would be the subject of a separate report to Council.

10. FINANCIAL IMPLICATIONS

10.1 The Action Plan that will be developed will need to consider the cost of any proposals and how these will be funded. This is particularly relevant to recommendations 2 and 10, which relate to creating capacity to deliver projects but also challenging what is realistically achievable.

10.2 Recommendation 1 refers to the need to get to an in-year balanced budget. This will be supported by decisions on future priorities for service delivery. The Medium Term Financial Strategy sets out that this will be supported by resident consultation.

10.3 The recommended minimum level of reserves referred to in the CPC feedback report only applies to General Fund reserves, and this minimum has been set after considering the level of other specific revenue reserves. There would be a very high level of risk in following a strategy that aimed to have reserves at the minimum recommended level, even if the Council was in a position where there was a clear plan as to how to balance funding and expenditure in the medium term. Instead it is recommended by the Chief Finance Officer that a more prudent target level of reserves is considered, and that any spend on time limited projects should not take reserves below that level. The potential financial implications of the proposed action plan will be assessed as the plan develops.

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 CPC process helps to reduce risk by providing a different perspective on the Council. All of the five themes of the CPC process can support specific and strategic risk management.
- 11.3. The CPC report identified areas where we can utilise our performance management framework more effectively, which could with risk mitigation. The CPC report also identified that the terms of reference of the Finance, Audit and Risk Committee should be looked at, so that the focus of the committee is just on audit and risk.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 The CPC report references behaviours which may have particular negative impacts on those with a a protected characteristic. The action plan will cover how this can be addressed. The CPC report also references the role of our Inclusion Group.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

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

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are some potential staffing resource implications of some of the recommendations in the CPC feedback report, particularly organisational development and ways of working. There will also be HR implications to increase capacity, e.g. in relation to project management. These implications will be considered in the development of the action plan.

16. APPENDICES

- 16.1 Appendix A – Corporate Peer Challenge Feedback Report.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1 NHDC Peer Review Position Statement.

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LGA Corporate Peer Challenge

North Herts Council

4th – 7th November 2024

Feedback report



Contents

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- 5. Feedback 13
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1. Introduction

Corporate Peer Challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector for the sector. It involves a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending four days at North Herts Council to provide robust, strategic, and credible challenge and support.

CPC forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector. These state that local authorities are: Responsible for their own performance, Accountable locally not nationally and have a collective responsibility for the performance of the sector.

CPC assists councils in meeting part of their Best Value duty, with the UK Government expecting all local authorities to have a CPC at least every five years.

Peers remain at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.

This report outlines the key findings of the peer team and the recommendations that the council are required to action.

2. Executive summary

Located less than 40 miles north of Central London, North Herts Council (NHC) is one of 10 district and borough councils in Hertfordshire. Covering 145 square miles, it is the second largest district in the county with four main market towns: Baldock, Hitchin, Letchworth and Royston and around 40 surrounding villages.

NHC is a council which performs well, cares for and is delivering for its residents. Officers and elected members have a clear understanding of the needs, wants and challenges in the district and are passionate about delivering for their communities.

Employees like working for NHC. Peers heard from a generally happy workforce who feel supported to do their jobs and have access to learning and development opportunities. A recent staff survey showed that 90 per cent of staff would recommend the council as an employer and this is reflected in low turnover rates and high retention.

A new Labour and Co-operative Party-led minority administration and a new council leader have been in place since May 2024. The administration is ambitious and keen to deliver for the residents of North Herts in their four-year term.

Following the elections in May 2024, the new administration has quickly translated their aims and ambitions into a new council plan with four priorities which comprise: thriving communities; accessible services; responsible growth and sustainability. Whilst this plan sets out high-level ambitions, peers are concerned that there is no prioritisation yet, and this could result in frustration as trying to deliver everything simultaneously could delay what is most important.

Peers recognise the council plan is newly adopted and work is now starting on developing an annual delivery plan. In order to strengthen the golden thread between high-level ambitions, delivery commitments and local service plans it is important that the annual delivery plan includes SMART objectives that are recognised by staff. To ensure that the vision and priorities are fully embedded within the organisation, this delivery plan should be developed by the staff and not simply be a document produced in a top-down fashion by senior management. Following this, further effort is required to fully embed and communicate the vision and priorities, internal and

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Chief Executive: Joanna Killian

President: Baroness Grey-Thompson

external to the organisation, to ensure everyone knows how they can contribute to their successful delivery. Consideration is also required in regard to the organisational capacity and buy-in to deliver the new priorities, and their reflection within the council's medium term financial strategy (MTFS).

Peers feel the organisation's resources and capacity are not aligned with the council plan priorities and tough decisions will be needed to ensure the right people and skills are in the right places to effectively deliver. For example, the enterprise team in particular, is currently carrying vacancies. Having been risk averse in the past, the council is now looking to redevelop a large part of Hitchin town centre, and whilst this presents a number of place-shaping opportunities, this capital project has the potential to expose the council to many internal and external risks. Strong internal controls, for example project, programme and financial management are required for this as well as robust governance and member oversight.

Through discussions with stakeholders, the peers found that there was significant goodwill and support for the work of NHC and as the delivery plan (including capital projects) starts to crystallise, NHC should not overlook the opportunity to call on the expertise and capacity of local partners.

The capacity of the officer leadership team (LT) was raised as a concern by the council. Peers agree that the service directors are stretched, and current arrangements are allowing insufficient time for strategic leadership as they are regularly drawn into operational activities. Creating opportunities for more in-person communications and supporting senior officers with the skills and time to look "up and out" to develop considered partnerships and strategy would greatly improve their strategic impact.

Whilst it is clear from the staff survey that employees clearly enjoy working for the council and the adoption of meeting free Friday's goes some way to providing increased capacity, there needs to be greater focus on developing the identity of the council and how it fits within the wider Hertfordshire family.

There is also a need to develop an energy in the organisation to get people excited about working, and coming to work, for North Herts. Visible and accessible energy

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from the political and officer leadership would encourage officers to think more innovatively and create space for new ideas to meet needs of the council plan.

Whilst staff welcomed the approach to agile/hybrid working there was also concern expressed about the visibility of some of the corporate management team. The lack of clarity regarding the council plan expressed by some staff and a lack of buy-in to the digital transformation plan may well be symptoms of insufficient time spent in face-to-face engagement and conversations between teams – although peers do appreciate the plan was launched a week before their visit.

Prudent financial management sees NHC in a strong financial position with good reserves and low borrowing. However, the council has realised that it cannot continue to deliver a balanced budget by calling on unallocated reserves and there is a need to put in place a robust financial plan that will align annual revenue expenditure with income. The council is starting to see the consequences of rising inflation on service delivery, officers and elected members are beginning to confront the strategic financial challenge, but more work is needed to fully articulate the difficult decisions and financial planning that is needed over the course of the MTFs.

The council has begun to invest in digital transformation to support its ambition to modernise service delivery and be more efficient. To support the modernisation, peers feel there needs to be a greater focus on anticipating future capability and capacity requirements. Whilst it is acknowledged that the annual performance appraisal system appeared to be working well, in the absence of additional ways in which individual training needs and the development needs of the organisation could be identified, the Peers believe that NHC was not fully exploiting the opportunity to develop its capacity and capability. Creating an organisational development or workforce plan that horizon scans for future challenges and sets out clear processes for learning and development, skills audits, appraisals, succession planning, recruitment and retention will assist the council in delivering on its goals and achievement of council plan outcomes.

Capitalising on the digitalisation skills and capacity, NHC should deliver a modernisation programme that cuts across the council. Using the council plan and priorities as a starting point, and the digital strategy and resources as enablers, there

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is an opportunity to develop a council-wide modernisation programme with engagement of all staff and elected members which sets out what type of council you want to be and the tools you will use to achieve this.

Whilst there have been improvements made to the charring, organisation and effectiveness of the overview and scrutiny committee (O and S), some issues remain around the code of conduct and presentation of reports to committee. Peers recommend the council resets expectations of behaviour regarding internal council relationships and ways of working. They also agree with the previous CPC recommendation that executive members should lead at O and S and be visibly accountable for recommendations, decisions and performance. Peers noted that the design of the performance management system appeared to enable projects to go unmanaged if time-bound milestones were not clearly identified. Information and target-setting are likely to be more rigorous and comprehensive if officers are not unduly concerned about being unfairly challenged.

The council spent time in 2022 developing a place narrative for North Herts with partners and stakeholders. Peers found this had not landed externally in all areas and needs to be revitalised to clarify what makes North Herts special. Whilst the Peers appreciate that a large district with a number of urban centres and a large rural area does not lend itself to being easily defined, agreeing and communicating the place narrative for North Herts to encapsulate its character and attributes will serve to define and promote North Herts, giving a voice to its rural roots, and fostering a distinct identity for the area.

In the same way that NHC promoted itself and the Churchgate project at the UK's Real Estate Investment and Infrastructure Forum (UKREiiF), the council needs to maximise collaborative opportunities with partners and stakeholders to get the best outcomes for North Herts. As a trusted partner there are opportunities available.

Peers thoroughly enjoyed their time at North Herts Council and the opportunity to observe a range of some of the work/projects the council is delivering. There are many examples of good practice which the council should be proud of. The reflections and recommendations from peers are intended to help the council on its improvement journey.

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3. Recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

3.1 Recommendation 1 – Develop the golden thread

Engage all staff and partners in developing an annual delivery plan with clear priorities, outcomes and measurable KPIs – golden thread:

- Align the financial strategy with organisational priorities, ensuring that there is a real balance between income and expenditure and that there is no longer a reliance on the use of reserves to produce a balanced budget.
- Align the digital transformation and capital projects with organisational priorities.
- Align service plans and staff objectives with the council plan.

3.2 Recommendation 2 – Prioritise

Collectively the political and officer leadership needs to be clear about what it wants to do and how the “one team” is going to do it. There may be things that have to take longer, be paused or stopped in order to free up resources to deliver the priorities.

3.3 Recommendation 3 – Place narrative

Promote the place narrative for North Herts that encapsulates its character and attributes. This narrative will serve to define and promote North Herts, giving a voice to its rural roots, and fostering a distinct identity for the area.

3.4 Recommendation 4 – Partnerships

Maximise collaborative opportunities to get the best outcomes for North Herts. There are willing partners ready to support delivery of shared ambitions.

3.5 Recommendation 5 – Leadership

Build energetic and visible officer leadership, with more strategic impact. Create opportunities for more in-person communications and support senior officers with the

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skills and time to look “up and out” to develop strategic partnerships and strategy. Develop new ideas to get people excited about working for North Herts Council.

3.6 Recommendation 6 – Organisational Development

Create an organisational development plan that horizon scans for future challenges and sets out clear processes for learning and development, appraisals, succession planning, recruitment and retention.

3.7 Recommendation 7 – Ways of working

Reset expectations of behaviour regarding internal council relationships, ways of working and responsibility for presenting committee reports. This includes the behaviour and roles and responsibilities of members to members, members to officers, officers to members and officers to officers.

3.8 Recommendation 8 – Performance management

Improve the rigour and transparency of performance management. Be clearer in explanations regarding corrective and preventive actions, set challenging targets and use the data to drive improvement.

3.9 Recommendation 9 – Modernisation

Capitalise on digitalisation skills and capacity to deliver a modernisation programme across the council.

3.10 Recommendation 10 – Project management

Strengthen project and programme management. Be clear on the skills and resources required and ensure the delivery framework which includes lessons learnt and benefits realisation is applied consistently across all projects.

4. Summary of peer challenge approach

4.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected by the LGA on the basis of their relevant expertise. The peers were:

- Cllr Hugo Pound, Leader of Labour Group - Tunbridge Wells Borough Council
- Cllr Sarah Bütikofer, LGA Regional Peer - North Norfolk District Council
- David Blake, Managing Director - Worcester City Council
- Rob Gregory, Assistant Director Digital Transformation and intelligence - Wigan Council
- Amy Webb, Director of Corporate Services/Section 151 Officer - North Somerset Council
- Jacqui Smale, Adviser - Improvement Coordination and Strategy - LGA
- Kirsty Human - LGA Peer Challenge Manager

4.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities? Is there an organisational-wide approach to continuous improvement, with frequent monitoring, reporting on and updating of performance and improvement plans?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?

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3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges? What is the relative financial resilience of the council like?
5. **Capacity for improvement** - Is the organisation able to bring about the improvements it needs, including delivering on locally identified priorities? Does the council have the capacity to improve?

As part of the five core elements outlined above, every Corporate Peer Challenge includes a strong focus on financial sustainability, performance, governance, and assurance.

In addition to these themes, the council asked the peer team to provide feedback on:

6. The approach and delivery of **digital transformation**.

4.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information to ensure they were familiar with the council and the challenges it is facing. This included a position statement prepared by the council in advance of the peer team's time on site. This provided a clear steer to the peer team on the local context at North Herts Council and what the peer team should focus on. It also included a comprehensive LGA finance briefing (prepared using public reports from the council's website) and a LGA performance report outlining benchmarking data for the council across a range of metrics. The latter was produced using the LGA's local area

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benchmarking tool called LG Inform.

The peer team then spent four days onsite at North Herts Council, during which they:

- Gathered evidence, information, and views from more than 50 meetings, in addition to further research and reading.
- Spoke to more than 100 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

5. Feedback

5.1 Local priorities and outcomes

The new Labour and Co-operative Party administration has worked hard to develop a [council plan 2024 - 28](#) based on their political manifesto. Published just a week before the Corporate Peer Challenge (CPC) details of the plan have yet to filter down through the organisation or externally to partners; peers heard of plans being discussed to ensure this happens, including using [videos](#) shared on social media and through the winter 24 edition of the residents' magazine "Outlook".

The new council plan is the fourth to be developed since 2018. Peers stressed the importance of distinguishing the new plan from the old and the need to ensure everyone understands what NHC wants to achieve. The priorities of thriving communities, accessible services, responsible growth and sustainability are broad-ranging and peers were concerned that if everything is a priority then actually nothing is. Peers recommend that collectively, the political and officer leadership are clear about what they want to do and how as "one team" they will deliver it. There may be things that have to take longer, be paused or stopped in order to free up resources to deliver the priorities, but by constructively discussing the options, informed decisions can be made.

Work has now started on developing an annual delivery plan to support delivery of the council plan. It is essential that every part of the organisation, and its partners, understand their roles in delivering the actions, achieving the outcomes and realising the benefits if satisfaction, value and organisational alignment are to be attained.

The medium-term financial strategy (MTFS) needs to support delivery of the priorities. For example, one of the council's objectives is to "Engage with you on the best option for regenerating the Churchgate shopping area of Hitchin." For this to be achieved, there needs to be ongoing budget allocation in the MTFS or capital strategy for the project to ensure deliverability, recognising the fact that there will be a significant loss of income over a long period when the shopping centre is demolished and rebuilt. Another example is to "Work with the Herts Business Support and Skills programmes to increase activities available for North Herts businesses and

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residents” in order to do this the council needs to budget to increase its economic development resources from the current 0.5FTE.

Peers recommend the council engages all staff and partners in developing the annual delivery plan with clear priorities, outcomes and measurable performance indicators, which aligns with the financial strategy, digital modernisation and capital projects to create the organisational golden thread. This will ensure the council’s goals, vision and values inform and are informed by its processes, systems and people.

NHC recently undertook a rigorous procurement exercise for the management of the council’s leisure contract. From 1st April 2024, Everyone Active took over the management of North Herts Leisure Centre, Hitchin Swimming and Fitness Centre (formerly Hitchin Swim Centre and Archer Fitness), Royston Leisure Centre, Letchworth Lido (formerly Letchworth Outdoor Pool) and Fearnhill Sports Centre.

Peers commented on how well-led the procurement phase had been and how the new contract will deliver not just financial benefits to the council but a raft of social value benefits, including jobs for those not in education or employment (NEETs), presence at job fairs and volunteering opportunities. Early performance data shows that the visitor numbers are exceeding previous years with membership numbers increasing. The only issue peers heard was with the complaints process, which is managed by the council rather than the operator. Reviewing this to remove the council from the process will speed up response times, improve customer satisfaction and create efficiency for both organisations.

After a five-year public examination, NHC adopted its [local plan](#) in November 2022 with the aim of delivering 11,600 new homes by 2031. Many homes will be delivered through strategic sites including, land north of Letchworth (900 homes), land north of Stevenage (900 home), land east of Luton (2,100 homes) land to the north-east of Great Ashby (600 homes) and land north of Baldock (2,800). The council was also successful in designating a significant new area of green belt within the district.

Currently, housing delivery is not keeping up with [local plan targets](#). The council partially attributes this to the delay in larger allocated sites coming forward which

would provide 40 per cent affordable housing. However, as strategic sites come forward, affordable housing scheme expectations should continue to be met over the rest of the plan period.

NHC has an [equality, diversity and inclusion strategy 2022 – 2027](#) (EDI), with four objectives and an action plan. The progress so far includes:

- Use of an online tool to check that the language of job descriptions is as neutral as possible and not likely to dissuade certain groups of people from applying.
- Equalities questions asked of prospective suppliers of goods/services above a certain threshold during the procurement process, via the selection questionnaire.
- Creation of a councillor parental leave policy to support those members who need to take time off for maternity, paternity, shared parental leave, or adoption leave.

An inclusion group, set up in 2021 involving staff from across the council meets quarterly to drive the EDI agenda forward within the council. They have worked through the LGA's "[Diverse by Design – 15 key elements](#)" and this has resulted in the introduction of some staff networks including, the menopause kitchen and neurodiversity at work.

Committee reports include an equalities implications section, with full equality impact assessments produced where there are significant issues to consider, for example in the [museum storage options appraisal](#). The policy and strategy team also publish an [annual cumulative equalities impact report](#) based on the EDI sections from each cabinet and council report throughout the year.

On 21 May 2019, the council passed a climate emergency motion. The [climate change strategy 2022 – 27](#) was reviewed in 2022 to align the strategy with latest research and produce a revised [action plan up to 2026](#). NHC aims to be net-zero in council operations by 2030 and for the district to be net-zero by 2040. The council is committed to making consideration of climate change central to decision-making and actions with good processes in place, an executive portfolio for environment and

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leisure and the appointment of a service director as strategic lead for climate change to ensure climate change and work around it is led and considered at the highest levels within the council. Increasing the officer capacity, by recruiting a climate change and sustainability project manager in this area is also a positive sign of the priority given to this area of work.

NHC was successful in securing £7.7m from the Department for Energy Security and Net Zero to decarbonise its three leisure facilities. The funding is being used to decommission end-of-life gas boilers at the leisure centres and replace them with air source heat pumps, install solar PV panels and fit cavity and external wall insulation. Scheduled over a two-year period, starting in April 2024, the project aims to achieve annual savings of up to 1,176 tonnes of carbon, resulting in a total energy usage reduction of up to 68 per cent – contributing significantly to the council's net-zero target, whilst reducing the operating costs through a reduction of energy consumption.

An organisational net-zero target of 2030 is ambitious, but a district-wide net-zero target of 2040 will be extremely challenging. Peers observed that the current climate goals are mostly internally focused. To achieve the district-wide target, consideration needs to be given to, but not restricted to, how NHC will work more directly with partners and communities to agree climate responsive policy and strategy, increase education, influence behaviour change and provide alternative transport solutions.

5.1.1 Performance

Peers only heard positive comments regarding the council's service delivery. This is validated by performance against Cifa near neighbours (similar councils) when compared against a number of national performance indicators. The [LG Inform report](#) shows that NHC performs in the upper quartiles of the majority of indicators. It is the most efficient council in the group for processing of new housing benefit claims and change of circumstances, taking just two days, half the average time. Planning, waste, health and education metrics also present a positive picture.

Within the near neighbour's comparator group, the council is above average for the number of people on the housing waiting list, which can be correlated with the below

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average delivery of affordable housing resulting in a supply and demand issue. Interestingly the number of households in temporary accommodation is below the average at just 1.75 households, suggesting the council's partnership with its housing partners are working well.

There is comprehensive performance management of the leisure and grounds maintenance contracts with a renewed focus on governance which has improved the contract management. There are regular client/contractor meetings, a quarterly leisure partnership board and challenging key performance indicators which are closely monitored and managed.

In summary the council's performance management framework sees the annual delivery plan, made up of key projects, risks, performance indicators and progress against milestones reported to the cabinet on a quarterly basis (having been through pre-scrutiny). In addition, performance and risks are reported quarterly to the performance and risk management group and O and S committee. Reports provide a [high-level overview](#), with access to detail via officers or the online system 'Ideagen'.

Peers questioned the functionality of the system as it appeared that if no milestones were set, the system marked the project as green (on target). In the most recent report, key performance indicators were almost entirely met, and did not appear ambitious. Where either performance or projects were missing targets or milestones, peers felt the explanations (why the project had slipped and what was planned to correct the position) were not detailed enough to make informed decisions.

Good practice suggests more detailed corrective and preventive actions should be included in performance reports. Peers recommend the council improves the rigour and transparency of performance management by being clearer in explanations, setting challenging targets and using the data to drive improvement – comfortable target setting will stifle improvement and innovation. Members need to see the right information in order to provide oversight and challenge where required.

Performance improvement is led by the Leadership Team (LT) who review the service action plans and KPIs. Peers were unclear on the role of middle managers in the performance improvement space – if they were more involved in performance

management, this could free up LT capacity for more strategic work.

Strengthening the golden thread from the council plan through to the annual delivery plan, service action plans and regular performance reviews (RPRs) would help all staff to recognise where individually and as teams they are helping to contribute to the delivery of the council's priorities, aims and ambitions.

5.2 Organisational and place leadership

Organisational

The council is fortunate to have maintained stability in the officer leadership through challenging times, for example during the covid pandemic and political leadership fluctuations. Peers heard the current LT has a combined 120 years-worth of service at NHC and a combined 180 years-worth of local government service. By contrast, since 2018 the council has had three different political administrations, four different leaders and four different deputy leaders, with 19 new councillors in May 2024.

The LT meet fortnightly, and the MD meets each service director individually every four-six weeks, in addition to frequent meetings with the statutory officers. The MD has weekly briefings with the Leader and Deputy Leader of the council, as well as separate monthly briefings with the leaders of the two opposition parties. The Political Liaison Board (PLB) meets monthly and is made up of executive members of the Cabinet, MD and service directors, providing a safe space for discussion and the start of policy development, as well as receiving briefings on matters of interest/importance.

Since June 2018 a senior management structure has been in place, with six service directors responsible for resources, regulatory, place, customers, commercial (now called enterprise) and legal and community. In September 2023, recognising capacity issues in the LT, a temporary service director for housing and environmental health was appointed on an 18-month secondment from Hertfordshire County Council. Peers found it difficult to align the roles and responsibilities of Cabinet portfolio holders with the titles, roles and responsibilities of the service directors.

From discussions with LT, staff and members, peers concluded that whilst the

temporary arrangements to increase to seven directors have provided additional support to individual members of the LT, overall capacity remains stretched. The current arrangements are not allowing for strategic leadership. Service directors are regularly drawn into operational activities, business as usual and specific projects, sometimes due to capacity issues in the services they oversee, but also due to a shortage of time set aside for LT to focus on strategic organisational and place leadership. This includes time with the administration to work through specific issues, problems and strategy development.

Peers believe there is too much looking “down and in” and not enough looking “up and out” and recommend [1] building an energetic and visible officer leadership, with more strategic impact [2] creating opportunities for more in-person communications [3] supporting senior officers with the skills and time to look “up and out” to develop strategic partnerships and strategy and [4] developing new ideas to get people excited about working for North Herts

To support the LT with this recommendation, the council should review the regular performance review (RPR) process to incorporate wider feedback for senior officers, for example, introducing 360-degree feedback and other best practice from the [LGA/Solace leadership standards for excellence](#). Coaching and mentoring may also help support development for senior officers and elected members along with “deep think” away days to build time for the two leadership teams to work collaboratively on strategic issues.

Staff welcome the flexibility in working practices. Since the pandemic the council has resisted issuing a formal decision on the number of days staff need to be in the office, choosing to allow managers and teams to find solutions which work best for them, while maintaining service delivery standards. Whilst valued by staff, peers heard from members and officers that they also wanted to see more visibility of the LT and opportunities for active listening.

Peers were surprised at how quiet the council offices were during their visit, having been told it was busier than usual because of the CPC. It seemed to peers that although the flexible working policy is valued, that maybe it has gone too far, with officers and elected members commenting on the lack of visibility and availability of

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staff in particular the LT. Flexible working makes it harder to get everyone involved and engaged in the council's vision and values.

Currently internal communications include a range of in-person and virtual methods including staff briefings, digital staff magazine, intranet, digital notice board and monthly staff consultative forum (SCF). Peers discussed with the MD and leader implementing more engagement opportunities such as, in-person meetings with new starters, the MD joining team meetings, in-person all staff conferences, compulsory attendance at senior manager meetings and video blogs. It is recommended that the leadership works at developing new ideas to get people excited about working for North Herts and engaged in delivering the council's priorities.

Place

NHC are a respected partner in the county, participating in countywide networks including:

- The Hertfordshire Growth Board – NHC MD is the Chief Executive lead for the Right Homes, Right Places workstream and the Leader is the co-Chair.
- Herts Leaders Group - Leaders of the 11 Hertfordshire authorities, plus the Police and Crime Commissioner.
- Chief Executive Co-ordinating Group (CECG) - Chief Executives of the 11 Hertfordshire authorities, plus the Chief Constable and health representatives.
- The north, east and central Hertfordshire authorities' group (five district/boroughs plus the county council) - chief executive and heads of planning grouping to develop a joint strategic plan/ spatial development strategy, of which NHC MD has just been nominated to take the lead chief executive role on the group.

It is recognised that the Leader is in the process of developing some of these relationships and deciding where best to allocate precious time. On the officer side, there seems to be a Hertfordshire expectation that the Chief Officer/MD will attend all strategic meetings when this is not always necessary. This creates an opportunity for the service directors to develop relationships across the strategic partnerships to

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ensure the NHC voice is heard, influence is applied, and system leadership demonstrated. Peers heard this is beginning to happen with health, the voluntary sector, Business Improvement Districts (BIDs), police and housing.

The council has a good relationship with its main registered social landlord, settle, who manage approximately 80 per cent of the housing stock in North Herts. Together they used funding from the Homelessness Prevention Grant (HPG) and two rounds of the Local Authority Housing fund (LAHF) to house refugees under the Ukrainian and Afghan resettlement schemes. settle also has 140 properties allocated to temporary accommodation which the council relies heavily on.

Peers heard a good example of joined up partnership working on Anderson House. Working with OneYMCA, GPs, MHCLG and settle, the council is supporting the sale of an old care home to OneYMCA to provide homeless accommodation for people in North Herts.

The partnerships with leisure and grounds maintenance providers are also positive, with contractors welcoming the use of Partnership Boards to review performance, consider service development opportunities and provide a strategic oversight role for the contracts and the relationship between the contractor and council. It was a model one contractor wished every council followed.

Economic development (ED) is a priority for the council. The corporate plan states: *“We also want to support economic growth across our district. We will prepare Town Centre Strategies and an Economic Development and Tourism Strategy to outline our approach to enhancing our town centres, business engagement and support, tourism, and emerging economic growth opportunities. We will work closely with businesses and other partners to deliver on our key objectives”*. Peers question whether the council has the resources to achieve this. Currently only half a post is allocated to ED and although there are opportunities with neighbouring councils and Herts Futures, the current capacity is not sufficient to deliver the council’s ambitions and those your partners see as collaborative prospects. Peers acknowledge the plans to restructure this part of business and urge this is done at pace.

The Churchgate Centre is another council priority. Promoted at the UK's Real Estate

Investment and Infrastructure Forum (UKREiIF), the project to regenerate around five acres of land including the shopping centre in the centre of Hitchin is drawing national and international interest. Peers see this as an opportunity and a risk for the council. A small team of officers and a larger team of external consultants have led the project so far – the largest project since the housing stock transfer. It is vital the council continues to review the capacity and resources required for the next stage, whatever that may be, to minimise the many associated risks. Peers recommend the council maximises collaborative opportunities to get the best outcomes for North Herts. There are willing partners ready to support delivery of shared ambitions.

In discussion with NHC and partners, it became clear there are future opportunities to explore accommodating local partners within the NHC building. This would improve relationships, enable joined-up service delivery and support the council's commercial ambitions.

A new [marketing and communications strategy](#) was published for the period 2024 - 28 which is focused on reaching communities, providing opportunities for engagement and promoting North Herts – although this needs to be clearly linked to the Place identity. Peers were impressed by the Citizens Panel and the role it plays in informing council decisions. Likewise, there are opportunities for residents and communities to meet in person at monthly councillor surgeries in the four market towns. These opportunities are in addition to broadcast communications such as the council's website, press releases, social media channels and the council magazine "Outlook". Peers heard that the community forums somewhat duplicated the already comprehensive engagement opportunities, and that they replicated the opportunities presented at surgeries while placing additional burdens on officers.

Following the last district-wide phone survey in 2022 (previously carried out every two years) the council moved to a digital Community Survey in 2023 enabling instant snapshot views from residents to be gathered on a more frequent basis. So far [results from the digital survey](#) have been noticeably lower but are improving.

The council spent some time, following the last CPC in 2020, developing a [place narrative](#). Despite the considerable effort put into this, peers did not hear from staff or partners a clear sense of what North Herts is about and what makes it special.

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Development of the town centre strategies and economic development and tourism strategy feed into the narrative but it needs to be brought to life and communicated through all the channels available, so that everyone knows what the vision is. Peers recommend the council promotes the place narrative for North Herts encapsulating its character and attributes. This narrative will serve to define and promote North Herts, giving a voice to its rural roots, and fostering a distinct identity for the area.

NHC is a Partner of Hertfordshire Climate Change and Sustainability Partnership (HCCSP), a strategic group which acts as the lead partnership organisation for local authorities and Hertfordshire Futures to collaborate and identify joint work programmes on environmental, climate change and wider sustainability issues. HCCSP works to coordinate action across the county across six themes: Adaptation, Behaviour change, Biodiversity, Carbon reduction, Transport and Water.

5.3 Governance and culture

NHC moved to all-out elections in May 2024 following a Local Government Boundary Commission for England review of ward arrangements. A new Labour and Co-operative Party-led minority administration and a new council leader have been in place since May 2024 (succeeding the Labour and Co-operative/Liberal Democrat joint administration of 2019-2024). Peers found the new political administration to be ambitious and open to change. They are open about their experience, frustrations and ambitions. The honesty of all elected members involved in the CPC was positive and welcomed.

A councillors' learning and development protocol has been developed and endorsed by the learning and development member champions, who are currently the three group leaders. The induction week for new members in May 2024 was followed by a targeted programme of learning and development which included planning, scrutiny and finance (mandatory for all committee members). Member development days are programmed bi-monthly with the majority having been planning focused so far (S.106, climate, master planning and climate change).

Peers received mixed responses regarding the satisfaction of members regarding their learning and development. It is difficult to please everybody all the time and with

lots of working members, daytime training is difficult. Peers suggest the Learning and Development Member Champions survey all elected members to gather preferred views on issues including timing, content and delivery methods. This information could then be used to develop future opportunities along with expectations around attendance.

Staff were very positive about working for NHC but there was a lack of understanding in some areas of the reasons behind the changes being made. With regard to the improvement, transformation and savings programmes, some staff were feeling “done to” rather than “done with”. This was not a wholesale view, but it highlights the need for leadership to be clear on the messaging and opportunities for engagement with all staff, to ensure these changes are owned by all levels of the organisation. Staff need to be clear on the outcomes the council is looking to achieve if they have a chance of being on board. No matter how great a strategy is, the plan will fail without a culture that encourages people to implement it - “culture eats strategy for breakfast”.

The [previous CPC in 2020](#) raised concerns around O and S In particular pages 17 – 19 of that report detail the issues and recommendations. Peers were pleased to see that some of the recommendations had been acted upon and a new part-time scrutiny officer has been appointed to support the committee. A task and finish group looking at section 106 contributions is also being established. The committee is well chaired and there is order and structure to the workplan. However, peers heard “*we are working on making scrutiny a safer space.*”

This comment reflects an issue voiced in 2020, that “*executive members should lead at O and S and be visibly accountable for decisions and performance. Current O and S practice often involves officers being the primary accountable person. Cabinet Executive Members should be the primary accountable person for scrutiny and be well briefed by officers to enable objective responses to scrutiny questions, with officers accompanying members to respond to technical questions at the invitation of the committee.*”

Peers observed that not all reports to committee are owned by executive members, and they should be - this has led to officers being caught in political crossfire. There

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is undue concern amongst some officers that they will be intimidated by elected members when presenting at committee. Some elected members also said there had been times they felt oppressed by other members. The council's [standards committee](#) also references examples of this. Finally, peers also heard from some officers that they felt uncomfortable at the way other officers had treated them within the more general working environment.

There was a recognition that conduct is improving but needs to go further. Peers recommend the council resets expectations of behaviour regarding internal council relationships and ways of working. This includes the behaviour and roles and responsibilities of elected members to elected members, elected members to officers, officers to elected members and officers to officers. They also agree with the previous CPC recommendation that executive members should lead at O and S and be visibly accountable for recommendations, decisions and performance. Information and data are likely to be more rigorous and comprehensive if officers are not unduly concerned of being challenged.

Allowing more time between O and S and the Cabinet meetings would increase the impact members can have with pre-scrutiny. Looking at decisions before they are made provides an important means to influence those decisions, and to improve them. Currently there is just one week between the meetings which does not allow much time for officers to take O and S comments and suggestions and revise Cabinet reports. [Best practice](#) would suggest two to three weeks would be a more acceptable timeframe.

Committee end times is an issue that was also previously raised. Peers feel the current end times are not conducive to good decision-making and should be reviewed. Decisions made late into the night could be challenged, and late end times impact on the welfare of all those in attendance. Democratic Services staff are particularly impacted by this as they are often attending regular evening meetings and unable to take time back due to the pressure of minute writing, agenda formatting and member briefings.

The internal audit function is delivered via a shared service (shared internal audit service), with Hertfordshire County Council as hosts and six other district and

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borough councils. The shared service helps to provide resilience, access to greater expertise and shared learning. Internal audit is used to support improvement and the audit plan targets areas of opportunity and risk.

The council had an unqualified audit opinion and value for money position for 2021/22. For 2022/23 the external auditors considered the council had proper arrangements for value for money (VFM) in their [interim VFM report](#). The [head of internal audit opinion](#) was one of reasonable assurance for 2023/24.

A thorough process is in place to draft the council's annual governance statement (AGS) and it provides a robust and honest assessment of the effectiveness of the council's governance arrangements. The finance audit and risk committee (FAR) reviews progress on the AGS action plan during the year. In terms of the current action plan, progress has been made on various actions including, HR and the Leadership Team reviewing and evaluating officer uptake of essential e-learning modules. All essential modules, except for Fraud Prevention, now have completion rates above 75 per cent.

The council's FAR Committee, as the name indicates, considers financial matters. Its terms of reference includes consideration of the medium-term financial strategy (with recommendations to cabinet) and budget monitoring. This is extremely unusual, and peers are concerned about a potential conflict of interest with audit and governance matters. They question how the committee can be objective regarding the systems and processes supporting the council's financial arrangements, when it is also part of those arrangements. The committee in its effectiveness review considered moving budget monitoring to the O and S Committee but decided against doing so, planning to review the position in 2024/25. Peers strongly suggest the terms of reference are reviewed and financial decision making is separated from any committee tasked with reviewing the council's financial performance.

5.4 Financial planning and management

NHC has strong financial management including good reserves and low borrowing. As of 31st March 2024, the council had £26.7m in reserves, made up of £14m general reserves and £12.7m earmarked reserves. The recommended minimum level of

general reserves is £3m for 2024/5, for which the council has a healthy buffer. The council's overall cost of borrowing as a percentage of its revenue budget is projected to be 7 per cent at its maximum in 2028/29, based on the proposed capital programme. For 2024/25 it is estimated to be a modest 2.8 per cent.

The council consistently delivers within budget. Council approved the revenue budget for 2023/24 of £18.496m in February 2023. At the end of the financial year, the working budget had reduced to £16.688m. An underspend of £2.4m was also recorded in 2022/23. Whilst spending below budgets is generally positive for the council, significant underspending on the revenue budget and approving large levels of carry forwards, creates the strong impression there is significant slack in the budgets and or issues with delivery of objectives.

The council has an unconventional way of reviewing the budget during the year by formally revising that budget through the monitoring process. As an example, in 2022/23 the budget was formally revised four times (Q1, Q2, Month 8 and Q3). The outturn variations are compared to the last approved version of the budget. There is a summary of the reasons for the changes during the year in the outturn report using budget at start of 2022/23. Each time there is a budget monitoring report to Cabinet there is formal approval to the budget recognising variations between the budget and the projected outturn. Carry forward requests and impacts on the next year's budget are also noted.

This means the projected position at any quarter's monitoring becomes the approved budget and there is an incremental approach to budget setting. Peers are concerned this may create a lack of incentive for managers to keep within budget when budgets are overspending, or income levels are below projection.

Despite the alternative approach to budget monitoring, members have confidence in financial management and peers were assured by the level of experience, skills and resources in the finance team.

NHC has a low-risk legacy, which has put them on a sound financial footing, although this was something the previous CPC referred to in one of the recommendations - "be brave". Seeing an opportunity, the council acquired the leasehold of the

Churchgate Shopping Centre in August 2022 for circa. £4 million which means they are now the sole owner of both the leasehold and freehold of the shopping centre, market, and surrounding car parks. This has unlocked a large five-acre town centre regeneration opportunity that could dramatically enhance Hitchin. Currently at consultation stage, there are no firm plans around what the project will look like and who will take on the financial risk.

Whilst it is acknowledged that plans for the Churchgate shopping centre are to be crystallised, there will come a point very soon when the MTFs needs to show a capital investment allocation or indeed a reduction in income from the current use. If Churchgate is a priority for the council, then the financial strategy needs to align with the council's ambitions and include a clear investment strategy for reserves. Peers support the council in taking professional advice on the project given its complexity and the potential financial risks. Given the level of turnover within the council staff base, the council could consider stretching the vacancy margin to enable investment in additional capacity.

The 2024/25 budget is balanced by using £1.7m of business rates reserve and no council-wide savings target. In future years the MTFs projects a savings requirement of £1.8m in 2025/26 rising to £2.5m in 2026/27, in addition to needing circa £0.7m from general reserves in both 2026/27 and 2027/28. There is no indication of the strategy the council is planning to use to identify the areas for savings and financial forecasting needs to be refined to ensure realistic savings targets are developed. This will free up reserves to invest in things which will have a tangible benefit to residents and the council.

The council is of the view that its level of general reserves allows it time to identify and deliver savings. Budget consultation was due to take place with residents over the summer of 2024 before implementing any savings proposals but was postponed due to the general election. The plan is to consult in summer 2025 and use business rates and general reserves to help balance the budget in the interim period. Peers thought it would be more sensible to smooth the level of savings required in future years by including some in 2025/26 – why wait until 2026/27?

The Chief Finance Officer (CFO) has suggested that future savings are likely to

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require service change and reduction. This will require a step change in the council's approach to modernisation and transformation and everyone will need to be on board. Peers suggest the savings plans are generated together, urgently, to balance the budget over the life of the MTFS, fund council ambitions, or ideally both.

The capital programme outturn for 2023/24 was £2.4m, this compared to budget of £8.5m that was set at the start of the year and was £4.1m lower than the projected outturn position at Q3. This is a significant level of slippage. Such slippage does not help the council in planning how the programme is funded, for example when and how much to borrow, the generation and utilisation of capital receipts. The council will require a massive step change in its capital activity if it is to spend the £22m in the 2024/25 programme and may wish to consider rebasing this or applying a technical adjustment to reflect likely delivery. Peers question whether the council has the capacity, systems and processes in place to be manage a programme of this size. In addition, there is no current commercial strategy, and any new version needs to be aligned to the council's priorities.

5.5 Capacity for improvement

Employees like working for NHC, peers heard from a generally happy workforce who feel supported to do their jobs and have access to learning and development opportunities if identified through their RPRs. The recent staff survey showed that 90 per cent of staff would recommend the council as an employer and this is reflected in turnover rates, which were 9.4 per cent for 2023/4 compared to a national district council average of 15 per cent ([LGInform 2022/23](#)). For the 2024 calendar year so far, 4.61 days per full time equivalent (FTE) short term absence, and 4.46 day per FTE long term absence were lost. This compares to a national district council average of 3.6 days short term and 4.9 days long term ([LGInform 2022/23](#)).

The council is committed to staff development and actively encourages opportunities for learning and development. Each service area has its own training budget and peers heard from a range of staff taking part in different programmes, including the MD. There are currently eight apprentices working across the council. The scheme has been running since 2013 and in that time 81 apprentices have been recruited, 35

stayed with the council at the end of their apprenticeship and 19 of the 35 remain working for the council now. In 2024 the NHC joined the LGA's national graduate scheme "Impact" with two graduates starting at the council in October 2024 for four six-month rotations in different service areas.

Recognising digital transformation as a priority, the council has created capacity in this area by utilising underspends in other staffing budgets. The team has since developed a digital and data academy alongside a specialist training provider to equip staff with skills to develop their careers, increase confidence and create efficiencies in new technology and data. So far 19 employees have asked to take part.

NHC is not alone in finding it hard to fill vacancies in areas such as environmental health, planning, legal and IT. Vacancy rates are approximately 19 per cent over the year 2023/24 and not far out of line with the national average of 22 per cent ([LGinform 2022/23](#)). The council raised concerns that its pay may not be competitive so in 2022 a benefits survey was carried out to review and further develop the reward package for employees. As part of this the council increased annual leave entitlement, introduced further salary sacrifice options and improved the service recognition scheme. Following a successful trial in 2019, the council also offers Christmas closedown.

By joining forces and supporting the LGA's [national recruitment campaign](#) starting in November 2024, the council is also part of a national recruitment drive elevating the perception of local government and improving recruitment right across the country - improving the landscape for all councils as well as individual regions. This supports the work the council has already done to improve recruitment.

Peers felt more attention was needed in aligning the council's staff resources to the council's priorities and risks. The new council plan references ambitions regarding economic development, transformation and climate. The council needs to consider if it has the right skills and capacity in these areas to deliver the project goals. And whether the current cabinet portfolios are aligned with the council plan to ensure the right amount of political sponsorship and oversight.

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Where are the council's biggest risks? Peers suggest these are in the transformation/modernisation programme, regeneration projects and the number of discreet contracts that need management. Again, there is a concern that some of these areas are currently under-resourced, and the council's current project management framework could be reviewed to ensure tighter controls around scoping, design, delivery, benefits and oversight. Peers recommend corporate project and programme management is strengthened to ensure clarity on the skills and resources required and guarantee a consistent delivery framework which includes lessons learnt and benefits realisation.

To support the council in its capacity to deliver, a greater focus is needed on anticipating future capability and capacity to meet the council's needs in delivering the council plan. It needs to consider:

- What a more digitally enabled workforce looks like.
- What skills and agility are needed for the future.
- Succession and scenario plans.
- Options to recruit hard to fill roles.
- The views and opinions of staff and members.

Peers recommend NHC develops an organisational development/workforce plan that horizon scans for future challenges and sets out clear processes for learning and development, skills audits, appraisals, succession planning, recruitment and retention.

NHC is fortunate that it has funding available in reserve for investment, whether this be for staffing, external professional expertise or spend to save possibilities; the peers feel that both the officer and member leadership is increasingly recognising the potential opportunities in all these areas.

It is also noted that the council values, "listening, inclusive, learning, adaptable and together", are not widely understood or communicated and the links between the council's values and actions are not visible. For example, they are not referenced in the new council plan. There are posters up around the offices depicting the values

but given the flexibility in working practices, the council needs to do more to embed the values with staff and members.

5.6 Digital Transformation

A [digital strategy 2024 – 2027](#) has been developed which clearly outlines the council's vision, guiding principles and approach to delivering digital transformation accompanied by a road map charting the milestones to success. Alongside the strategy, NHC has invested in a well-resourced digital team to support services in the transition to more efficient ways of working.

The team is working on rationalising over 300 old legacy applications and has invested in Netcall to allow in-house development of new applications and streamlined workflows. Over 100 other councils are also using Netcall which allows collaboration and knowledge sharing with others who may be developing similar products.

Peers heard about the implementation of the new finance and cashier system and were impressed with the way the project has been managed. Aligning with the principles of the digital strategy, an old system was replaced with a new more modern system that can interface with many other systems. By building the system in-house the council is saving on license fees and contracts. There are also savings on software and banking by bringing payments in-house. The reduction in data entry requirements has enabled the redeployment of one member of staff and enables other staff to focus on more important tasks. It is a great example of the approach that can be taken by the digital team and service areas on the wider digital transformation project to support new ways of working, service efficiencies and in some cases financial benefits.

On the flip side, a project of this size draws large resources and peers heard that the lead officer had to almost give up their day job to project manage from start to finish, pausing some of their own work, handing tasks to other team members and working excessive hours to ensure a smooth transition. The level of IT support required was also underestimated, leaving lots of the core technical work being implemented as a matter of goodwill. In the end of project review, these issues will be reflected on and

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hopefully lessons can be learned for future projects.

Project capacity was an area peers had concerns with too. The council lacks dedicated project management resources, expecting services to find the capacity within existing resources. This may be appropriate for small projects but in this case, peers heard it would have been helpful to have a corporate project manager to work alongside the service, digital team and IT team. Having funded a new digital team, the council should consider the capacity within the IT team to support its ambitions and be looking to increase the team's resilience and succession plan.

Artificial intelligence (AI) opportunities are being explored. Live chat and chat bots are already being pursued and a number of Microsoft Copilot licences have been purchased to allow a group of staff to begin experimenting with voice-activated services and generative AI. Peers advised of the importance in developing an AI policy to support the effective governance and controls necessary to really embrace the opportunities that AI will bring. The council's membership of the co-operative council's innovation network will enable it to draw from the values-driven AI framework that has just been produced.

A digital champions group has been established to proactively champion new ways of working and ensure the successful delivery of the digital programme. Staff from across all service areas are involved and peers recognised this as a good approach to engaging the wider workforce in the benefits of the programme. They act as a conduit passing concerns up to the oversight group as well as supporting the development of digital capabilities across service areas.

The council has also committed to training and development to upskill staff across the council in digital advancements. A number of staff including the MD are taking part in apprenticeships with Multiverse to help them navigate the ever-evolving digital and data landscape.

A digital-first approach is one of the digital strategy's priorities. This is not unusual as all councils want to make their services more accessible and user driven. However, in pursuit of this, it is important to remember the demographic and geography of North Herts. Whilst it is acknowledged the council operates many face to face

services such as surgeries and forums, due consideration needs to be given to digital exclusion. This is not restricted to ensuring traditional methods of communication remain available, but also considers the impact on people living in poverty, the elderly, people with disabilities, non-native English speakers and those living in remote or rural areas with poor broadband connections.

Whilst the digital strategy is clear on what it wants to deliver, peers could not see how it fits with the overall transformation/modernisation of the council. The golden thread linking through from the council plan, priorities, and into service plans was not visible. Despite various forms of communication and engagement around the digital strategy, staff were still confused about what it means and what the corporate message is around why the council is doing this. Some services feel “done to”, some are fearful of what might become of their jobs, and some are excited about what it might mean. Peers caution against underestimating the difficulty in winning hearts and minds and delivering cultural change.

Peers recommend NHC capitalises on the digitalisation skills and capacity to deliver a modernisation programme across the council. Using the council plan and priorities as a starting point and the digital strategy and resources as enablers, there is an opportunity to develop a council-wide modernisation programme with engagement of all staff and members which sets out what type of council it wants to be and the tools it will use to achieve this. Digital is one workstream, organisational development, enterprising assets and income generation may be others. The lack of a burning financial platform has to date delayed the need for this, but in the future, given the savings requirements that need to be made, the council needs to think differently.

6. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings. The LGA will continue to provide on-going support to the council. Following publication of CPC report the council needs to produce and publish an action plan within five months of the time on-site. As part of the CPC, the council is also required to have a progress review and publish the findings from this within twelve months of the CPC. The LGA will also publish the progress review report on their website.

The progress review will provide space for a council's senior leadership to report to peers on the progress made against each of the CPC's recommendations, discuss early impact or learning and receive feedback on the implementation of the CPC action plan. The progress review will usually be delivered on-site over one day.

The date for the progress review at North Herts Council is likely to be around September 2025 and will be scoped in due course.

In the meantime, Rachel Litherland, Principal Adviser for East of England, is the main contact between your authority and the Local Government Association. As outlined above, Rachel is available to discuss any further support the council requires.

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CABINET

14 JANUARY 2025

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: Local Government and Social Care Ombudsman’s report of failings in the investigation of statutory noise nuisance by North Hertfordshire District Council (ref. no.: 23 014 065)

REPORT OF: The Monitoring Officer

[post consultation with the Environmental Health Manager, Service Directors for Housing & Environmental Health, Customers, Resources and the Managing Director]

EXECUTIVE MEMBER: Executive Member for Housing and Environmental Health

COUNCIL PRIORITY: ACCESSIBLE SERVICES

1. EXECUTIVE SUMMARY

1.1 The purpose of this cover report is to draw Cabinet’s attention to the Local Government & Social Care Ombudsman –‘LGO’s finding(s), following an investigation into a complaint about the Council (referenced above) and the conclusion of fault and recommended action (report at Appendix A).

2. RECOMMENDATIONS

That Cabinet:

- 2.1. considers the LGO report;
- 2.2. notes the LGO recommended action compliance information as in para 7.2 – 7.3 below;
- 2.3. considers the measures that the Environmental Health Service has put / will put in place to prevent the recurrence of the failings;
- 2.4. notes that the Council’s Comments, Compliments and Complaints Policy and Procedure will be reviewed in 2025, to potentially include remedies, and supporting guidance will be issued for Officers; and
- 2.5. recommends to Council the revisions to section 14 of the Constitution relating to LGO decisions and payments, as detailed under section 8.5 of this report.

3. REASONS FOR RECOMMENDATIONS

- 3.1. Recommendations 2.1-2.4 are to cover the issues that have arisen / linked to the LGO in its report dated 19 September 2024, titled ‘Investigation into a complaint about North Hertfordshire District Council (reference number: 23 014 065)’, appended at A, and in the opinion of the Monitoring Officer, are necessary steps for the Council in this matter.
- 3.2. Recommendation 2.5 is to recognise the wider involvement of the statutory officers in such matters and specifically in relation to the issue of compensation, to increase notification and flexibility.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. In the light of the recommendations in the LGO report, none considered appropriate.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Monitoring Officer has been informed that: the Leader, Deputy Leader, Executive Member for Housing and Environmental Health, and the Shadow Executive Members, were made aware of the report and the need for this cover report to be presented to Cabinet.

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. This report is presented to Cabinet in response to the LGO report appended. That report provides a background to the complaint relating to statutory noise nuisance and findings of fault. The background to the complaint to the LGO is set out under paragraphs 13-69, with the LGO's recommendations at paragraphs 70-71.

- 7.2. Paragraphs 70-71 in summary, recommended that to remedy the injustice, that within one month (of 17 October), the Council :
- 7.2.1 pays the complainant £3,000, to cover loss of residential amenity;
 - 7.2.2 circulates guidance to relevant staff regarding nuisance/ statutory nuisance and informal resolution (and when permissible to take such informal resolution steps);
 - 7.2.3 Explains to relevant staff, the purpose of the Council's compensation claim email address (and that a request for financial remedy for an intangible loss can only be considered through the complaints process).

That on or before 25 January 2025 a report is presented to Cabinet or Council relating to this matter (as per paragraph 71).

- 7.3 The LGO compliance information is as follows:
- 7.3.1 the compensation was paid to the complainant on 5 November 2024;
 - 7.3.2 a Procedure note was circulated to relevant staff by the Environmental Health Development Manager / Approver, on 18 December 2024;
 - 7.3.3 an email explaining the purpose of the compensation scheme was sent to all relevant managers on 29 October 2024, noting that the compensation claims email address is the insurance contact address; and
 - 7.3.4 This report covers the recommendation under paragraph 71.

8. RELEVANT CONSIDERATIONS

- 8.1 The full copy of the report is provided in Appendix A.
- 8.2 The reasons for the LGO findings are set out in their report.

- 8.3 An initial cover report was prepared for the Cabinet meeting on 26 November 2024. However, this report of 14 January replaces that. As of 26 November, the recommended guidance (see 7.2.2 above/ paragraph 70) had not been circulated to staff. This has now been rectified.
- 8.4 It has also been confirmed that the Council will review the scope of the complaint remedies responses when the Complaints Policy and Procedure is reviewed during 2025 and guidance provided to relevant officers.
- 8.5 In terms of recommendation 2.5, the proposed wording to amend section 14.6.5/ 14.6.13 of the Constitution, would assist with ensuring that this matter is discussed between the three statutory officers (Head of Paid Service, Section 151 and Monitoring Officers), with the removal of the settlement limit to reflect the increasing awards now being made by the LGO. It should be noted that at the time the compensation payment of £3,000 was made, this was not in line with the original delegation (albeit under the Managing Director's general delegation to make such a payment above £2,000, on urgency grounds, under section 14.6.5(a)(iv)). The proposed amended wording would be:

14.6.5(a)(xiii) Managing Director's delegation, to be amended (as underlined):

"(xiii) To consider any report of the Local Government Ombudsman and to settle any compensation payments ~~up to £2000~~ (in conjunction with the section 151 Officer and Monitoring Officer)"

14.6.13 Proper Officers Schedule to be amended as (as underlined):

"Local Government Act 1974 S.30(5) To give notice and that copies of an Ombudsman's report, in draft and final are available to the Managing Director, and Monitoring Officer (where maladministration identified)"

- 8.6 In respect of 14.6.5 (a)(xiii), 3-Cs related reports (including those that cover maladministration) are presented to Overview & Scrutiny Committee. A relevant report will be brought to Cabinet (or Council) as appropriate, highlighting that such a payment has been made, if above £5,000. In the situation where additional budget approval is required, for such a compensation payment, then approval for the payment will be sought *in advance* of the payment, under the relevant Cabinet's or Council's financial remits. Reports may be presented by the Monitoring Officer in cases of maladministration in any event, below that limit or where no compensation is payable.

9. LEGAL IMPLICATIONS

- 9.1. The legal framework applicable in this case is the Environmental Protection Act, 1990 ('the Act'), sections 79 and 80. These sections place duties on the Council to take reasonable steps to investigate potential statutory nuisances. The Act requires that where the Council is satisfied that a statutory nuisance exists, or is likely to occur or recur, in their area, the Council shall serve an abatement notice imposing all or any of the following requirements:
- (a) requiring the abatement of the nuisance or prohibiting or restricting its occurrence or recurrence
 - (b) requiring the execution of such works, and the taking of such other steps, as may be necessary for any of those purposes, and that the notice shall specify the time or times within which the requirements of the notice are to be complied with.

- 9.2 The duty to serve an abatement notice may be discharged by use of other more appropriate legislation. However, it may not be discharged by an external enforcing authority, or in respect of a confirmed statutory noise nuisance by use of a Community Protection Warning/Notice issued pursuant to the Anti-Social Behaviour, Crime and Policing Act 2014. It is only permissible to attempt to resolve a nuisance informally where (a) a statutory nuisance exists, but it is within the seven-day delay period allowed by law in some cases, or (b) a statutory nuisance does not exist.
- 9.3 Statutory Nuisance has two limbs: whether a situation is a nuisance and whether it is prejudicial to health. The nuisance limb may be defined as something caused by or belonging to another that unreasonably and substantially interferes with the use or enjoyment of a home or other premises, whilst the prejudicial to health limb deals with something that is harmful or injurious to health (as further defined). Statutory nuisance may include:
- (a) any premises in such a state as to be prejudicial to health or a nuisance;
 - (b) smoke emitted from premises so as to be prejudicial to health or a nuisance;
 - (c) fumes or gases emitted from premises so as to be prejudicial to health or a nuisance;
 - (d) any dust, steam, smell or other effluvia arising on industrial, trade or business premises and being prejudicial to health or a nuisance;
 - (e) any accumulation or deposit which is prejudicial to health or a nuisance;
 - (f) any animal kept in such a place or manner as to be prejudicial to health or a nuisance;
 - (fa) any insects emanating from relevant industrial, trade or business premises and being prejudicial to health or a nuisance;
 - (fb) artificial light emitted from premises so as to be prejudicial to health or a nuisance;
 - (g) noise emitted from premises so as to be prejudicial to health or a nuisance;
 - (ga) noise that is prejudicial to health or a nuisance and is emitted from or caused by a vehicle, machinery or equipment in a street; and
 - (h) any other matter declared by any enactment to be a statutory nuisance.
- 9.4 Otherwise in respect of *this* report, section 5/5A of the Local Government and Housing Act 1989 places a requirement on a Council or authority's Monitoring Officer to prepare a formal report to the Council when the LGO finds fault. This is reflected under section 12.3.2 of the Constitution.
- 9.5 In the unlikely event that an authority is minded not to comply with the Ombudsman's recommendations following a finding of fault, the Monitoring Officer should report this to Members under section 5 of the Local Government and Housing Act 1989. This is an exceptional and unusual course of action for any Council or authority to take and should be considered at the highest tier of authority.
- 9.6 *The recommendation of the Monitoring Officer in this case is to confirm that the LGO recommended action should be (and was) accepted.*

10. FINANCIAL IMPLICATIONS

- 10.1. In direct response to the LGO report, the financial implication is the acceptance and to pay the £3,000 compensation as recommended; this has already been paid as indicated.
- 10.2 There are no direct or specific revenue or capital implications linked to this report other than the compensation payment which has been met from the Environmental Health budget.

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 failures highlighted by the LGO report into the service delivery provided by the Environmental Health Service were, it is understood caused principally by the inability to employ sufficient and experienced officers at that time.
- 11.3. Guidance recommended, has been issued in the form of a Procedure note and further notes are to be produced and circulated to staff in 2025.
- 11.4. There is a growth bid, submitted for the 2024/25 Budget setting process, to provide a response to this risk. The Service Director: Housing & Environmental Health, will be available to address any queries regarding this at the Cabinet meeting and any contingency planning, if this is not approved.
- 11.5. The potential longer-term risks of including compensation payments in the Complaints Policy and Procedure, will be considered as part of the review to take place next year.
- 11.6. The 'compensation claim' email address referred to should only be used by a resident where they feel there has been an accident or loss that they have suffered, occurred as a direct result of the Council's actions or negligence and they wish to make a claim. This is then dealt with by Hertfordshire County Council insurance, as per the information on the Council's website [here](#). There are no other financial risks directly associated with this report.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no equalities implications as a result of 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 apply to this report, other than those set out at Section 9.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 During the period of this complaint, the Environmental Protection & Housing Team was experiencing difficulties in being able to deliver its statutory service due to a large backlog of work following the pandemic, staffing vacancies and the necessity to use contract staff who were in high demand. These factors were presented to the LGO following initial contact from the Ombudsman.
- 15.2 It is understood that challenges in recruiting qualified Environmental Health staff continue as there is a national shortage. North Herts Council has developed a plan to address these shortages, which it is believed, will take time and investment; however, this should see a reduction in the risk of future failings.
- 15.3 Otherwise, there will be some consequential workstreams following this report and they shall be dealt with in the normal manner by relevant staff.

16. APPENDICES

- 16.1 Appendix A - The full report of the Local Government and Social Care Ombudsman's (LGO) report dated 19 September 2024 entitled Investigation into a complaint about North Hertfordshire District Council (reference number: 23 014 065).

17. CONTACT OFFICERS

- 17.1 Jeanette Thompson, Monitoring Officer & Service Director: Legal & Community.
- 17.2 Frank Harrison Environmental Health Manager.
- 17.3 Jo Doggett, Service Director – Housing & Environmental Health....
- 17.4 Chris Jeffery, Customer and Digital Services Manager.
- 17.5 Jo Dufficy Service Director: Customers.
- 17.6 Anthony Roche, Managing Director.
- 17.7 Ian Couper, Chief Finance Officer and Service Director: Resources.
- 17.8 Reuben Ayavoo. Policy & Communities Manager.
- 17.6 Human Resources.

**Report by the Local Government and Social Care
Ombudsman**

**Investigation into a complaint about
North Hertfordshire District Council
(reference number: 23 014 065)**

19 September 2024

The Ombudsman's role

We independently and impartially investigate complaints about councils and other organisations in our jurisdiction. If we decide to investigate, we look at whether organisations have made decisions the right way. Where we find fault has caused injustice, we can recommend actions to put things right, which are proportionate, appropriate and reasonable based on all the facts of the complaint. We can also identify service improvements so similar problems don't happen again. Our service is free.

We cannot force organisations to follow our recommendations, but they almost always do. Some of the things we might ask an organisation to do are:

- > apologise
- > pay a financial remedy
- > improve its procedures so similar problems don't happen again.

We publish public interest reports to raise awareness of significant issues, encourage scrutiny of local services and hold organisations to account.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

Key to names used

Miss F The complainant

Report summary

Environmental Services & Public Protection & Regulation

Miss F complained the Council wrongly delayed serving an abatement notice on a neighbouring business after it had identified a statutory noise nuisance. Although the Council has accepted it was at fault for this, Miss F complained it has not offered a financial remedy to reflect her loss of amenity and distress arising from the delay. Miss F also says the business is yet to comply with the requirements of the abatement notice, but the Council has not taken action to enforce it.

Finding

Fault found, causing injustice, and recommendations made.

Recommendations

The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this. (Local Government Act 1974, section 31(2), as amended)

To remedy the injustice identified in this report, we recommend the Council:

- offer to pay Miss F £3,000, to recognise her loss of residential amenity because of its failure to serve an abatement notice sooner; and
- circulate guidance to relevant staff,
 - to ensure they are aware the law requires them to make a timely, formal decision about whether a reported nuisance amounts to a statutory nuisance; and that it is only permissible to attempt to resolve a nuisance informally where (a) a statutory nuisance exists, but it is within the seven-day delay period allowed by law in some cases, or (b) a statutory nuisance does not exist. The Council may want to provide a copy of this report as part of the guidance; and
 - to explain the purpose of the Council's 'compensation claim' email address, and that a request for financial remedy for an intangible loss, such as distress, frustration or loss of amenity, can only be considered through the complaints process.

The complaint

1. Miss F complained the Council wrongly delayed serving an abatement notice on a neighbouring business after it had identified a statutory noise nuisance. Although the Council has accepted it was at fault for this, Miss F complained it has not offered a financial remedy to reflect her loss of amenity and distress arising from the delay. Miss F also says the business is yet to comply with the requirements of the abatement notice, but the Council has not taken action to enforce it.

Legal and administrative background

The Ombudsman's role and powers

2. We investigate complaints about 'maladministration' and 'service failure'. In this report, we have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. We refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (Local Government Act 1974, sections 26(1) and 26A(1), as amended)
3. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (Local Government Act 1974, sections 26B and 34D, as amended)

Statutory nuisances

4. Under the Environmental Protection Act 1990 (EPA), councils have a duty to take reasonable steps to investigate potential 'statutory nuisances'.
5. Activities a council might decide are a statutory nuisance include:
 - noise from premises or vehicles, equipment or machinery in the street;
 - smoke from premises;
 - smells and fumes from industry, trade or business premises;
 - artificial light from premises;
 - insect infestations from industrial, trade or business premises; and
 - accumulation of deposits on premises.
6. For the issue to count as a statutory nuisance, it must:
 - unreasonably and substantially interfere with the use or enjoyment of a home or other property; and/or
 - injure health or be likely to injure health.
7. There is no fixed point at which something becomes a statutory nuisance. Councils rely on suitably qualified officers to gather evidence. Officers may, for example, ask the complainant to complete diary sheets, fit noise-monitoring equipment, or make site visits. Councils will sometimes offer an 'out-of-hours' service for people to contact, if a nuisance occurs outside normal working time.
8. Once evidence gathering is complete, a council will assess the evidence. It will consider matters such as the timing, duration, and intensity of the alleged nuisance. Officers will use their professional judgement to decide whether a statutory nuisance exists.

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9. Councils can also decide to take informal action if the issue complained about is causing a nuisance, but is not a statutory nuisance. They may write to the person causing the nuisance or suggest mediation.

Abatement notices

10. If a council is satisfied a statutory nuisance is happening, has happened or will happen in the future, it must serve an abatement notice. If the nuisance is noise from premises, the council may delay issuing an abatement notice for a short period, to try to address the problem informally.
11. An abatement notice requires the person or people responsible to stop or limit the activity causing the nuisance. Failure to comply with an abatement notice is an offence, which can lead to prosecution and a fine.

How we considered this complaint

12. We reviewed Miss F's correspondence with the Council, the Council's case notes, the abatement notice, and other relevant documents.

What we found

13. Miss F lives on a residential estate which is next to a business. The business includes several buildings, the nearest of which is approximately 10 metres from Miss F's property.
14. In December 2021, Miss F contacted the Council to say she was suffering from noise nuisance caused by the business's operations. The noise arose from two main sources – the manual loading and unloading of vehicles, and a fume extraction system. She said both types of noise were loud and intrusive, and on most days would begin very early in the morning.
15. The Council opened an investigation into Miss F's allegations, which ran through 2022 and into 2023.
16. During this period Miss F made a series of recordings of the noise, via both her phone and specialist equipment installed by the Council, which the Council then reviewed upon receipt. The Council also made several visits to the business and was in frequent contact with a manager there. The Council highlighted the noise sources to the manager and gained agreement, at various points, for work to be done to mitigate the noise. This produced some marginal, short-term improvement, but Miss F continued to regularly complain about intrusive noise.
17. In September 2023 Miss F submitted a formal stage one complaint to the Council, about its lack of progress in resolving the noise nuisance.
18. The Council responded in November. It acknowledged its investigation had now been running for nearly two years; and, while it explained there had been problems with staff shortages and turnover, the Council accepted this was "far too long".
19. It explained the current case officer had taken over the investigation approximately one year previously, and since then had tried to resolve the problems informally. The Council agreed this was a mistake. It explained it had now served an abatement notice on the business, but acknowledged it should have done so much sooner, and apologised for this.
20. The Council explained the abatement notice required the business to commission an acoustic consultant to identify works needed to mitigate the noise nuisance,

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- and to then implement those works upon the Council's agreement. It also said it would instigate legal proceedings if the business failed to comply with the notice.
21. Miss F then asked for her complaint to be escalated to stage two, as she said she felt she was due compensation for the stress, anxiety and time she had spent on the matter over the previous two years. In December, the Council responded to say it could not offer compensation as this was not something she had raised in her stage one complaint, but gave Miss F an email address to use to make a formal compensation claim to the Council.
 22. Shortly after this Miss F complained to us.

Legislative background

Analysis

23. There are two broad strands to Miss F's complaint: first, the Council's refusal to offer her a financial remedy, having admitted fault in the way it handled the investigation into her complaint of noise nuisance; and second, the fact the Council has not enforced the abatement notice, despite the deadline for compliance having passed. For clarity, we will address each point in turn.
24. Before doing so, we must explain that our role is to review the way councils have made their decisions. We may criticise a council if, for example, it has not followed an appropriate procedure, not taken into account relevant information, or not properly explained a decision. We call this 'fault' and, where we find it, we can consider the consequences of the fault and ask the relevant council to address these.
25. However, we do not provide a right of appeal against council decisions, and we do not make operational or policy decisions on councils' behalf. If a council has made its decision without fault, then we cannot criticise it, no matter how strongly a complainant believes it is wrong. We do not uphold complaints simply because someone thinks a council should have done something different.
26. We now turn to Miss F's substantive points of complaint.

The Council's decision not to offer a financial remedy

27. As the Council has acknowledged, its investigation of Miss F's noise complaint was protracted. But, more specifically, the problem here is that, for a long time, the Council's investigation was not aimed at making a decision whether the noise amounted to a statutory nuisance, but rather at resolving the nuisance informally.
28. The law is clear that, where there is a statutory nuisance, the relevant council must take enforcement action by serving an abatement notice. It has a limited element of discretion in most noise complaints, in that it may delay service for a maximum of seven days, if it considers the nuisance can be resolved informally in that time.
29. Alternatively, the council may attempt to resolve a nuisance complaint informally, where it has decided it does not reach the threshold of statutory nuisance.
30. Either way, the starting point for the council should always be to decide whether there is a statutory nuisance, because it defines what the council must do next. But, as it has accepted, the Council in this case did not do so, which was a critical fault.
31. It appears the Council's recognition of this fault was prompted by Miss F's formal complaint. At that point, it acted quickly to gather more up-to-date evidence,

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- confirm it demonstrated a statutory nuisance, and then served an abatement notice on the business. It also gave Miss F clear acknowledgement of the fault and apologised for it.
32. However, since serving the abatement notice, the business has taken steps towards compliance (albeit we note Miss F is not satisfied with this, which we will consider in the next section). It appears reasonable to conclude, therefore, that this would have happened sooner if the Council had not delayed serving the notice, in turn at least partially abating the nuisance Miss F was suffering.
 33. This being so, the loss of amenity Miss F experienced because of the nuisance during that time is a significant injustice. We share her view that an apology is not adequate remedy for this.
 34. To determine the appropriate remedy, we must now consider at what point it was reasonable to expect the Council to have made its decision.
 35. As noted at paragraph 3, the law says a person should approach us within 12 months of becoming aware of the issue they want to complain about. This is called the 'permitted period'. But we have the discretion to disapply this rule, where we consider it appropriate to do so.
 36. By the time Miss F approached us, the Council's investigation had been ongoing for two years, and we consider it reasonable to say she was aware of her grounds of complaint sooner than this. This being so, under our time restriction, Miss F's complaint is late.
 37. We originally decided that we would not exercise discretion to disapply the time restriction in Miss F's case, and for this reason, we would only consider events which occurred during the permitted period, which was from December 2022 onwards (12 months before her complaint).
 38. Upon review, however, we concluded this meant we could not make sound findings on her complaint, because the period December 2021 to December 2022 is critical to understanding the fault here. We have therefore exercised our discretion to consider events from before December 2022.
 39. The Council has told us it decided there was a statutory nuisance in May 2023, and conceded it should have served the abatement notice at that point. However, the Council's case notes do not reflect this – there is nothing in the notes from May which suggest it made a decision on statutory nuisance then. Rather, it appears the Council made a conclusive decision there was a statutory nuisance only on 10 October 2023, after a visit to the site.
 40. The Council has also commented that the case is complicated; but the notes of the site visit on 10 October 2023 show it involved a straightforward process of taking sound level measurements and audio recordings. These, coupled with the timing and regularity of the noise as reported by Miss F, allowed the Council to decide it was a statutory nuisance.
 41. We are not persuaded it should reasonably have taken 22 months to make a decision which, ultimately, appears mostly to have been made on the basis of a single site visit.
 42. It remains the case that we cannot say precisely when the Council should have made its substantive decision and served the abatement notice. This is because there is no deadline in law by which a council must decide whether something is a statutory nuisance.

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43. For the purposes of determining the remedy, in our original decision we said an abatement notice should have been in place by the beginning of the permitted period in December 2022. While we have now decided to extend the period we are investigating, given we still cannot say what date the notice should have been served, and in the interests of fairness, we consider it appropriate to maintain this date as the starting period for remedy.
 44. We should stress, however, this does not mean we consider it would have been reasonable for the Council to take a year (December 2021 to December 2022) to serve an abatement notice in this case.
 45. Our guidance on remedies says:

“If on the balance of probabilities, a properly conducted investigation would have led to action to address nuisance sooner, we will usually recommend a symbolic payment for loss of amenity in the range of £200 to £500 a month, taking account of the severity of the loss and the circumstances of the complainant.”
 46. Of relevance here, Miss F says she has been unable to open windows in her home for long periods. She also reports being woken early on most days, often between 4 and 5am, and being forced to sleep with ear plugs. The Council says the various sound recordings Miss F made do not support that she was ‘often’ woken at these times. However, the Council’s own case note of 10 October 2023 said the noise started daily before 7am, which is one of the reasons it was a statutory nuisance. We therefore consider these to be aggravating factors.
 47. In mitigation, we are conscious there is no suggestion Miss F has any particular vulnerabilities, which is what we usually mean by the ‘circumstances’ of a complainant.
 48. Taking these points together, we consider a remedy of £300 a month to be appropriate here, and that this should be for the approximately 10 months between the beginning of our investigation and the Council’s service of an abatement notice (again, we are conscious Miss F says the nuisance has continued, but we consider this falls under the second strand of her complaint, which we will address presently). We make a recommendation to this effect.
 49. Separately, we note again the Council has already accepted it was inappropriate for it to attempt to resolve the noise nuisance informally at first, when it should instead have been making a formal decision whether it amounted to a statutory nuisance. While this is positive, it remains unclear whether the Council has ensured relevant staff are properly conscious of this requirement, and so we consider the Council should provide guidance to them about this. We also make a recommendation to this effect.
 50. In her correspondence with us, Miss F has listed various points for which she feels she is due a remedy. This includes not only the loss of amenity, but also the amount of time she has had to spend in contact with council officers and compiling evidence about the nuisance.
 51. However, even if the Council had served an abatement notice sooner, it is likely she would still need to have spent time and effort in contact with officers and compiling evidence. On balance, therefore, we are not persuaded this represents a separate, significant injustice justifying an additional remedy.
 52. On a separate point, in response to Miss F’s stage two complaint, the Council said it could not consider her request for compensation because it was not a point

she had raised at stage one, but directed her to its dedicated ‘compensation claim’ email address.

53. We find the Council’s comments here somewhat curious. We would normally expect a complainant to raise all their points of complaint at stage one, and so we would generally not criticise a council for refusing to consider an entirely new point at stage two. But this really applies where the complainant has raised a new substantive matter – not simply a request for a remedy for something the Council had just upheld at stage one. So we are not persuaded this was a good reason for refusing to consider Miss F’s request.
54. More importantly though, the Council’s ‘compensation claim’ email address is for people who have suffered a tangible loss, such as damaged property, similar to making an insurance claim. It is not intended for people claiming for intangible losses, such as a loss of amenity, which should instead be addressed through the Council’s complaint procedure. Miss F has confirmed she sent an email to the compensation claim address, and the reply she received explained this distinction.
55. We accept this caused Miss F some additional frustration, although we are not persuaded it is significant enough to amount to a further injustice. But we find it concerning that the Council’s complaint officers (such as the one who responded to the stage 2 complaint) are apparently unaware of the purpose of this email address. We therefore consider the Council should take steps to improve its service in this respect, and we make a further recommendation to this effect, which we will detail at the end of this report.
56. We find fault causing injustice in this element of Miss F’s complaint.

That the Council has not enforced the abatement notice

57. Turning to Miss F’s complaint the Council has not enforced the abatement notice, despite the business not yet having complied with it, we will first note that the requirements of the notice are not straightforward. This is because it contained three sequential steps – arranging an inspection by a consultant, submitting the consultant’s report for the Council’s approval, and then implementing the recommendations once the Council had agreed them – each with a separate deadline, the final one being 19 February.
58. The business’s compliance was then complicated further by the fact the Council was not satisfied with the first report it obtained, and required it to repeat the exercise; along with the fact there were several recommendations, some of which involve works by the business which it has explained to the Council it has been unable yet to complete.
59. When it identifies a statutory nuisance, a council has only very limited discretion in what it can then legally do – in most cases, it will need to serve an abatement notice. But the council does have wide discretion in the decision whether to enforce an abatement notice, once it has served one.
60. There are, broadly speaking, two different ways a council can enforce an abatement notice. It can take direct action, for example by seizing the equipment which is creating the nuisance, or by carrying out ‘work in default’ (which means entering the site and completing the work required by the notice, and then typically seeking to recover its costs through the courts). Alternatively, it can prosecute the relevant party or parties, which can result in a conviction and significant fine.

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61. We note Miss F raised the point of equipment seizure with the Council. The Council explained it could not practically seize the large machinery involved in this case, and that this power is intended more for things like musical equipment. We share the Council's view here.
 62. This leaves work in default or prosecution as viable options for the Council. However, having reviewed the Council's notes, it appears clear the business is working towards compliance with the notice, and indeed it has carried out some of the work required, but it is finding it more difficult to comply with some of the requirements for practical reasons. This includes, for example, delays in the supply chain for certain materials.
 63. Ultimately, it is a matter for the Council to decide whether, and when, it is appropriate to take enforcement action. There is no suggestion from the evidence we have seen that the Council is allowing the matter to drift, and in this sense, no grounds for us to find fault.
 64. This is, of course, not to say the Council should allow the matter to remain unresolved indefinitely. If the business's failure to comply with the notice continues, there will come a point where the Council must make a conclusive decision whether to enforce it. If it does not, or if Miss F is dissatisfied with its decision, then she may make a further complaint at that point.
 65. But, for now, we do not consider we can criticise the Council for its handling of the enforcement issue.
 66. This being said, we must question the Council's assertion to Miss F, in its stage one response, that it would have "no hesitation instigating legal proceedings through the courts" against the business if it failed to comply with the notice.
 67. Given the obvious difficulty the business has faced in complying with the notice, this comment now appears rather bold and ill-advised, as it implied the Council would not accept any excuse or delay by the business. However, that is precisely what the Council has now done.
 68. So it would have been better if the Council had explained to Miss F the different options it had for enforcement, and the circumstances in which it might use them, rather than saying it would definitely instigate legal proceedings against the business. We do not consider this significant enough to call fault, in isolation, but we would ask the Council to note our criticism here, as such comments can serve to unhelpfully heighten a complainant's expectations.
 69. We find no fault in this element of Miss F's complaint.

Recommendations

70. To remedy the injustice identified in this report, we recommend within one month of the date of this report the Council:
 - offer to pay Miss F £3,000, to recognise her loss of residential amenity because of its failure to serve an abatement notice sooner; and
 - circulate guidance to relevant staff:
 - to ensure they are aware the law requires them to make a timely, formal decision about whether a reported nuisance amounts to a statutory nuisance; and that it is only permissible to attempt to resolve a nuisance informally where (a) a statutory nuisance exists, but it is within the seven-day delay period allowed by law in some cases, or (b) a statutory

nuisance does not exist. The Council may want to provide a copy of this report as part of the guidance; and

- to explain the purpose of the Council's 'compensation claim' email address, and that a request for financial remedy for an intangible loss, such as distress, frustration or loss of amenity, can only be considered through the complaints process.
71. The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this. (Local Government Act 1974, section 31(2), as amended)

Final decision

72. We have completed our investigation. There was fault by the Council which caused injustice to Miss F. The Council should take the action identified in paragraphs 70 and 71 to remedy that injustice.

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CABINET

14 JANUARY 2025

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: LOCAL PLAN – LOCAL DEVELOPMENT SCHEME

REPORT OF: DEBORAH COATES, PRINCIPAL STRATEGIC PLANNING OFFICER

EXECUTIVE MEMBER: CLLR DANIEL ALLEN, INTERIM EXECUTIVE MEMBER FOR PLANNING AND TRANSPORT

COUNCIL PRIORITY: THRIVING COMMUNITIES / ACCESSIBLE SERVICES / RESPONSIBLE GROWTH / SUSTAINABILITY

1. EXECUTIVE SUMMARY

This report provides an update on progress following Cabinet’s resolution to proceed with a full review and update of the North Herts Local Plan (NHLP) in January 2024. It seeks the approval of an updated Local Development Scheme (LDS). The LDS is a statutory document that sets out a Council’s timetable for preparing its Local Plan.

Section 15 of the Planning and Compulsory Purchase Act 2004 (as amended) requires Local Planning Authorities to prepare, maintain and make available to the public, a Local Development Scheme, or timetable, for the preparation of its Development Plan Documents. In accordance with this requirement, this report presents a timetable for the preparation of our Local Plan Update.

2. RECOMMENDATIONS

- 2.1. That the Local Development Scheme, attached at Appendix A, be approved.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To provide an up-to-date timetable on the production of an updated Local Plan in accordance with the requirements of national legislation and policy.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. To continue waiting for Government to provide further information and regulation in line with the January 2024 Cabinet resolution. This is not recommended for the reasons set out in the report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Strategic Planning Project Board were consulted on, and endorsed, the proposed LDS in November 2024. They were also advised of the key issues discussed in this report.
- 5.2. The Executive Member has been kept up to date with the development of the LDS.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 13 December 2024.

7. BACKGROUND

- 7.1. All local planning authorities have a statutory duty to prepare and maintain a Local Plan for their area and to review and update this as required. There is also a legal requirement to prepare and maintain a timetable for preparation of the Plan. This is known as a Local Development Scheme (LDS).
- 7.2. The LDS sets out the timetable for the preparation of the Council's Development Plan document(s) (the legal name for the Local Plan), enabling those with an interest in the plan-making process to understand which documents are to be prepared for the area and at what stages they will be able to participate.
- 7.3. The Planning and Compulsory Purchase Act further requires Development Plan documents to be prepared in accordance with the LDS.
- 7.4. So that it is kept up to date, a local planning authority must revise its LDS at a time it considers appropriate, or as otherwise directed to do so otherwise by the Secretary of State.
- 7.5. The Council's most recent LDS was approved in November 2022. This relates to the preparation and adoption of the current Local Plan. The LDS attached in Appendix A to this report will replace that previous version.

8. RELEVANT CONSIDERATIONS

- 8.1. Local Planning Authorities are required to complete a review of their Local Plan at least once every 5 years from the adoption date of the Plan. This is to ensure that policies remain relevant, taking into account matters such as changes in local circumstances, conformity with national planning policy, significant economic changes that may impact upon viability, whether issues have arisen which impact on the deliverability of key site allocations, and whether any new social, environmental or economic priorities may have arisen.
- 8.2. A report on the review and update of the current Local Plan 2011-2031 was presented to Cabinet in January 2024. This followed the requirements in Policy IMR2 of the NHLP, which committed the Council to determine whether the Local Plan required updating in part or in whole by the end of 2023.
- 8.3. In January 2024 [Cabinet resolved](#) that:
- A full review and update of the NHLP is undertaken;
 - Work commenced during 2024/25 on updating the technical studies and early community engagement; and
 - A further report on the detailed scope of the update and the timetable for the review be prepared once Government reforms had been implemented.

- 8.4. The Cabinet report was prepared in the context of proposed reforms to the plan-making system [consulted upon by the previous Conservative Government](#), complementing the Levelling Up and Regeneration Act 2023.
- 8.5. Following the change of Government, the proposed reforms have, to date, not been published or therefore implemented.
- 8.6. In the intervening time, we have begun to undertake updates to evidence and policy documents that will support and inform the Local Plan update, including:
- Green Belt Review Update
 - Landscape Review Update
 - Town Centre Strategies/Retail Demand Update (presented to Project Board October 2024)
 - [Strategic Housing Market Assessment Update](#)
 - Developer Contributions Supplementary Plan Document (SPD) Update
 - [Sustainability SPD](#) (Adopted Sept 2024)
 - Gypsy and Traveller Accommodation Assessment
 - Design Code scoping.
- 8.7. This has been supplemented by work on the 'back office' required to support the review. Procurement is ongoing to deliver updated IT platforms that will support, in particular, site assessment and public engagement. Relevant sections of the website (which are presently focussed on the preparation and examination of the current NHLP) are in the process of being overhauled and updated. All contacts on the existing consultation database are being contacted and reviewed to comply with data protection requirements.
- 8.8. As above, the January Cabinet resolution stated the Update should progress once anticipated reforms had been implemented. However, there is a balance to be struck between:
- waiting for this clarity from a new Government on a timescale that could change;
 - ensuring that the Council maintains an up-to-date Local Plan;
 - addressing the implications of the newly published National Planning Policy Framework;
 - ensuring residents and stakeholders remain informed about the Council's progress and intentions; and
 - the risks of progressing work which could require adjustment to fit any new statutory framework, regulations and guidance or, at worst, be abortive.
- 8.9. The new Government's [consultation on revisions to the National Planning Policy Framework](#) stated:

It is currently our intention to implement the new plan-making system as set out in the Levelling- up and Regeneration Act from summer or autumn 2025. We anticipate that all current system plans that are not subject to the transitional arrangements set out above will need to be submitted for examination under the existing 2004 Act system no later than December 2026. This, coupled with the transitional arrangements, represent a significant extension to the previous proposals, with the potential to benefit plans that are at earlier stages of

preparation, and providing more time for local planning authorities to reflect on the revised NPPF and progress positive plans that will stand up to scrutiny at examination. Further details of the Government's intentions around plan-making reform will be published in due course.

- 8.10. The [NPPF 2024](#) was updated on 12 December 2024, reflecting the changes proposed in the consultation document earlier in the year. Details of the changes are set out in the Strategic Planning Matters Report to this meeting. For the purposes of this report, it is particularly important to particularly highlight changes which have been made in relation to housing and Green Belt policy.
- 8.11. However, this latest NPPF update does not address the wider reforms trailed by the previous Government and set out in Paragraph 8.9 above. The notes that accompany the latest NPPF say the Government “intend to consult intend on future policy changes...in Spring 2025”.
- 8.12. The timetable set out in the LDS, attached in Appendix A, therefore assumes that the relevant secondary legislation will be published by September 2025. If this has not occurred, then the timetable set out in the LDS may be subject to change. Other factors which might affect the timetable are set out in the implications sections below.
- 8.13. Officers are of the view that, even if the new Government departs from some of the details previously consulted upon, the plan-making process is unlikely to significantly change from the general principles of:
- An evidence-based approach
 - Phases of community and stakeholder engagement with increasing levels of detail at each stage; and
 - Formal examination of the Council’s proposed plan by Government or other (semi-) independent body.
- 8.14. Officers are also of the view that progressing the Update and publishing a timetable for its completion *in advance* of formal implementation of any reform outweighs the risks of not doing so. This has regard to the above, the current plan end date of 2031 and the fact that a number of areas of the current plan ‘lag behind’ current evidence and / or national and local priorities and ambitions.
- 8.15. Accounting for the anticipated Regulations, we have considered a reasonable expected timeframe for the development and production of the Local Plan update. This is set out in the attached Local Development Scheme.
- 8.16. In short, the LDS intends the Council to follow the 30-month timeframe and key steps set out in previous Government’s consultation document. Following its stages means that we would be looking to have our Local Plan examined and adopted towards the end of 2027 (i.e. post-reform under the ‘new’ system as endorsed by Cabinet as a general approach). The key stages and dates anticipated by the LDS are:

Scoping and early participation	2024 – 2025
Gateway 1	September 2025
Public consultation (Regulation 18 of the T&CP (LP) (England) Regulations 2012)	October - November 2025

Evidence gathering - This stage will include a Call for Sites	2024 - 2026
Gateway 2	September 2026
Public consultation (Regulation 19 and 20 of the T&CP (LP) (England) Regulations 2012)	October - November 2026
Gateway 3	February 2027
Submission to the Secretary of State (Regulation 22 of the T&CP (LP) (England) Regulations 2012)	March 2027
Independent Examination (Regulation 23 and 24 of the T&CP (LP) (England) Regulations 2012)	March – November 2027
Publication of Inspectors Report (Regulation 25 of the T&CP (LP) (England) Regulations 2012)	November 2027
Adoption (Regulation 26 of the T&CP (LP) (England) Regulations 2012)	December 2027

- 8.17. It should be noted that Hertfordshire County Council is the Waste and Minerals Planning Authority for the county and is responsible for preparing, maintaining and publishing an LDS for the Waste and Minerals Local Plan.
- 8.18. For Neighbourhood Plans, it is the responsibility of qualifying bodies (the town and parish councils) to ensure that the wider community is kept informed of its neighbourhood planning proposals, the opportunities to be involved in shaping an emerging neighbourhood plan and when views can be made throughout the process.
- 8.19. The LDS does not therefore set out the timetable for the preparation of either the Waste and Minerals Local Plan or for any Neighbourhood Plans.

9. LEGAL IMPLICATIONS

- 9.1. Local Development Schemes are governed largely by Section 15 of the Planning and Compulsory Purchase Act 2004 (PCPA) (as amended).
- 9.2. Section 15(1) of the PCPA 2004 requires local planning authorities to prepare and maintain their LDS.
- 9.3. Section 15(7) PCPA 2004 requires local authorities to update their LDS in response to changing circumstances and revise them accordingly.
- 9.4. Section 15(8) PCPA 2004 requires local authorities to make their LDS available to the public, with amendments made clear.
- 9.5. Section 19(1) PCPA 2004 requires Development Plan Documents to be prepared in accordance with the LDS.

- 9.6. The Levelling Up and Regeneration Act 2023 paves the way for reforms to the plan-making process. It is currently the Government's intention to implement the new plan-making system as set out in the Levelling Up and Regeneration Act from summer or autumn 2025.

10. FINANCIAL IMPLICATIONS

- 10.1. The Local Plan Update and other planning documents are being produced from existing budgets including reserves that have been safeguarded for this purpose.
- 10.2. Bids have been approved in previous years' Revenue Budgets to support the Local Plan Review. These are spread over the period to 2028/29. The narrative accompanying the most recent bid, in the 2024/25 budget stated:

Following adoption of the current Local Plan in November 2022, the costs of its preparation have been finalised with total external (i.e. non-staff) revenue costs of £1.5m incurred from the commencement of work on the Local Plan in 2013. It is anticipated that the cost of the review will not be as high due to, inter alia, having a relatively recent plan to build upon. This third tranche of resource requested will provide a total working budget of £780k and should mitigate the need for significant growth bids in future years as any review of the Plan progresses.

- 10.1. The Council's Medium Term Financial Strategy (MTFS) was subsequently updated in September 2024. This identifies a requirement to deliver additional net savings of £2.5m across the organisation by 2027/28 and sets an expectation that the Local Plan Review will now be delivered from within existing resources.
- 10.2. As set out in the budget narrative, although the cost of the Review is expected to be lower than for the current Local Plan, there was still an acknowledgement that the front-loading of the budget requests was to "mitigate the need for significant growth bids in future years" rather than necessarily representing a fully costed or funded estimate of the project.
- 10.3. The MTFS potentially imposes a spending constraint which may have a bearing on the Council's ability to deliver the Local Plan Review in line with the LDS. In broad terms, the costs of a Local Plan increase as it makes progress through the stages. The pre-submission plan (or equivalent; the 2nd stage of consultation identified in paragraph 8.16) should be supported by a full evidence base. The examination phase can incur significant costs in legal representation and inspector fees, recognising the previous Government's proposal to significantly streamline this element.
- 10.4. Spend, and any impacts upon the LDS timetable, will be monitored on an on-going basis. This will include reporting to the Strategic Planning Project Board as part of their informal oversight role. Any year-on-year underspends have been carried forward into the next financial year. Dependent on progress, it may be necessary to reprofile the approved budget bids. Sensible steps will be taken to minimise external costs including the preparation of evidence studies in-house where this is achievable within the staffing capacity and professional competence of the team. Some specialist areas of evidence necessitate external advice from experts in their field and / or benefit from being independently assessed by third parties.

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. In accordance with Section 15(3A) of the Planning and Compulsory Purchase Act 2004, if a local planning authority has not prepared a LDS, the Secretary of State may prepare a LDS for the authority and direct the authority to bring the scheme into effect. The LPA must comply with such a direction. By resolving to bring the DS into effect, the Council manages the risk of such intervention,
- 11.3. The LDS will be kept under review and updated as and when appropriate and replaced as necessary by a 'Local Plan Timetable' or as otherwise required, once the relevant regulations relating to plan-making reforms national policy and guidance have been brought into effect.
- 11.4. The Local Plan Review is a key project in the Council Delivery Plan. These projects have specific risk entries as part of the Council's corporate risk monitoring approach. This is regularly updated and reported to Overview and Scrutiny Committee. Key risks include:
 - 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.
 - Failure to obtain political and / or Government approval at key stages or gateways
 - Adverse appeal findings on other/non-Local Plan sites if progress on the Local Plan Review is delayed or stalled.
 - Government fails to provide regulations and guidance in a timely fashion
 - Government introduce different or new or substantive reforms to the planning system and / or national policy
 - Government intervention if inadequate progress is made upon Local Plan Review.
- 11.5. Controls and mitigations include reporting to the internal Project Board and ongoing monitoring of workload and service-wide budgets to ensure sufficient resources.

12. EQUALITIES IMPLICATIONS

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

- 12.2. There are no direct equality, diversity or inclusion implications in this report. An Equalities Impact Assessment will be carried out for the Local Plan Update in accordance with The Equality Act 2010.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report update.
- 14.2. However, the update of the Local Plan will allow the Council to put climate change mitigation and adaptation at the heart of the Development Plan to contribute to meeting the Councils environmental and sustainability objectives.
- 14.3. The Local Plan Review will be subject to statutory requirements to consider its environmental effects.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. The timetable set out in the LDS is subject to our Strategic Planning Team being fully resourced and staffed.
- 15.2. Currently the Strategic Planning Team is understaffed and whilst efforts have been made to recruit into vacant posts, we have not been successful. This is a known issue within Planning Departments across Local Authorities, and we are not unique in this sense. The most recent attempt to recruit identified a suitable candidate. However, we were unable to offer a sufficiently competitive salary and benefit package that was compatible with current staffing structure and pay grades.
- 15.3. The consequence of not being fully staffed may ultimately have an impact on the delivery of the timeline of the Local Plan Update and the meeting of the key milestones set out in the document. The timetable will be kept under review in line with resource availability and updated as appropriate.

16. APPENDICES

Appendix A – Local Development Scheme

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

Jan 2024 Cabinet Report

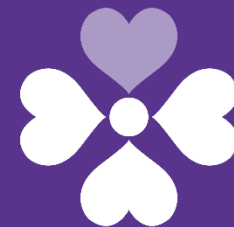
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Local Development Scheme

November 2024



**North
Herts**
Council

Introduction



People first

1. North Hertfordshire Council is required to prepare and maintain a Local Development Scheme (LDS) under [section 15 of the Planning and Compulsory Purchase Act 2004](#) (as amended).
2. The LDS must specify (among other matters) the Development Plan documents (i.e. local plans) which will make up parts of the development plan for the District and the timetable for the production of these documents.
3. The LDS should also include details of other documents which form, or will form, part of the Development Plan for North Herts, such as Neighbourhood Plans.
4. We must ensure that the LDS is available publicly and kept up to date so that local communities and interested parties can keep track of progress.
5. We last published our LDS in November 2022 following the adoption of our Local Plan. This LDS replaces that previous version.

Planning Policy Context

6. At a national level, government planning policy is set out primarily within the [National Planning Policy Framework \(NPPF\)](#), supported by the [Planning Practice Guidance](#) which is regularly updated.
7. The Development Plan for North Herts currently consists of the [Local Plan](#), together with a number of [made Neighbourhood Plans](#). In addition, it also includes the [Hertfordshire Minerals Local Plan \(2007\)](#), [Waste Core Strategy and Development Management Policies \(2012\)](#) and the [Hertfordshire Waste Site Allocations Document \(2014\)](#).
8. Planning applications must be determined in accordance with the policies of the Development Plan unless material considerations indicate otherwise.
9. In addition to the Local Plan, we have existing [Supplementary Planning Documents \(SPDs\)](#) providing greater detail on the policies contained in the Plan.

10. In March 2021, Cabinet agreed that three new or revised SPDs will be produced in addition to the Developer Contributions SPD which had already been subject to public consultation.
11. These include a re-scoped Design SPD, a Sustainability SPD (incorporating elements of the previously approved Parking and Transport SPD) and a Biodiversity SPD. Since then, in March 2024, we took the view that a [Biodiversity SPD is not required](#) due to the amount of information that has been released on Biodiversity Net Gain etc. However, this view may change in time.
12. In March 2021, Cabinet resolved to not pursue a Community Infrastructure Levy (CIL) for North Hertfordshire at that time pending greater certainty on Government reforms.
13. The adopted [Statement of Community Involvement \(SCI\)](#) sets out how external parties and members of the public will be involved. An [Authority Monitoring Report](#), which assesses the effectiveness of the policies contained within the Local Plan, is published each year in line with the series of indicators and targets to assess the impact of the policies set out in the Plan. Policy IMR1 sets out targets for housing delivery, and Policy IMR2 sets out that an early plan review will be undertaken by the end of 2023 to assess whether the Local Plan needs updating and to consider longer term requirements. Notwithstanding this, the 2023 NPPF requires local plans to be reviewed every five years.

National Planning Policy Framework (NPPF)



14. The Levelling-Up and Regeneration Act 2023 paves the way for reforms to the plan-making system, subject to parliamentary approval of the relevant regulations, together with the publication of national policy and guidance. The reforms propose a 30-month timeframe (plus a scoping and early participation stage) to prepare and adopt a Local Plan.
15. Recent announcements by the new Labour Government indicate its intention to implement the new system, as set out in the Levelling =-Up and Regeneration Act, from summer or autumn 2025. The Government intends to publish further details of its intentions around plan-making in due course.

Work Programme

16. Since the last LDS was published in 2022, the following documents have now been adopted:
 - Cabinet approved the updated [Statement of Community Involvement \(SCI\)](#) in September 2023. The SCI reflects changes to legislation, engagement practices as a result of the Covid-19 pandemic and best practice in stakeholder engagement.
 - The [Developer Contributions SPD](#) was adopted in January 2023, replacing the previous Planning Obligation SPD from 2006.
 - The [Sustainability SPD](#) was adopted in September 2024.

Development Plan Documents

Local Plan Update

17. An update to the Local Plan, adopted in 2022, was resolved by [Council in January 2024](#). Any update to the Local Plan will also include updates to the strategic vision, objectives, policies, and site allocations in response to
 - Updated North Herts objectives and strategies, including, but not necessarily limited to
 - [Council Plan 2024 – 2028](#)

- [Council Delivery Plan 2023 – 2024](#)
- [North Herts Climate Change Strategy 2022 - 2027](#)
- [Active Communities Strategy, June 2023](#)
- [Equality, Diversity and Inclusion Strategy 2022 - 2027](#)

- Changes in the development context and market trends
- Updated NPPF, including any revised housing target.

18. The update also responds to the requirement outlined in the Local Plan [Inspector's Report](#), requiring an early review of the Local Plan.

Project Scale

19. The update of the Local Plan is a significant project, comprising a comprehensive evidence base update, interdepartmental and external collaborative work, extensive consultation and engagement, policy drafting and an Independent Examination (including public hearings) by the Planning Inspectorate on behalf of the Secretary of State.
20. We will require the full team resource through the remainder of 2024 through to 2027/28 and possibly beyond.

Design Code

21. The Levelling Up and Regeneration Act 2023 requires the production of an Authority-Wide Design Code to safeguard the quality of future development in an area.
22. Recent consultation on revised changes to the NPPF have suggested a move away from an authority-wide approach, in favour of a series of more specific area-based codes. With this in mind, the District Design Code will be produced in a phased approach covering:
- strategic/major developments first,
 - followed by medium/minor applications and
 - finally householder.
23. The code will be produced in line with the [National Design Guide](#), [National Model Design Code](#) and [Buildings for Healthy Life Guidance](#) – setting quantifiable design parameters and expectations for development in the District.

Project Scale










24. The production of the Design Code for North Herts is a significant project, comprising a comprehensive evidence base update, interdepartmental and external collaborative work, extensive consultation and engagement, policy drafting and an Independent Examination (including public hearings) by the Planning Inspectorate on behalf of the Secretary of State
25. We will require the full team resource through the remainder of 2024 through to 2027/28 and possibly beyond.

The North Herts Local Plan Update		
<i>Subject</i>	<p>A Local Plan setting out a vision for the District and a framework for future development in the area, addressing needs and opportunities relating to:</p> <ul style="list-style-type: none"> • mitigating and adapting to climate change, • achieving well-designed places, • conserving and enhancing the natural and historic environment, • housing, • the economy, • community facilities and • infrastructure. 	
<i>Geographical Area</i>	The administrative area of North Herts Council	
<i>Chain of conformity</i>	Must conform with National Planning Policy	
<i>Plan-making stage</i>	Description	Timetable
<i>Survey of area (S13 of the P&CP Act 2004)</i>	Matters which may be expected to affect the development of the area or the planning of its development	Keep under review
<i>Scoping and early participation</i>	Early engagement	2024 - 2025
<i>Gateway 1</i>	Independent, specialist support to ensure Plan sets off in the right direction, supporting early diagnosis of any potential issues including legal, procedural requirements and soundness	September 2025
<i>Public consultation (Regulation 18 of the T&CP (LP) (England) Regulations 2012)</i>	We notify certain specified bodies or people of the subject of the Local Plan which we propose to prepare and invite representations about what our Local Plan should contain	October - November 2025
<i>Evidence gathering</i>	This stage will include a Call for Sites	2024 - 2026
<i>Gateway 2</i>	Plan Inspector supports early resolution of potential soundness issues, ensuring legal and procedural compliance	September 2026

	and monitoring and tracking progress	
<i>Public consultation (Regulation 19 and 20 of the T&CP (LP) (England) Regulations 2012)</i>	We make available the proposed submission documents and a statement of representation procedure. Anyone may make representations about our Local Plan that we intend to submit to the Secretary of State by a specified date	October - November 2026
Gateway 3	Planning Inspector checks the Plan is ready to proceed to Examination having ensured legal and procedural compliance and monitoring and tracking progress	February 2027
<i>Submission to the Secretary of State (Regulation 22 of the T&CP (LP) (England) Regulations 2012)</i>	We submit our Local Plan to the Secretary of State for examination along with certain prescribed documents/statements including copies of the representations made a Regulation 20	March 2027
<i>Independent Examination (Regulation 23 and 24 of the T&CP (LP) (England) Regulations 2012)</i>	Our Local plan is independently examined by an Inspector appointed by the Secretary of State	March – November 2027
<i>Publication of Inspectors Report (Regulation 25 of the T&CP (LP) (England) Regulations 2012)</i>	We publish the recommendations of the Inspector	November 2027
<i>Adoption (Regulation 26 of the T&CP (LP) (England) Regulations 2012)</i>	We adopt the Local Plan, make it available and send the Adoption Statement to certain individuals	December 2027

Document Preparation Timetable

	2024		2025												2026												2027												
	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
Local Plan Update																																							
Design Code																																							
Parking and Transport SPD																																							
Updated Developer Contribution SPD																																							

	Evidence base development
	Document drafting
	Consultation
	Submission
	Examination
	Adoption
	Gateway 1
	Gateway 2
	Gateway 3

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CABINET

16 JANUARY 2024

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: Local Plan Review

REPORT OF: Ian Fullstone, Service Director - Regulatory

EXECUTIVE MEMBER: Cllr Ruth Brown, Executive Member for Planning and Transport

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

1. EXECUTIVE SUMMARY

- 1.1 The current North Hertfordshire Local Plan 2011-2031 (NHLP) was adopted in November 2022. Notwithstanding the statutory five-year period for carrying out a review of a local plan to determine whether an update is required, the NHLP contains Policy IMR2 which committed the Council to determine whether the Plan needs to be updated in part or in whole by the end of 2023.
- 1.2 A review of the policies of the NHLP has now been carried out which has concluded that there is a need for a full update of the Local Plan (Appendix A). This is supported by a completed Planning Advisory Service (PAS) toolkit assessment which reaches a similar conclusion (Appendix B). Cabinet is requested to note the review of the policies and agree to undertake the full update of the NHLP.

2. RECOMMENDATIONS

- 2.1. That Cabinet note the results of the review of the policies of the NHLP set out in Appendix A and the PAS toolkit in Appendix B.
- 2.2. That Cabinet agree that a full review and update of the NHLP is undertaken.
- 2.3. That work commences during 2024/25 on updating the technical studies needed to provide a robust evidence base to inform an update of the Local Plan and early community engagement take place.

- 2.4. That a further report on the detailed scope of the update and the timetable for its preparation, submission and examination is prepared at the earliest opportunity once the implications of the new National Planning Policy Framework (NPPF) are better understood and the statutory framework required to implement the reforms has been approved.

Note for recommendation 2.4: *A revised version of the NPPF was published in December 2023. The Government intends to undertake a subsequent, fuller review of the NPPF to accompany implementation of the Levelling Up and Regeneration Act. The recommendation refers to this latter review process.*

3. REASONS FOR RECOMMENDATIONS

- 3.1. To ensure that North Herts Council fulfils its commitments as set out in Policy IMR2 of the North Herts Local Plan which requires the Council to undertake a whole plan review by the end of 2023 to determine whether the plan needs to be updated either in whole or in part.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Alternative options have been considered in relation to two key factors:
- The breadth of any review (including whether to undertake one at all); and
 - The timetable for implementing the findings of any review.

No Update (1)

- 4.2. An option would be to not conduct or not give effect to this review at all, disregarding the requirements as set out in the Inspectors Report and Policy IMR2. The preparation of a Local Plan is a significant undertaking; the Local Plan 2011-2031 took 10 years to complete and incurred external costs of approximately £1.6m.
- 4.3. There has historically been a lack of intervention by the Secretary of State (SoS) against Local Authorities who have delayed or been slow to progress Local Plans. For example, the Secretary of State, in November 2018, had ‘particular cause for concern’ over the progress of 15 Local Plans at Local Authorities across the country. Of these 15 Local

Authorities, only three received intervention programmes from the government's Chief Planner and their team of experts. In addition, we can see more locally that where Local Plans have not been updated, despite commitments in the Local Plan Policy framework to do so, there have previously been little to no meaningful consequences.

- 4.4. However, alongside publication of the revised NPPF in December 2023, the SoS wrote to seven local authorities directing them to revise their local plan timetables as well as issuing a direction to prevent West Berkshire Council from withdrawing its emerging local plan, following similar directions issued to other Councils in September and October 2023. This perhaps suggests a more interventionist approach and / or greater exercise of the SoS' powers than previously.
- 4.5. Regardless of the likelihood of SoS intervention, this approach would carry with it a significant amount of risk and would damage the reputation of the Council. It would leave the Council without up-to-date policies in some essential areas, in particular housing delivery, and would likely result in applications needing to be judged against national policies for these areas. These have previously included a 'presumption in favour of development'. This would lead to a loss of control over the quality of housing development, and potentially an increase in the number, length, and complexity of planning appeals. This option is not recommended.

No Update (2)

- 4.6. A further option would be to conduct the review but conclude the Local Plan 2011-2031 remains up-to-date and that no further work is required. This option is not recommended by officers for the reasons set out in this report and its appendices.

Partial Update

- 4.7. Another alternative option is to conclude that only some limited policies need updating and undertake a partial update of the Local Plan. This might focus, for example, on policies that addressed certain matters or priorities such as the Climate and Ecological Emergency declarations.
- 4.8. This approach would ensure that the updated policies would have weight in determining planning applications. However, the absence of up-to-date policy in other areas could

mean that the 'presumption in favour of sustainable development' in the National Planning Policy Framework (NPPF) is invoked, which will mean that development should be approved unless the much more general policies in the NPPF would indicate otherwise.

- 4.9. Officers' view is that it is not practical or reasonable to try and 'isolate' certain issues from the wider conclusions in this report, either in terms of this initial review or any subsequent update.

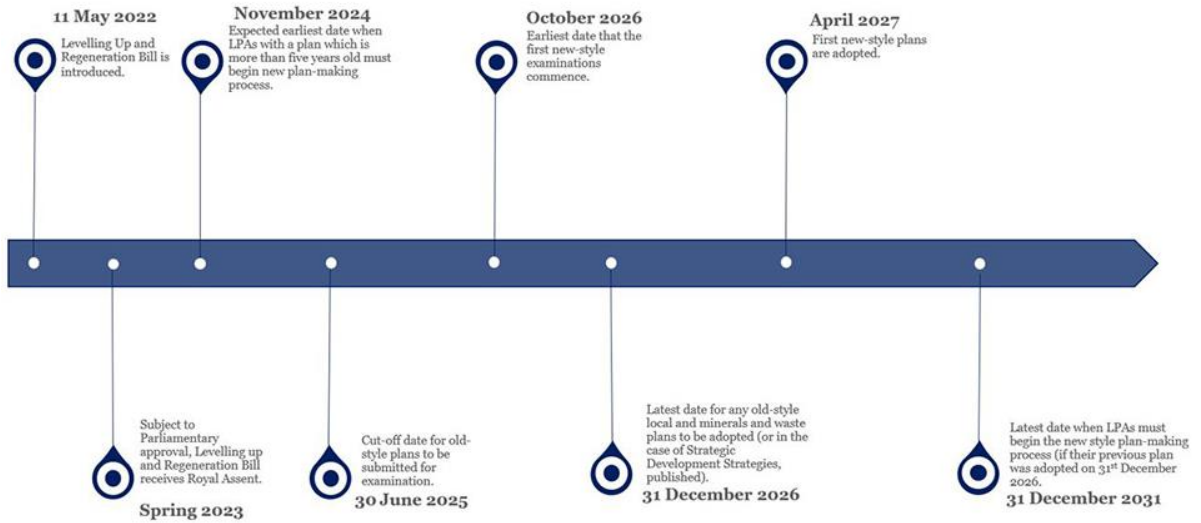
Update under Transitional Arrangements (1)

- 4.10. Transitional arrangements were consulted on in December 2022 and proposed that any current style plan update would need to be submitted for Examination by June 2025 and then adopted by 31 December 2026. The Government has confirmed its intention to implement this timetable, contingent on Parliamentary approval of relevant regulations.
- 4.11. A plan prepared in this way would be tested against the current statutory framework and examination tests, including the Duty to Cooperate. This would be (broadly speaking) the same approach as for the current Local Plan. Plans not submitted by this date would need to be in a new format focussing on development amount, site allocations and design guidance with development management policies being prescribed nationally.
- 4.12. Progressing any review to this timetable is not recommended. There are insufficient resources allocated to the Strategic Planning team, either in terms of staff or budget, to achieve the preparation, submission and examination of a revised plan to this timeframe.
- 4.13. This approach would also likely be incompatible with the intended approaches of surrounding authorities such as East Hertfordshire, Luton and Stevenage to their own Local Plan reviews. It would leave North Herts 'out of sync' in terms of preparing joint evidence and / or under a legal obligation to resolve issues with surrounding authorities *ahead* of them setting out their own positions.

Update under Transitional Arrangements (2)

- 4.14. Under the new regime, plans would be required to be completed within 30 months of starting. There is an intention, as set out in the Plan Making Reforms Implementation Consultation, that expert plan-making support will be provided to a first, small cohort of

around ten ‘front runner’ authorities to prepare the new-style Local Plans from November 2024.



- 4.15. Whilst there are opportunities to be a forerunner in the new Plan Making Reforms, potentially including Government assistance in funding and resourcing, it is officers’ professional judgement that we should not take part on this occasion. This is due to the relatively small-scale nature of the Strategic Planning Team, the need to complete projects associated with implementation of the current plan during 2024/5 and the lack of financial investment in the expected levels of software that would be required to complete such a large piece of work in such short timescales.
- 4.16. Previously when Local Authorities have ‘gone first’ there have been significant failure rates as the new system ‘bedded in’. This was the case, for example following publication of the 2012 NPPF where a number of plans failed to meet the legal Duty to Co-operate or the examination tests. As such, there is no guarantee that going first will result in the successful adoption of a sound plan in the first instance.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Executive Members and Deputies have been briefed on the relevant matters in this report.
- 5.2. The Strategic Planning Project Board were briefed and informally consulted in November 2023 on the relevant matters and recommendations set out in this report.

5.3. Overview and Scrutiny Committee will consider this matter at their meeting of 8 January 2024.

6. FORWARD PLAN

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

7. BACKGROUND

7.1. Whilst paragraph 33 of the National Planning Policy Framework¹ (NPPF), details the need for local plans to be reviewed once every five years, North Herts Council are required, in accordance with Policy IMR2 of the NHLP, to undertake a review of its Local Plan by the end of 2023.

7.2. The National Planning Practice Guidance² (NPPG) provides further guidance stating '*The National Planning Policy Framework is clear that strategic policies should be prepared over a minimum 15-year period and a local planning authority should be planning for the full plan period. Policies age at different rates according to local circumstances and a plan does not become out-of-date automatically after 5 years. The review process is a method to ensure that a plan and the policies within remains effective. Applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise. Due weight should be given to relevant policies in existing plans according to their consistency with the National Planning Policy Framework. It will be up to the decision-maker to decide the weight to give to the policies.*' (paragraph 64 Reference ID: 61-064-20190315).

'A local planning authority can review specific policies on an individual basis. Updates to the plan or certain policies within it must follow the plan-making procedure; including preparation, publication, and examination by the Planning Inspectorate on behalf of the Secretary of State.' (paragraph 69 Reference ID: 61-069-20190723).

7.3. Correspondingly, the NPPG states '*If a local planning authority decides that they do not need to update their policies, they must publish the reasons for this decision within 5 years*

¹ [National Planning Policy Framework \(publishing.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66262/nppf-2019.pdf)

² [Plan-making - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/66262/nppg-2019.pdf)

of the adoption date of the plan. A local planning authority will not necessarily need to revise their entire plan in whole and may publish a list of which policies they will update and which policies they consider do not need updating.' (paragraph 70 Reference ID: 61-070-20190315).

- 7.4. Notwithstanding the five-year timeframe referred to in the NPPF and NPPG, North Herts is required to assess whether its Local Plan needs updating by the end of 2023 accounting for the points set out above.
- 7.5. It is important to be clear at this stage that the review of the Local Plan is only to consider whether the Plan needs updating due to the circumstances in which the Plan was prepared are no longer relevant or have changed, including consideration of national policy and local change.
- 7.6. The review does not decide what planning policy approaches any update to the Local Plan should take; this will be for the Council's future consideration if it is decided that an update is needed.

Reforms to the planning system

Levelling-Up and Regeneration Act³

- 7.7. The Levelling-Up and Regeneration Bill received Royal Assent on 26 October 2023 bringing in new laws *'to speed up the planning system, hold developers to account, cut bureaucracy and encourage more councils to put in pace plans to enable the building of new homes'*⁴.
- 7.8. The intention of the Act is to *'ensure new development is built more beautifully, produces more local infrastructure...is shaped by local people's democratic wishes, enhances the environment, and creates neighbourhoods where people want to live and work'*⁵.
- 7.9. Measures in the Act will change the planning system in a number of ways including:
 - Putting local people at the heart of development – making it easier to put Local Plans in place and requiring design codes that set out where homes will be built and how

³ [Levelling-up and Regeneration Bill: consultation on implementation of plan-making reforms - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/levelling-up-and-regeneration-bill)

⁴ [New laws to speed up planning, build homes and level up - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-laws-to-speed-up-planning-build-homes-and-level-up)

⁵ [New laws to speed up planning, build homes and level up - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-laws-to-speed-up-planning-build-homes-and-level-up)

they will look. These plans will deliver more homes in a way that works for communities;

- Boosting local services – requiring developers to deliver vital infrastructure. This will put an end to lifeless edge-of-town developments with no community assets and ensure developers deliver the schools, doctors surgeries and public services that communities need and expect;
- Encouraging developers to get building – giving communities updates on the progress of development and giving councils the chance to consider slow build-out rates when approving planning.

7.10. Other key planning related sections of the Act, which do not yet have an agreed commencement date include:

- The content of development plans and spatial strategies, to be included under the new system of plan-making;
- A streamlined 30-month plan-making system, including supplementary development plans and area-wide design codes forming part of the development plan, formal repealing of the duty to cooperate, and voluntary joint spatial strategies.



Figure 1 – The new 30-month plan timeframe

7.11. Within the plan-making reforms consultation⁶, that took place earlier this year, was a proposed approach to the roll out and transition from the current to the future plan-making system (contingent upon Royal Assent of the Levelling Up and Regeneration Bill and Parliamentary approval of the relevant regulations):

- The last date to submit a local plan for examination under the current system is 30 June 2025 to be adopted by 31 December 2026 (paragraph 235)
- A phased roll out for the new plan-making system
 - Small cohort of around ten ‘front runner’ authorities could start plan-making from autumn 2024 (paragraph 244)
 - From 30 June 2025 the remaining authorities would be (paragraph 245)
 - Ranked chronologically by the date that they have most recently adopted a plan containing strategic policies;
 - Grouped together sequentially into groups of up to 25 authorities;
 - Each group allocated a 6-month plan-making commencement window (a ‘wave’), within which plan making should start.

NB. North Herts may well find itself grouped with other authorities based on housing market areas, county boundaries or rural/urban complexities. In which case, we may well find ourselves grouped with East Herts and Stevenage, both of whom are in the process of undertaking reviews of their Local Plans also.

- Alternatively, allow authorities to begin plan-making earlier than these dates with the wave acting as a final ‘back stop’. Although risks have been identified such as losing the benefit of putting authorities into waves if a high number decide to start the process in the same period and overwhelming the professional capacity in this sector

7.12. The consultation goes on to assess the matter around up-to-date plans and considers that *‘where a plan has been found sound subject to an early update requirement, and the Inspector has given a deadline to submit an updated plan within the first 30 months of the new system going live, this deadline will be extended to 30 months after the new system*

⁶ [Levelling-up and Regeneration Bill: consultation on implementation of plan-making reforms - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/levelling-up-and-regeneration-bill-consultation-on-implementation-of-plan-making-reforms)

goes live. This will ensure that local planning authorities are protected from the risk of speculative development while preparing their new plan’.

- 7.13. Whilst North Herts has been required to review its Local Plan to determine whether the plan needs to be updated either in whole or in part, by the end of 2023, we have not been given a deadline by which an updated plan should be submitted. However, we are not in the position of the Local Plan becoming more than 5 years old during the expected first 30 months of the new system, where, in such instances, the Plan will continue to be considered ‘up-to-date’ for decision-making purposes for 30 months after the new system starts.
- 7.14. The reforms to the planning system are wide ranging and there remains a lot of detail that has not been confirmed. There will need to be a comprehensive set of secondary legislation to implement the reforms, as well as changes to national policy and guidance. These changes are therefore likely to have a significant bearing on the process, scope, and approach of any update to the NHLP.

Policy Context

- 7.15. The North Hertfordshire Local Plan (NHLP) was adopted by Council on 8th November 2022. Since that point, the Local Plan has formed part of the statutory Development Plan for the District which is the ‘starting point’ for considering the determination of planning applications within North Hertfordshire.
- 7.16. The examination of the NHLP was an exceptionally long process and, as part of that process, the Inspector recommended a modification to the Local Plan which involved the inclusion of Policy IMR2 which required North Herts to undertake an early review.
- 7.17. Policy IMR2 of the Local Plan states that:

Policy IMR2: Local plan early review

The Council will undertake a whole plan review of the Local Plan 2011-2031 by the end of 2023 at the latest. This will determine whether this Plan needs to be updated either in whole or in part. All policies will be reviewed but with particular regard paid to the following matters that were specifically identified during the preparation and examination of this plan:

- Housing requirements for the District and wider housing market areas;
- Housing delivery having regard to the progress and implementation of the Strategic Housing Sites and Local Housing Allocations identified in this plan and the rates of development being achieved measured against the stepped approach and housing trajectory set out in this plan;
- The safeguarded land to the West of Stevenage;
- The outcomes of the process(es) to comprehensively explore new settlement options in the District;
- Gypsy and Traveller provision
- The identification of needs for retail, leisure, office and other main town centre uses;
- Options for long-term secondary education provision in the Stevenage area; and
- Broad alignment with the statutory five-year time limit for reviews of the East Hertfordshire and Stevenage local plans (required by November 2023 and May 2024 respectively) to allow co-ordinated consideration of the above matters.

The review will have regard to up-to-date information and be conducted in line with Government policy and statutory requirements. Subject to the outcomes of that review, a new plan or policies will be prepared to a new time horizon of at least 2041.

The review will also serve to build upon existing strong, working relationships with adjoining and nearby authorities and may result in the preparation of a joint plan or policies based upon wider functional geographies.

7.18. There is a statutory requirement that policies in Local Plans should be assessed at least once every five years and that reviews should be completed no longer than five years from the adoption date of the Plan, taking account of changing circumstances affecting the area (local change), or any relevant changes in national policy.

7.19. However, North Hertfordshire Council was directed by the Inspector to include a policy to undertake an early review of the Local Plan by the end of 2023 at the latest. Such a review should determine whether there is a need to update the Local Plan in full or in part. A review of the policies in the NHLP is therefore required by the Local Plan to begin to be

undertaken by 31st December 2023. Work began on reviewing the policies in summer 2023 and the outcome of the review of those policies is set out in Appendix A.

8. RELEVANT CONSIDERATIONS

8.1 Updating the Local Plan would ensure that:

- The District benefits from having an up-to-date Development Plan against which all planning decisions are made;
- The policies in the Plan are updated to capture the best current practice available, the latest evidence base and would also offer the opportunity to support key corporate objectives;
- Stakeholder engagement is at the heart of Plan-making and any update would involve and integrate feedback from key stakeholders across the District, alongside statutory public consultation involving our communities;
- An updated evidence base provides better decision-making and ensures planning is directly supporting the need of the community. Opportunities to update evidence will also assist other departments; responsibilities and workstreams where there is shared evidence, in particular Economic Development and Housing;
- The Council can defend its planning decision robustly, reducing the likelihood of costly planning inquiries and appeals;
- A fit for purpose spatial strategy in the Local Plan will limit the amount of speculative planning applications received and ensure that any development is Plan-led; allowing for infrastructure to be planned proactively through direct liaison with infrastructure providers throughout the process and can reduce piecemeal development in unsustainable locations.

Review of the North Herts Local Plan

8.1 A technical review of the policies in the NHLP has been completed by Officers (Appendix A) based on the current NPPF and NPPG. Paragraph 64 of the NPPG⁷ states that '*the authority can consider information such as (but not exclusively):*

- *conformity with national planning policy;*

⁷ [Plan-making - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

- *changes to local circumstances; such as a change in Local Housing Need;*
- *their Housing Delivery Test performance;*
- *whether the authority can demonstrate a 5 year supply of deliverable sites for housing;*
- *whether issues have arisen that may impact on the deliverability of key site allocations;*
- *their appeals performance;*
- *success of policies against indicators in the Development Plan as set out in their Authority Monitoring Report;*
- *the impact of changes to higher tier plans;*
- *plan-making activity by other authorities, such as whether they have identified that they are unable to meet all their housing need;*
- *significant economic changes that may impact on viability.; and*
- *whether any new social, environmental, or economic priorities may have arisen.*

8.2 Paragraph 68 of the NPPG⁸ goes on to state that ‘a local planning authority may need to gather new evidence to inform their review. Proportionate, relevant and up-to-date evidence should be used to justify a decision not to update policies. We expect authorities to have due regard to the Duty to Cooperate when undertaking a review to assess if they need updating’.

8.3 Much of the evidence for the NHLP dates to 2016, when it was submitted for examination. Whilst some elements of evidence may still be fit for purpose, such as landscape character appraisals, other evidence will need to be updated, for example social and economic elements,

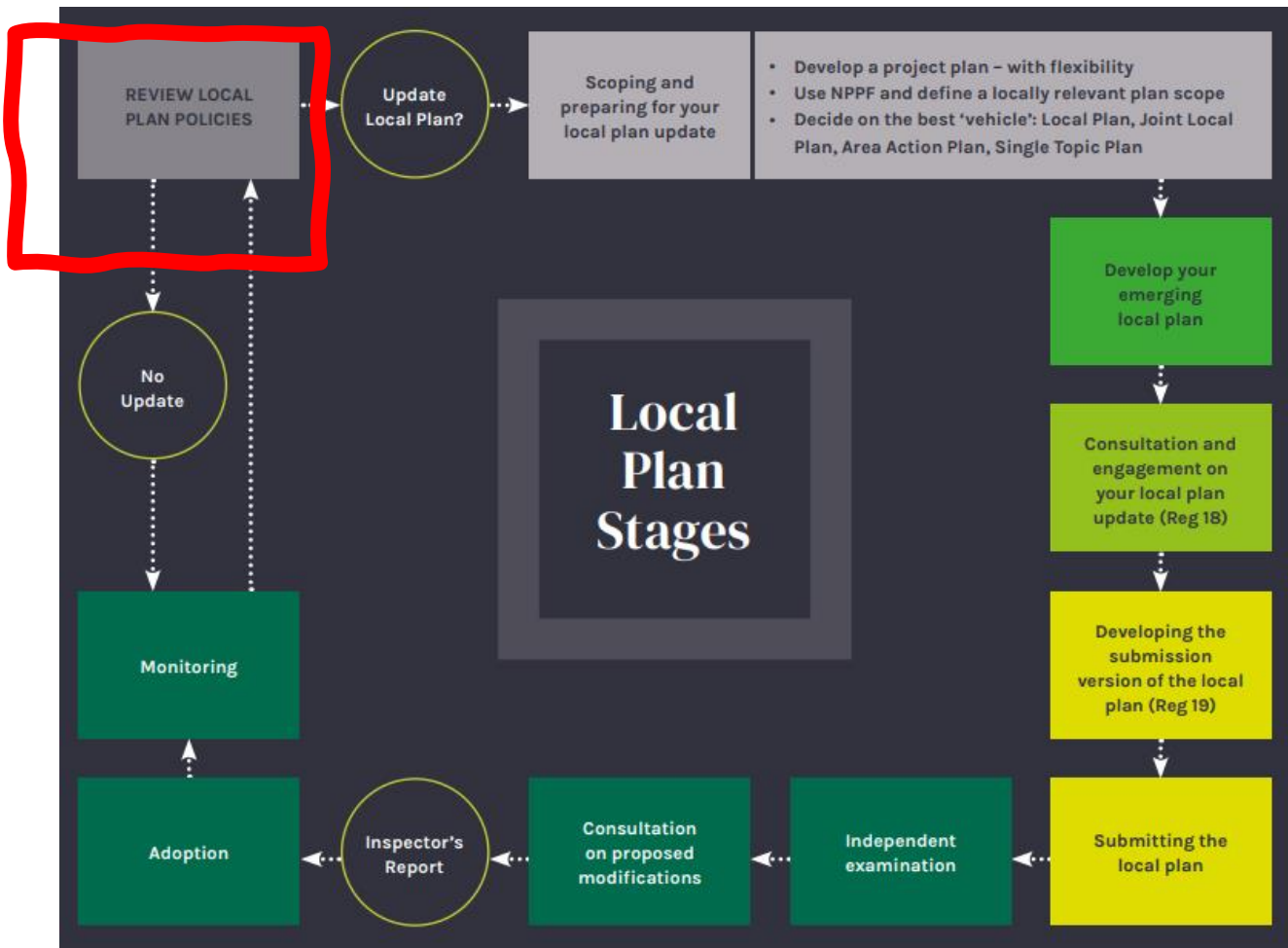
8.4 The review of the NHLP has been carried out using:

- An assessment of the policies in the Local Plan with regard to the current NPPF and NPPG and consideration of any changes in local circumstances (Appendix A)
- The Local Plan Route Mapper Toolkit⁹ produced by PAS (Appendix B)

⁸ [Plan-making - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

⁹ [PAS Local Plan Route Mapper v2.0.pdf](#)

Figure 2 – PAS Local Plan review process



8.5 The assessment of the policies in the Local Plan (Appendix A) indicates officers' view that many of the policies require some form of updating. It should be noted that this assessment reflects a point in time, is limited to consideration of the current policies in the Plan and will need to be repeated once the content of the new NPPF and proposed National Development Management Policies (NDMP) become apparent.

8.6 Appendix A does not identify any new policy areas that may need to be included or developed as part of the Local Plan update. Nor does it identify policies that will be updated or added in line with the priorities identified by North Herts or corporate objectives. It is also expected that the majority of supporting text will also need redrafting. However, these steps would follow on from an initial decision that an update should take place.

8.7 Appendix B is the completed PAS Local Plan Route Mapper Toolkit. It indicates officers' view that the NHLP requires updating for a number of reasons including:

- That, at the time of writing, there is a little over seven years remaining in the Plan period (to March 2031) versus the NPPF / NPPG advice that Plans should look at least fifteen years into the future;
- The potential requirement to identify new sites for development to ensure that the Council can demonstrate a five-year housing land supply.
- The ongoing requirement to address affordable housing targets .
- The need to maximise opportunities for jobs growth and to take account of changing economic circumstances.
- Changes in the environmental context including the Council’s declaration of climate emergency and the requirement for biodiversity net gain.
- A number of the development management policies will also need clarification and updating to reflect changes in national policy/local changes, including the requirement to draw up design codes and guidance.

8.8 Section B of the Toolkit notes a number of factors that should be considered to determine whether the Local Plan should be updated. In considering these factors we conclude that a full update of the spatial strategy and spatial policies (and potentially non-strategic policies) need updating.

8.9 However, it should be noted that it is difficult to answer these questions until the implications of the planning reforms, outlined above, become clearer.

Evidence Base

8.10 As details of the new plan-making system emerges, it is recommended that the Council proactively commences work on updating the Local Plan evidence base so that the Council is in a strong position to commence formal stages at the earliest opportunity, once determined by the plan-making reforms as detailed above.

8.11 Updating the existing evidence base will also provide the Council with an opportunity to address issues that have greater prominence since the preparation of the NHLP. Including

- Climate change
- Design
- Sustainability
- Biodiversity

- Affordable Housing
- Use Classes

8.12 As work commences on an update of the Local Plan, the Strategic Planning Project Board will informally work with officers on the scope and breadth of issues to be addressed in the Local Plan. This will inform any future reports to Cabinet.

Conclusion

8.13 It is recommended that Cabinet note the results of the review. Appendix A sets out which policies have been judged as needing to be updated as a result of the local plan review.

8.14 There will be opportunities to bring other policies within the scope of the update over time if emerging evidence suggests that this will be necessary.

8.15 In addition to the individual policies, the overall spatial strategy is likely to require an update to account for changing development levels.

8.16 Furthermore, the level of infrastructure required to meet changing development levels will need a new infrastructure delivery plan, which will be integral to the plan and will set out how the broad range of infrastructure will be delivered.

8.17 The option proposed is that the Council proceeds with a full update of the NHLP based on the results of the local plan review (Appendix A).

8.18 The Local Plan update, through setting out the way North Hertfordshire will develop beyond the current plan end date of 2031, will contribute to the following priorities in the Council Plan 2022/27:

- People first – People make North Herts work. We value all our residents, businesses, staff, contractors, councillors, and other partners and place them at the heart of everything we do.
- Sustainability – We recognise the challenges our towns and district as a whole face and are committed to delivering services which are relevant and sustainable. In doing so we will place our environmental responsibilities, as well as sound financial planning, at the centre of our policymaking.
- A brighter future together - We are far-sighted and plan for the long term to secure the best outcomes for our people, towns and villages, and the local economy, ensuring North Herts continues to thrive.

- 8.19 It is recommended that the final scope of the update and its associated timetable should be determined once the implications of the proposed changes to the NPPF and statutory framework has been approved.
- 8.20 Whilst the scope of the NHLP update is yet to be determined, what is clear at this stage is that under the new system a strong evidence base will still be expected to inform and support local plans, and that evidence will remain an important part of plan-making and monitoring.
- 8.21 Therefore, the Strategic Planning Team should focus on starting to update the evidence base and other preparatory work needed to support an update to the NHLP, particularly in light of the Government's intended 30-month plan-making timetable.

9. LEGAL IMPLICATIONS

- 9.1. The current legal framework for the preparation of Local Plans is set out in the Planning & Compulsory Purchase Act 2004 (PCPA) and associated regulations (as amended).
- 9.2. Under regulation 10A of The Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended)¹⁰, local planning authorities must review their Local Plans within five years of the adoption date.
- 9.3. The enactment of relevant sections of the Levelling Up & Regeneration Act and associated secondary legislation, will likely, through amendments to the PCPA and associated regulations, set the statutory framework for the preparation of the new Plan. However, this is yet to be confirmed.
- 9.4. The adopted North Hertfordshire Local Plan 2011-2031 forms part of the statutory Development Plan for the District. Section 38(6) of the PCPA states that planning applications must be determined in accordance with the Development Plan unless material considerations indicate otherwise.
- 9.5. Any decision to review the Local Plan does not affect its Development Plan status, or automatically render it 'out of date' for decision-making purposes. The current Local Plan remains the starting point for consideration of planning applications in North Hertfordshire until such time as any replacement Plan is prepared, examined and adopted.

¹⁰ [The Town and Country Planning \(Local Planning\) \(England\) Regulations 2012 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

9.6. Emerging policies in any new Plan may become a material consideration as they progress through the system.

10. FINANCIAL IMPLICATIONS

10.1. Local Plans can be a significant cost to Councils. The overall external costs of producing the NHLP were approximately £1.6m. Key costs associated with the Local Plan review that are borne by the Council include (but are not necessarily limited to):

- Staffing;
- Expert support to the Council (e.g. technical specialist consultants, evidence base studies, legal advice);
- IT programmes and packages;
- Process costs, including stakeholder and community engagement; and
- The Planning Inspectorate (i.e. the examining Inspector).

10.2. Staffing matters are covered under the Human Resource Implications section below.

10.3. It is anticipated that the cost of any review would not be as high due to, inter alia, having a relatively recent plan to build upon as opposed to effectively 'starting from scratch'. The Council has previously approved two growth bids in the budgets for 2021/22 and 2022/23, each for £60k per year over a five-year period (i.e. £600k in total). A third tranche of resource has been included as a Revenue Investment Proposal in the upcoming budget for 2024/25. If approved, this third tranche of resource requested will provide a total working budget of £780k.

10.4. Unspent funds will be requested to be carried forward to mitigate the need for significant growth bids in future years as any review of the Plan progresses towards key stages such as pre-examination consultation and examination.

10.5. Costs will be controlled by undertaking as much of the technical and engagement work as possible in house, where appropriate in terms of capacity and expertise, and ensuring that evidence prepared for the examination enables it to be carried out in the most efficient manner.

10.6. The Council does need to update and adopt more appropriate digital technology to enable work relating to the evidence base and community engagement throughout the Local Plan update process. This will be undertaken in line with the Council's evolving Digital Strategy.

- 10.7. Officers will also explore options to set charges for and / or recover costs from (potential) beneficiaries from the Plan review. This could include charges, Planning Performance Agreements or similar for landowners wishing to submit sites for potential development to (partially) cover costs associated with site assessment and the ratification of supporting technical evidence, such as ecology or landscape studies.

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. Local Plan Delivery and Review is identified as a Corporate Risk. This risk was last updated in November 2023. This identified a Risk Score of 5 and the following 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; and
- Government intervention if inadequate progress is made upon Local Plan Review.

- 11.3 These risks are minimised by having an up to date development plan which fulfils the requirements of legislation.

12. EQUALITIES IMPLICATIONS

- 12.1. There are no direct equality, diversity, or inclusion implications in this report. An Equalities Impact Assessment (EqIA) will be carried out for the NHLP update in accordance with The Equality Act 2010.

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 direct Environmental impacts or requirements that apply to this report; this is a procedural decision.
- 14.2. Subject to the (potential) changes in the regulatory framework outlined above, it is expected that any replacement Local Plan will need to be accompanied by comprehensive environmental assessments which consider the social, economic and environmental implications of proposed policies and allocations. These will be set out in any relevant future reports.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. Reviewing the NHLP will require a fully staffed Strategic Planning Team to enable the Council to comply with the Governments proposed reduced 30-month timetable towards adoption. There have been challenges recruiting staff and these will likely continue, therefore the use of agency staff and consultants will most likely be required going forward.
- 15.2. In recent years, both permanent and fixed-term posts have been added to the Planning Service in anticipation of the work associated with implementing the current NHLP followed by the review. Further bids for an additional fixed-term planning officer and technical / administrative support are included as Revenue Investment Proposals in the budget for 2024/25.

16. APPENDICES

- 16.1. Appendix A – Review of Local Plan Policies
- 16.2. Appendix B – PAS Local Plan Route Mapper Toolkit

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1 [Extraordinary Full Council, 8 November 2022: Adoption of the North Hertfordshire Local Plan 2011-2031](#)

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CABINET
14 JANUARY 2025

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: STRATEGIC PLANNING MATTERS

REPORT OF: IAN FULLSTONE, SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: CLLR DANIEL ALLEN, INTERIM EXECUTIVE MEMBER FOR PLANNING & TRANSPORT

COUNCIL PRIORITY: THRIVING COMMUNITIES / ACCESSIBLE SERVICES / RESPONSIBLE GROWTH / SUSTAINABILITY

1. EXECUTIVE SUMMARY

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

2. RECOMMENDATIONS

- 2.1. That the report on strategic planning matters be noted.
2.2. That the documents at Appendices A - D are endorsed.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. None

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Executive Member has been briefed on the relevant matters in this report. Where appropriate these have also been reported to the Council's internal, informal Strategic Planning Project Board. This includes cross-party representation from all political groups. The Project Board is chaired by the Executive Member for Planning & Transport. Local ward members have been invited to participate in relevant meetings of the Board

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1. Members will be aware of, and familiar with, many of the issues surrounding the strategic planning matters referred to in paragraph 1.1 above. This report is intended to provide Members with the current positions on the following key matters where there has been substantive change since the report in September 2024.

8. RELEVANT CONSIDERATIONS

Updated National Planning Policy Framework 2024

- 8.1. The Government published a revised and updated version of the [National Planning Policy Framework \(NPPF\)](#) in December 2024. The NPPF sets out the Government's planning policies. It is a material consideration when deciding planning applications. It also guides how we produce policy documents such as the Local Plan, Neighbourhood Plans and Supplementary Planning Documents. The policies and requirements of the NPPF are identified, as applicable, in officer reports and recommendations to Planning Control Committee, Cabinet and Full Council.
- 8.2. The revised NPPF follows consultation on the proposals which took place between July and September 2024. Full Council debated the suggested changes at its meeting in September 2024. This informed the Council's response to the consultation.
- 8.3. The letter setting out the key elements of this Council's response is attached at Appendix A. A copy of the full response, including the technical appendix referenced in the attached letter, was provided to the Planning Executive and Shadow Executive Members for each Group.
- 8.4. The new NPPF contains significant changes, particularly in relation to housing and Green Belt policy:
- Policies on housing supply have been tightened up. These mean we have lost some of the protection that was afforded to us by our Local Plan. We cannot demonstrate a "five-year land supply" under the new rules and will now need to consider all relevant planning applications in that context;
 - Indicative housing figures have been released, which will set the expectation for the Local Plan Review. These give North Herts' figure as 1,018 homes per year, marginally higher than those set out in the consultation. This figure will be regularly updated. This is because it is partially based on a measure of how affordable (or not) housing is considered to be in the District.
 - Green Belt policy has been updated. The new NPPF explicitly states that an inability to meet development needs "through other means" represents "Exceptional Circumstances" with a presumption that authorities should then review GB boundaries. There is a separate expectation that authorities will work together where development needs cannot be accommodated within authority boundaries.
 - The definition of 'grey belt' is more generous than was proposed in the consultation and could now apply to more land in North Hertfordshire. More guidance on this is to be published in the New Year.
- 8.5. [A guide to the key changes](#) has been produced by the Local Government Association.

- 8.6. Many of the issues contained in the Full Council resolutions and our consultation response to Government have not been included in the revised Framework. These included the requests to not increase our housing requirement, to retain the 'urban uplift' that directed growth to cities and to retain references to 'beauty'.
- 8.7. As a result of the new NPPF, officers are:
- Reflecting the new policies and requirements in relevant reports to Planning Control Committee and delegated decisions on planning applications
 - Updating our land supply position (last published in May 2024) to reflect the new rules as well as more recent information on planning permissions and completions. We previously concluded the Council could demonstrate 3.9 years' supply based upon rules in the previous NPPF. We expect the new rules will see this figure fall slightly. It will also apply in more circumstances. Previous appeal decisions and case law have advised that decision-takers should have regard to the 'broad magnitude' of any shortfall against the five-year requirement.
 - Reviewing and updating the Council's Green Belt Review (GBR). The Council's last study dates from 2018 and informed the current Local Plan. Its findings were based upon Green Belt coverage as it was at the time. This was prior to the adoption of the current plan which both released land from and added land to the Green Belt. It also does not reflect the new language of the NPPF in terms of grey belt and the identification of areas making a 'less than strong' contribution to certain Green Belt purposes. In this context, officers consider that the 2018 GBR is not an appropriate basis for deciding whether land in the District might meet the new 'grey belt' definition.
 - Progressing the review and update of our Local Plan. This is subject to a separate report to this meeting.

Proposed Expansion of Luton Airport

- 8.8. As previously reported to Cabinet in July, following the completion of the Examination of the Development Consent Order (DCO) application for the expansion of Luton Airport on 10 February 2024, the Examining Authority submitted a report and recommendations of its findings and conclusions on the application to the Secretary of State (SoS) for Transport on 10 May 2024.
- 8.9. The SoS deadline for the decision was extended by way of a Written Ministerial Statements to 4 October 2024 and then to the 3 January 2025. The SoS has further extended the deadline for the decision to 3 April 2025 by issuing the following Written [Ministerial Statement](#). This is to allow the newly appointed SoS appropriate time to fully consider the application before making a final determination.
- 8.10. In the interim period officers have responded to requests for further information or clarifications from the SoS. Full details of all documents submitted as part of the Examination process and updates can be viewed on the PINS website at: [London Luton Airport Expansion - Project information](#).

Strategic Sites

- 8.11. The Strategic Planning Project Board continues to meet regularly. The status of work on the six, largest Strategic Sites in the Local Plan is summarised below:

Policy SP14: North of Baldock	Pre-application masterplan being prepared under a Planning Performance Agreement (PPA). Further work exploring options for secondary education has taken place through 2024. The masterplan is expected to be submitted to the Council for consideration in early 2025.
SP15: North of Letchworth	The masterplan for this site was adopted as a material consideration for any future planning applications by Full Council in July 2024.
SP16: North of Stevenage	The masterplan for this site was adopted as a material consideration for any future planning applications by Full Council in November 2024. An outline planning application is under consideration (Council application reference 23/02935/OP). A draft design code is being prepared for the site.
SP17: Highover Farm, Hitchin	Outline planning permission for this site was granted in November 2024 following completion of the s106 legal agreement following a resolution to grant permission by the Planning Committee in October 2023. Reserved matters applications have recently been received for infrastructure and the first phases of new homes, along with a proposed Design Code for the site.
SP18: North-east of Great Ashby	The masterplan for this site was adopted as a material consideration for any future planning applications by Full Council in November 2024. An outline application is expected in early 2025.
SP19: East of Luton	The Full Council meeting to consider adoption of the masterplan for this site has been re-arranged for 15 th January 2025.

- 8.12. Other masterplans for significant sites are being progressed through a variety of PPAs, pre-application discussions and current planning applications lodged with the Council ([Masterplans in current applications | North Herts Council \(north-herts.gov.uk\)](https://www.north-herts.gov.uk/masterplans-in-current-applications)).

Other Local Authorities' Local Plans

St. Albans

- 8.13. Draft Local Plan 2041 (Reg 19) consultation closed in November. We provided a response centred around housing growth figures (based on previous standard method/NPPF), secondary school provision (where it impacts North Herts residents in the area of Blackmore End) and sustainable transport provision. This was followed by a positive duty to cooperate meeting (1st Nov.). A Statement of Common Ground was subsequently agreed and signed.
- 8.14. The consultation ran from 26th September to 8th November. Our response to the consultation and the SoCG can be found in Appendix B and C respectively.

Uttlesford

- 8.15. Uttlesford consulted us on the Regulation 19 version of the Uttlesford Local Plan 2021 – 2041. A formal response to the consultation was sent in October and is attached as Appendix D.

Stevenage

- 8.16. Stevenage are currently consulting on their Reg 19 of a partial review of their Local Plan - [Have Your Say Today - Stevenage Local Plan Reg19 - Commonplace](#), concentrating on elements including
- Climate change
 - Trees and woodland
 - Sustainable drainage and flood risk
 - Station Gateway
 - House of multiple occupancy
 - Use Class Order changes.
- 8.17. The consultation runs from 21 November 2024 to 29 January 2025. A formal response will be prepared and submitted as part of the consultation.

Luton

- 8.18. Luton is currently consulting on their Reg 18 Issues and Options paper for their Local Plan - [New Local Plan for Luton](#).
- 8.19. Consultation runs from 12 December 2024 to 7 February 2025. A formal response will be prepared and submitted as part of the consultation.

Neighbourhood Plans

- 8.20. The Codicote Neighbourhood Plan was submitted to the Council in October 2024 for public consultation. Public consultation is taking place on the submission version of the Neighbourhood Plan and will continue until 28 January 2025. Officers are working with the Parish Council and the Communications Team to publicise the consultation period. A formal response will be prepared and submitted as part of the consultation.
- 8.21. The examination of the Barkway and Nuthampstead Neighbourhood Plan is ongoing. As part of the examination, the examiner has asked a number of questions of clarification for both the Council and the Parish Councils. The examiner's final report is expected imminently. The report will be considered by both the Council and the Parish Council and we anticipate that a further report will be made to Cabinet in March 2025.

Other matters

North, East & Central Herts Authorities Strategic Planning

- 8.22. Since 2019 North Herts together with East Herts, Stevenage, Welwyn Hatfield, Broxbourne and Hertfordshire County Council along with the help of consultants, have been working together on the strategic planning of the area. This included establishing a Vision and a Growth Study for NEC Herts. The intention of the Growth Study is to create a key piece of initial evidence to support the preparation of a joint strategic plan for the area and inform the next round of Local Plans from the 2030s to 2050.
- 8.23. In early 2024 it was agreed that the next steps in the engagement programme, post tailored workshops whose participants included elected members from across the Councils (including Leaders, Portfolio Holders), Chief Executive Officers and Managing Directors, Heads of Planning and key stakeholders (such as invited members of the community, key businesses, organisations and youth representatives) would be to broaden the engagement with more people, to promote the vision and to hear back from residents in a 'tell us what you think' campaign. An agreed engagement package has been developed, including a narrative explaining the relationship between the Vision, Growth Study, (prospective) Joint Strategic Plan and existing local planning arrangements. The engagement runs from 13 December 2024 to 31 January 2025. The consultation can be found here: [North East Central Hertfordshire Vision 2050 - Consultation](#).
- 8.24. As part of the process all Member briefings have been offered to enable councillors to answer any questions from constituents and to engage with the process. These were undertaken on 10 and 11 December 2024 and 13 January 2025.

Chilterns National Landscape proposed extension

- 8.25. Members will be aware of the draft proposals to consider extending the boundary of the Chilterns National Landscape (formerly AONB), within the District. Natural England will be holding a public consultation in the Spring of 2025 to consider the extent of the proposals. This will include sessions for Members and also public sessions in the areas of the proposed extension.
- 8.26. The Council will respond to the consultation and representations from stakeholders and individuals should be directed to Natural England themselves.

Chilterns National Landscape Management Plan

- 8.27. The Chilterns Conservation Board is currently consulting on the Management Plan for the Chilterns National Landscape. Details of the consultation are available online [Consultation on proposed changes to the management plan | Chilterns National Landscape](#) and can also be found as hard copy in the DCO reception.
- 8.28. The Council will respond to the consultation and representations from stakeholders and individuals should be directed to Natural England themselves.

North Herts Draft Town Centre Strategy

- 8.29. Officers presented an overview of the Town Centre Strategy and the findings from the Lichfields Retail and Town Centre Study to the Strategic Planning Board in October. The Board members acknowledged receipt of the presentations and the comprehensive work undertaken by the Consultants, Lichfields on the Town Centre Evidence base and officers in preparing the Town Centres Strategy. A number of queries and points were raised by the Board at the meeting which has resulted in officers having to undertake further work.
- 8.30. It was agreed that the Strategy should be an overarching document covering all four town centres together with clear policy guidance for each town centre included within the same document. This would help speed up the process and provide the necessary policy guidance for each town centre while the Local Plan is under review, rather than complete individual strategies per town with the longer timeframe as set out in the adopted Local Plan.
- 8.31. Therefore, in following this approach and considering the additional work to be undertaken it was agreed that the draft strategy should be reviewed and presented back to the Project Board prior to it being submitted to Cabinet, as soon as is practicable to a 2025 Cabinet meeting.

9. LEGAL IMPLICATIONS

- 9.1. Under the Terms of Reference for Cabinet, the Constitution states that it may exercise the Council's functions as Local Planning Authority and receive reports on strategic planning matters, applications for, approval/designation, consultation/referendums revocations (or recommend revocation) of neighbourhood plans and orders, (except to the extent that those functions are by law the responsibility of the Council or delegated to the Service Director: Regulatory).
- 9.2. The preparation of statutory plans and supporting documents is guided by a range of acts and associated regulations including the Planning and Compulsory Purchase Act 2004 (as amended) and the Localism Act 2011.
- 9.3. Under the Council's Constitution (14.6.10 (b) vii B) all functions relating to National Infrastructure Planning including co-ordination of the Council's response to any consultation, examination or other any other matter concerned with major infrastructure projects, is delegated to the Service Director Regulatory.

10. FINANCIAL IMPLICATIONS

- 10.1. The general costs of activities identified in this report are met through existing revenue budgets or benefit from external funding or other arrangements to recover costs.
- 10.2. £20k has been set aside in the 2024/25 budget for any additional work associated with the London Luton Airport DCO application following the conclusion of the Examination from the SoS and any ongoing work arising from a positive decision from the Inspectorate, such as implementing monitoring levels and the enforcement of the approved scheme.

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. Delays to the publishing of secondary legislation relating to Local Plans poses risks to the progression of the Local Plan update. However, we will keep this under review.

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

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

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. Several posts were successfully advertised and filled across the planning service during 2024. However, some of these were vacant for some time before being (re-)occupied which has resulted in certain workstreams being delayed. There is presently one vacancy in the Strategic Planning Team. Some projects rely on capacity in other service areas. Additional capacity is currently provided by agency staff and consultants. Some of these costs are recovered through agreements associated with individual projects.

16. APPENDICES

Appendix A – Council response to NPPF 2024 consultation

Appendix B – St Albans Reg 19 Consultation response

Appendix C – St Albans SoCG

Appendix D - Uttlesford Reg 19 Consultation response

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The Rt Hon Angela Rayner MP,
Deputy Prime Minister & Secretary
of State for Levelling Up, Housing
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c/o Planning Policy Consultation
Team, MHCLG

By email only

24 September 2024

Dear Sir/Madam

Proposed reforms to the National Planning Policy Framework and other changes to the planning system

Thank you for consulting us on your proposed reforms to the NPPF and other changes to the planning system. We have considered your proposals.

This raises a number of issues that were comprehensively debated at our Full Council meeting of Thursday 19 September 2024 in response to questions and motions submitted for consideration by local Councillors.

As part of the consultation, the Government announced not only would it be re-introducing mandatory housing targets for Local Authorities, but that it would increase overall targets from 300,000 new homes per annum to approximately 370,000 per annum.

Under the Government's proposed new method announced as part of changes to the National Planning Policy Framework, North Hertfordshire will be required to build 992 new homes per year, representing an increase of 9%.

Neighbouring authority Luton will see its housing target reduced by 22%, and as a result of the Government removing the urban uplift, major cities such as London, Liverpool and Birmingham will all see a reduction in their housing targets by up to 31%.

Following the adoption of the North Hertfordshire Local Plan in November 2022, 47% of land within the district is designated as Green Belt. The reforms of which are proposed by the Government will weaken protections for Green Belt land, and could result in inappropriate development taking place within the district, particularly in and around our rural communities.

As a result of our Local Plan having recently been adopted, North Hertfordshire currently does not need to provide evidence of a five-year housing land supply in accordance with the 2023 NPPF. However, the Government is proposing to remove this element of the 2023 NPPF, which means that should this proposed change come into force there would be a presumption in favour of sustainable development through the decision-making mechanism. The loss of this protection

increases the likelihood of approval for major developments proposed within the district on sites not identified in the Local Plan.

Despite the existence of unimplemented planning permission to build more than a million homes across England, the current government, like its predecessor, believes that making it easier for developers to get planning permission is the way to increase the availability of affordable housing. The council believes that increasing numbers of permissions, rather than focusing on building the right housing in the locations which are already identified for development will boost developers profits, rather than meeting the needs for affordable housing. It also notes that the government's proposed changes to the NPPF would make it easier for developers in North Herts to obtain planning permission on speculative sites, including those in parts of the Green Belt

The Government has also stated its ambition to build "a new generation of new towns" which will comprise of at least 10,000 homes. In order to identify potential locations for these 'new towns' a New Towns Taskforce has been created within the Ministry of Housing Communities and Local Government

In response to these matters, Council resolved that we should call on the Government to:

1. Not increase the Housing Target for North Hertfordshire.
2. Restore the Urban Uplift, ensuring cities and urban areas take their fair share of housing development, particularly as many of these areas already have the infrastructure to support additional development.
3. Ensure infrastructure to support approved development is built prior to houses, thereby reducing the negative impact of development on existing communities, and ensuring local infrastructure is ready to provide for residents moving into new homes.
4. Adopt a brownfield first approach to development, and provide greater protection for green belt land in North Hertfordshire.
5. Not to amend paragraph 11(d) of the 2023 NPPF, which currently provides protection for North Hertfordshire as a local authority that has recently adopted a local plan but does not have a five-year housing land supply.
6. Strengthen the rights of local residents to ensure they have a meaningful say when development is proposed within their communities.
7. Not remove the emphasis and focus on 'beauty' and 'beautiful design' from the National Planning Policy Framework.
8. Meaningfully engage with Local Planning Authorities on the New Town Scheme and – where proposed sites are put forward within an area – ensure that plans have local consent and that sufficient additional funding is in place to support already-stretched planning departments.
9. Actively pursue reforms designed to ensure that a far greater proportion of planning applications – which continue to be approved under the existing policy framework – are actually built out by developers in a timely manner, recognising that this is the most effective way of meeting the Government's stated objectives.
10. Adopt a strategy that will prioritise increasing delivery of affordable housing with appropriate infrastructure and to prioritise giving more power to councils to build housing, in particular social and affordable housing.

We recognise that Point (8) above is not being directly consulted upon as part of the NPPF consultation. However it is of relevance to your consideration of future strategic planning arrangements.

Officers of the Council have additionally prepared technical responses to many of the detailed questions contained in the consultation. These are set out in the attached Appendix alongside

the resolutions of the Council set out above. Officer comments reflect their objective, professional opinions and expertise on these matters. These should be taken into consideration recognising that, where comments relate to matters other than those set out above, these are not presently formally endorsed positions of the Council.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Allen', written over a horizontal line.

Cllr Daniel Allen
Leader and interim Executive Member for Planning & Transport
North Hertfordshire District Council

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

Cllr Val Bryant
Deputy Leader
North Hertfordshire District Council

Appendix 1: Technical officer comments

Planning for the homes we need

Advisory starting point and alternative approaches

Question 1

Do you agree that we should reverse the December 2023 changes made to paragraph 61?

Subject to the Council's overarching view on the District's housing target below, we do agree with the changes proposed in paragraph 61 as this provides clarity on the expected starting point for plan-making. It removes costly debate through evidence studies, committees and examination.

There is reasonable allowance made for Local Authorities to justify a lower housing requirement on the basis of local constraints such as protected habitats, Areas of Outstanding Natural Beauty and flood risk areas. However, this relationship with Paragraph 11 should be made more explicit within paragraph 61 for the avoidance of doubt.*

**We note that the 'track change' text does not update reference to AONBs to their new title of National Landscapes.*

Question 2

Do you agree that we should remove reference to the use of alternative approaches to assessing housing need in paragraph 61 and the glossary of the NPPF?

Subject to the Council's overarching view on the District's housing target below, we do agree that reference to the use of alternative approaches to assessing housing need should be removed from paragraph 61 and the glossary of the NPPF.

Urban uplift

Question 3

Do you agree that we should reverse the December 2023 changes made on the urban uplift by deleting paragraph 62?

No. Please see covering letter – The Council resolved this change should not be made.

Character and density

Question 4

Do you agree that we should reverse the December 2023 changes made on character and density and delete paragraph 130?

Paragraph 130 should not be deleted in its entirety. It is our understanding that the intention of this policy is to take local character into account when considering the ability to meet housing needs.

In the case of North Herts, there will be instances within the District where local character would not necessarily lend itself to the introduction of significantly higher density housing and we would want to ensure that we are able to protect this and / or that the preceding paragraphs are not interpreted as overriding advice on high-quality design.

Question 5

Do you agree that the focus of design codes should move towards supporting spatial visions in local plans and areas that provide the greatest opportunities for change such as greater density, in particular the development of large new communities?

No. Local authorities should retain flexibility to code for the key planning issues in their area. Although this should include an overarching vision for design and set out approaches to strategic-scale development, authorities should also have discretion to code for detailed matters that address frequently-recurring design problems such as bin storage or parking.

Strengthening and reforming the presumption in favour of sustainable development ('the presumption')

Question 6

Do you agree that the presumption in favour of sustainable development should be amended as proposed?

Please see covering letter – The Council resolved this change should not be made.

We are concerned that this will lead to inappropriate development in less sustainable areas of the District. The additional wording in 11(d)(ii) may be taken as an inference that other 'adverse impacts' are of lesser importance.

Our concerns in relation to when the presumption may be triggered are set out below.

Restoring the 5-Year Housing Land Supply (5YHLS)

Question 7

Do you agree that all local planning authorities should be required to continually demonstrate 5 years of specific, deliverable sites for decision making purposes, regardless of plan status?

Please see covering letter – The Council resolved this change should not be made.

In North Herts, whilst we have an up-to-date Local Plan, development is back loaded due to the number of large, strategic sites that have been allocated. Significant work is ongoing to deliver these and address the complexities that inevitably arise in such projects. The Council should not be penalised for implementing a plan-led strategy.

The removal of the provisions afforded to us in paragraph 76 of the current 2023 NPPF would leave the Council vulnerable to speculative and potentially low-quality housing development throughout the District.

The protection afforded by the current policy allows under-resourced authorities to focus upon and prioritise implementation of their approved strategy. The proposed changes would lead to potentially unreasonable additional burdens where officers and Councillors seeking to implement recently-adopted Plans would also be required to assess additional applications and potentially defend any associated appeals.

Question 8

Do you agree with our proposal to remove wording on national planning guidance in paragraph 77 of the current NPPF?

No comment

Restoring the 5% buffer

Question 9

Do you agree that all local planning authorities should be required to add a 5% buffer to their 5-year housing land supply calculations?

No comment

Question 10

If yes, do you agree that 5% is an appropriate buffer, or should it be a different figure?

Should a buffer be introduced, we believe that 5% is appropriate; an alternative figure should not be considered.

Question 11

Do you agree with the removal of policy on Annual Position Statements?

If Annual Position Statements have been little used, then we do not see the relevance in keeping them. The deadlines for notification of an Annual Position Statement deterred use as it was necessary to decide whether to commit significant resource to this process before it could be clearly determined whether this was effective or necessary.

Maintaining effective co-operation and the move to strategic planning

Question 12

Do you agree that the NPPF should be amended to further support effective co-operation on cross boundary and strategic planning matters?

Please see covering letter – The Council resolved that the NPPF should strengthen the rights of local residents to ensure they have a meaningful say when development is proposed within their communities, meaningfully engage with Local Planning Authorities on the New Town Scheme and – where proposed sites are put forward within an area – ensure that plans have local consent and that sufficient additional funding is in place to support already-stretched planning departments

We support the general principles proposed in paragraphs 24 – 27 to further support effective co-operation on cross boundary and strategic planning matters. However, it is important that the requirement remains that local planning authorities have a duty to co-operate and not a duty to agree.

Any proposals around strategic planning should be subject to further consultation and ensure that District local planning authorities retain a key role and influence over decisions that fundamentally impact upon their local areas.

Local Nature Recovery Strategies (LNRS) and Nature Recovery Networks should also be considered here. DEFRA have made clear to Responsible Authorities (RAs) that cross-boundary co-operation was essential in delivery of a Nature Recovery Network, to the extent that neighbouring RAs are considered as supporting authorities, the agreement of which is needed in order to publish an LNRS.

Question 13

Should the tests of soundness be amended to better assess the soundness of strategic scale plans or proposals?

Yes. The tests should be proportionate to the level of detail, evidence and certainty that can realistically be expected of a scheme at the point of examination. In broad terms a higher bar should apply to schemes that can be realised in the short-term and a lower bar to schemes, or later phases of schemes, that are not expected to arise until the end of, or extend beyond, the plan period.

Question 14

Do you have any other suggestions relating to the proposals in this chapter?

No.

A new Standard Method for assessing housing needs

Question 15

Do you agree that Planning Practice Guidance should be amended to specify that the appropriate baseline for the standard method is housing stock rather than the latest household projections?

See covering letter - The Council resolved that the changes should not increase the housing target for North Hertfordshire

Question 16

Do you agree that using the workplace-based median house price to median earnings ratio, averaged over the most recent 3-year period for which data is available to adjust the standard method's baseline, is appropriate?

See covering letter - The Council resolved that the changes should not increase the housing target for North Hertfordshire

Question 17

Do you agree that affordability is given an appropriate weighting within the proposed standard method?

See covering letter - The Council resolved that the changes should not increase the housing target for North Hertfordshire

Question 18

Do you consider the standard method should factor in evidence on rental affordability? If so, do you have any suggestions for how this could be incorporated into the model?

See covering letter - The Council resolved that the changes should not increase the housing target for North Hertfordshire

Result of the revised standard method

Question 19

Do you have any additional comments on the proposed method for assessing housing needs?

Please see covering letter – The Council resolved that the changes should not increase the housing target for North Hertfordshire.

Brownfield, grey belt and the Green Belt

Being clear that brownfield development is acceptable in principle

Question 20

Do you agree that we should make the proposed change set out in paragraph 124c, as a first step towards brownfield passports?

Please see covering letter – The Council resolved that Government should adopt a brownfield first approach to development.

*We do agree with the proposed changes to paragraph 124c on the understanding that, as drafted, the principle will apply to “**suitable** brownfield sites” retaining authorities’ discretion on ‘unsuitable’ sites.*

The proposal should not be to the detriment of groundwater pollution. Some sites simply are beyond remediation without considerable financial input, such as that seen at the Olympic 2012 redevelopment of East London with an onsite soil hospital. The level of contamination of some brownfield sites will simply make them unviable to development. Grants should be available to developers to appropriately remediate contaminated sites. Consequently, developers should agree to provide an appropriate level of affordable housing and community infrastructure in exchange for assistance in the remediation of the site. This should only be available on the most contaminated sites in order to bring them back into functional and safe land use.

Making it easier to develop Previously Developed Land

Question 21

Do you agree with the proposed change to paragraph 154g of the current NPPF to better support the development of PDL in the Green Belt?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

We do not agree with the proposed change to paragraph 154g; the openness of Green Belt is one of its fundamental principles. Changing the test from ‘no greater impact’ to ‘not cause substantial harm’ without any further requirements is a significant loosening of criteria that could lead to more intensive forms of development in sensitive areas. If this change is to be pursued, the wording ‘and contribute to meeting an identified affordable housing need within the area of the local planning authority’ should be kept to reflect the ‘golden rules’.

Question 22

Do you have any views on expanding the definition of PDL, while ensuring that the development and maintenance of glasshouses for horticultural production is maintained?

Please see covering letter – The Council resolved that Government should adopt a brownfield first approach to development.

We agree that the definition of PDL could be expanded to include hardstanding in certain circumstances. However, any change should be closely defined to exclude e.g. agricultural hardstanding (or hardstanding in unsuitable locations for development – recognising the

proposed Grey Belt provisions at 152(a)) and / or to prevent abuse of permitted development rights to create areas of hardstanding that then benefit from future policy support for development.

We would not want to see glasshouses included to ensure the development and maintenance of glasshouses for horticultural production is retained.

Defining the grey belt

Question 23

Do you agree with our proposed definition of grey belt land? If not, what changes would you recommend?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

If Government is minded to implement these proposals, the following should be taken into account.

This area of proposed policy appears to conflate and confuse the visual and land use ‘quality’ of land within the Green Belt with the ‘quality’ of that land in meeting the policy objectives and purposes of Green Belt.

The definition should be more precise; rather than referring to paragraphs and footnotes, the purposes and areas or assets of particular importance should be set out clearly and in full for the avoidance of doubt.

Some form of threshold should be applied either to the site size of the piece of land that is intended to be released or the size of parcels that a LPA should designate as Grey Belt. Standardising the approach to parcel assessment size and/or the size of development parcels within Grey Belt may help.

To ensure consistency with the co-ordinated approach to LNRS being sought by DEFRA, Local Nature Reserves and Local Wildlife Sites should be included within the list of additional exclusions. The spatial extent of Grey Belt should remain dynamic such that land which is identified as (e.g.) a Local Nature Reserve or Local Wildlife Site following any formal designation of land as ‘Grey Belt’ enjoys equivalent protections or is then deemed excluded.

There is a lack of clarity as to how wider considerations, such as Best and Most Versatile agricultural land, are incorporated when considering the definition of grey belt in the plan-making and decision-making processes. Are such considerations within the remit of considering whether such land is in a ‘sustainable location’ in proposed paragraph 152? Or is the assessment of sustainability intended to focus upon the credentials of that land in relation to proposed development e.g. transport accessibility. See, by contrast, the unamended text in relation to ‘very special circumstances’ which explicitly refers to consideration of ‘other harms’ making clear that a decision-maker can have regard to relevant wider factors.

There is an inherent tension in the definition and associated policy. Green Belt performing a ‘limited’ function is, in general terms, more likely to encompass land away from existing towns and settlements i.e. in less sustainable locations.

The Green Belt studies accompanying our adopted Local Plan, and the evidence supporting the release of sites from the Green Belt for allocation recognised it was broadly axiomatic the most sustainable locations are normally those performing the most significant Green Belt functions as

they are on the edge of existing larger settlements thereby prevent encroachment into the countryside and / or merging of towns.

Without clearer definitions and parameters this will be an area of costly and time-consuming debate through examinations, appeals and court cases.

Question 24

Are any additional measures needed to ensure that high performing Green Belt land is not degraded to meet grey belt criteria?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

If Government is minded to implement these proposals, the following should be taken into account.

Green Belt is a policy designation rather than explicitly considering the condition of any site on the ground. It is hard to see how a landowner might go about deliberately degrading the Green Belt credentials of a piece of land. Most measures that would impact upon openness would require permission; the contributions of a site to Green Belt purposes is largely determined by its spatial location – it can't be picked up and moved.

There may be benefit in considering the significance of adjoining land in the Green Belt when determining parcels or sites that are being assessed for grey belt. That is to say, would it be at odds to have grey belt development in a parcel of land that is adjacent to land that makes a very significant contribution to the Green Belt.

Question 25

Do you agree that additional guidance to assist in identifying land which makes a limited contribution of Green Belt purposes would be helpful? If so, is this best contained in the NPPF itself or in planning practice guidance?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

If this proposal is to be implemented, it would be very useful to set out clear and concise guidance that assists in identifying land which makes a limited contribution to Green Belt purposes. This should set out all the factors that are considered under paragraph 140 and footnote 7 and any other relevant factors that should be considered when assessing parcels. The availability of these factors in digital format for GIS purposes should also be clearly available on a country-wide basis. MAGIC Maps provides some of this information, but it would be helpful for the labelling of this data to match and reflect 'areas or assets of particular importance'.

It would be most appropriate to include this in a PPG rather than in the NPPF itself.

Question 26

Do you have any views on whether our proposed guidance sets out appropriate considerations for determining whether land makes a limited contribution to Green Belt purposes?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

If implemented, this needs further work.

(a) appears fairly self-evident in stating land which makes a limited contribution to Green Belt is not land which makes a strong contribution to Green Belt purpose.

Elements of (b) are confusing as it partially incorporates matters which directly relate to Green Belt purposes. These would also be taken into account in considering criterion (a).

(b)(iv) on historic towns could be open to interpretation.

North Hertfordshire's Green Belt adjoins the historic market town of Hitchin, the world's First Garden City at Letchworth and the country's first designated New Town at Stevenage. However, like many towns, the historic value of these settlements is concentrated around the core whilst land adjoining the Green Belt is often occupied by later-20th century and 21st century development. There is often limited intervisibility between the Green Belt and the historic core. Any role in relation to the 'setting' of these historic towns is arguably more conceptual in nature.

This is reflected in the approach to assessing this criterion in various Green Belt studies supporting Local Plan examinations where there is some inconsistency in how Green Belt land is assessed as contributing to this purpose.

If an appeal or court determines Green Belt land of this nature does not contribute to this criterion, then any Green Belt site within our District could potentially satisfy the requirement to meet (only) "at least one" of the relevant criteria under (b).

Question 27

Do you have any views on the role that Local Nature Recovery Strategies could play in identifying areas of Green Belt which can be enhanced?

Existing NPPF paragraph 147 sets out that (emphasis added) once defined, opportunities should be sought to enhance the beneficial use of Green Belt. This relationship should be maintained to ensure the role of Green Belt as a policy designation is not (further) confused or undermined.

LNRSs were never intended to be used in a planning context beyond guiding opportunities for nature recovery and informing strategic significance. LNRSs are expected to be reviewed every 3-10 years and with this mapping will be updated to include areas where action for nature recovery has taken place.

If there is overlap between land designated as Green Belt and land identified in the LNRS then that is to the mutual benefit of the respective aim, policies and objectives.

Land release through plan-making

Question 28

Do you agree that our proposals support the release of land in the right places, with previously developed and grey belt land identified first, while allowing local planning authorities to prioritise the most sustainable development locations?

Please see covering letter – The Council resolved that Government should adopt a brownfield first approach to development and provide greater protection for green belt land in North Hertfordshire.

If implemented, a graphic illustrating the sequential approach to development would be useful; demonstrating that (within the Green Belt) PDL should always be prioritised, then Grey Belt, then the next lowest value Green Belt land, and so on.

This could then fit neatly into another graphic elsewhere in the Framework that shows the overall approach to land development i.e. Brownfield first approach. This would ensure, for the avoidance of doubt, that the reader is clear as to the approach to development across England.

There should be appropriate safeguards – through (e.g.) PPG, guidance to Inspectors, the proposed ‘gateway’ assessments for Local Plans (if introduced) – to ensure proper application of any policy requirements.

As per our answer to Q23, in highly constrained authorities such as North Herts, some of the most sustainable locations for development can also be in those areas that perform more significantly against Green Belt purposes. Notwithstanding the Council’s position, should the Government proceed with the proposals this should be taken into account.

Question 29

Do you agree with our proposal to make clear that the release of land should not fundamentally undermine the function of the Green Belt across the area of the plan as a whole?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

If Government is minded to implement these proposals, a statement to this effect would appear to be an effective position on the understanding that the ‘fundamental function’ of the Green Belt is seen as being the essential characteristics and purposes currently set out in NPPF. Any alternate view on this should be made clear and subject to further consultation.

Allowing Development on the Green Belt through Decision Making

Question 30

Do you agree with our approach to allowing development on Green Belt land through decision making? If not, what changes would you recommend?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

It is a concern that, if implemented, this will lead to a piece-meal release of individual sites within areas of Green Belt that have not been properly assessed as part of a strategic, plan-led review.

It will lead to applicants seeking to demonstrate their site meets the relevant ‘grey belt’ criteria through ad-hoc assessments where there is a clear incentive to reach a certain conclusion to circumvent the usual test of Very Special Circumstances.

It is difficult to see how this would be managed. It will likely lead to appeals that will prove costly to both the LPA and the developer. Clarity would be required on whether this proposal only applied to ‘bricks and mortar’ housing or if it incorporated Gypsy and Traveller provision too. In this case, would a failure to demonstrate a five-year supply obviate any requirement to prove need? More guidance on this is needed.

Supporting release of Green Belt land for commercial and other development.

Question 31

Do you have any comments on our proposals to allow the release of grey belt land to meet commercial and other development needs through plan-making and decision-making, including the triggers for release?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

If Government is minded to implement this proposal, the following should be taken into account.

Our reading of the draft text is that Grey Belt would be a ‘subset’ of Green Belt and, therefore, in plan-making terms any proposals for release would remain captured by the overarching requirement to demonstrate Exceptional Circumstances through the examination process. In this regard, the additional wording would codify the broad approach that has now been taken in a number of examinations.

The concerns over definition of Grey Belt, unintended consequences etc. set out in our answers to the housing questions apply equally to commercial and other development needs.

More detail is needed for the term ‘other development’; what exactly do you mean by this and in what instances do you think it would lead to the need to deliver the social and green infrastructure that you refer to?

It is questionable whether it would always be desirable from a place-making or sustainability point of view to encourage publicly accessible green space as part of a grey belt commercial or ‘other’ development, particularly if it would induce additional trips. In this scenario, it would be necessary to deliver improvements to existing green space to satisfy the ‘golden rules’. This feels like a stretch against the legal tests for developer contributions.

Planning Policy for Traveller Sites

Question 32

Do you have views on whether the approach to the release of Green Belt through plan and decision-making should apply to traveller sites, including the sequential test for land release and the definition of PDL?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

As with our response to question 30, there is concern that the proposals could result in a piecemeal approach to the release of small sites in the Green Belt through decision-making, thereby undermining the overall value of Green Belt parcels.

Some form of threshold should be applied either to the site size of the piece of land that is intended to be released or the size of parcels that a LPA should designate as Grey Belt. Standardising the approach to parcel assessment size and/or the size of development parcels within Grey Belt may help.

See also our response to the definition of PDL

Question 33

Do you have views on how the assessment of need for traveller sites should be approached, in order to determine whether a local planning authority should undertake a Green Belt review?

No.

Delivering affordable housing

Question 34

Do you agree with our proposed approach to the affordable housing tenure mix?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

If Government is minded to proceed with this proposal, the caveat of viability should be removed from the golden rules and Annex 4 removed. Viability is covered elsewhere in the NPPF and PPG and should apply equally and consistently to all forms and locations of development. With the exception of the benchmark land value proposal (see below and if proceeded with), there is no particular reason to explicitly highlight it or create bespoke rules in relation to Green Belt.

Landowners and developers should take account of likely national and local policy requirements in agreeing the price of land.

Question 35

Should the 50 per cent target apply to all Green Belt areas (including previously developed land in the Green Belt), or should the Government or local planning authorities be able to set lower targets in low land value areas?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

If this proposal is implemented, and as set out above, there is general viability advice in the NPPF that should be applied as necessary in decision-making. Relevant policy requirements should be appropriately tested through the plan-making process. This provides the opportunity to establish any locally-derived variation from national policy.

Delivering improved public access to green space

Question 36

Do you agree with the proposed approach to securing benefits for nature and public access to green space where Green Belt release occurs?

We do agree with the proposed approach to securing benefits for nature and public access to green space where Green Belt release occurs, however, we do feel that this should be strengthened and further guidance provided on the expected quality of green space in addition to area. Nature can provide many ecosystem services so to ensure benefits are maximised the types of green space and how these are provided should be informed by local conditions and need, so delivering a variety of natural spaces and opportunities for people to connect with nature.

Green Belt land and Benchmark Land Values

Question 37

Do you agree that Government should set indicative benchmark land values for land released from or developed in the Green Belt, to inform local planning authority policy development?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

Notwithstanding, if this proposal is implemented it would go some way to according with the Council's view that Government should prioritise increased delivery of affordable housing. It

would ensure a greater share of land-value uplift can be captured by the planning system and to provide consistency. However, further detail is required.

The consequences of this approach for land beyond the Green Belt, and authorities who contain a mix of land within and beyond the Green Belt should be considered carefully. Rural areas beyond the Green Belt are generally characterised by more dispersed settlement patterns and less sustainable locations

The benchmarking proposals are restricted to Green Belt. This could create a two-tier land market with unregulated land values in rural areas beyond the Green Belt. This could distort land availability within local planning authority areas to the detriment of good planning.

The interaction of these proposals with the requirement for local plans to demonstrate that sites are “available” and overall spatial strategies are “deliverable” needs to be clarified.

Question 38

How and at what level should Government set benchmark land values?

No comment

Question 39

To support the delivery of the golden rules, the Government is exploring a reduction in the scope of viability negotiation by setting out that such negotiation should not occur when land will transact above the benchmark land value. Do you have any views on this approach?

Please see covering letter – The Council resolved that Government should provide greater protection for green belt land in North Hertfordshire.

If implemented, we agree that any decision to pay above ‘market value’ (or a state-set BMV) is a risk taken by the developer / applicant that should not be allowed to result in a lower delivery of the requirements for such sites.

Question 40

It is proposed that where development is policy compliant, additional contributions for affordable housing should not be sought. Do you have any views on this approach?

This question is posed in relation to Green Belt release where the Golden Rules would require delivery of 50% affordable housing. This is higher than standard, policy-led affordable housing requirements in most areas outside London. If the Government is to seek to regulate or capture land value it needs to clearly articulate what outcomes it is seeking to deliver with that value.

Question 41

Do you agree that where viability negotiations do occur, and contributions below the level set in policy are agreed, development should be subject to late-stage viability reviews, to assess whether further contributions are required? What support would local planning authorities require to use these effectively?

Yes. We support the principle of viability reviews in our adopted Developer Contributions SPD.

Question 42

Do you have a view on how golden rules might apply to non-residential development, including commercial development, travellers sites and types of development already considered ‘not inappropriate’ in the Green Belt?

See response to question 31

Question 43

Do you have a view on whether the golden rules should apply only to 'new' Green Belt release, which occurs following these changes to the NPPF? Are there other transitional arrangements we should consider, including, for example, draft plans at the regulation 19 stage?

We believe that these golden rules should apply to draft plans at Reg 18 stage and onwards from the point at which the proposed NPPF 2024 is adopted as national policy. This would account for the stage at which LPAs have already reached in the plan-making process.

Question 44

Do you have any comments on the proposed wording for the NPPF (Annex 4)?

See previous answers.

Question 45

Do you have any comments on the proposed approach set out in paragraphs 31 and 32?

The interaction of these proposals with the requirement for local plans to demonstrate that sites and overall spatial strategies are deliverable needs to be clarified.

Question 46

Do you have any other suggestions relating to the proposals in this chapter?

There is a historic legacy of Green Belt policy containing double negative phraseology such as 'development in the Green Belt should not be regarded as inappropriate where...';

There is an opportunity to simplify this to 'development in the Green Belt should be regarded appropriate in principle where...'? This is evident in a number of other areas of the NPPF and should be positively phrased for the purposes of plain English.

Delivering affordable, well-designed homes and places

Delivering the right mix of affordable housing

Question 47

Do you agree with setting the expectation that local planning authorities should consider the particular needs of those who require Social Rent when undertaking needs assessments and setting policies on affordable housing requirements?

Yes. This reflects the approach in our current Local Plan.

The needs of those requiring Social Rent should be considered to ensure the provision of affordable housing that is genuinely affordable. Housing affordability is a significant issue in the District. The ratios of house prices to earnings are at the highest levels ever recorded. Even with discounts many intermediate products remain difficult to afford for many households. Our 2016 and 2023 SHMAs show that Affordable Rents for 3 bed homes need to be capped at 70% of local market rents and 4+ bed homes should already be charged at Social Rents to be affordable. The 2023 SHMA identified a need for 65% of overall AH provision should be for Social Rent. We are finding that Affordable Rents for one and two bed homes are no longer affordable for many people and increasing numbers of nominations rejected by registered providers due to concerns over households' ability to afford properties

Question 48

Do you agree with removing the requirement to deliver 10% of housing on major sites as affordable home ownership?

Yes. The targets in our Plan significantly exceed this. As above housing affordability is a significant issue in the District and much affordable home ownership is just not affordable for local people in our area and registered providers require us to amend planning obligations to allow sales to applicants outside of our area. This does not meet our housing needs and there is a greater demand for rented accommodation

Question 49

Do you agree with removing the minimum 25% First Homes requirement?

Yes. We do not believe First Homes meets the needs of local residents and have concerns about the genuine affordability of this product and the potential affect in the delivery of other forms of affordable housing in particular rented homes. For example the provision of smaller (1- and 2-bed) units are likely to be the most attractive option for developers to provide as First Homes but these are the unit types where there is the most pressing need to secure affordable homes for rent. The 2023 SHMA provides evidence for a 50% discount. In our experience developers are not keen to deliver First Homes in the district.

Question 50

Do you have any other comments on retaining the option to deliver First Homes, including through exception sites?

Yes. Rural/parish housing needs surveys undertaken usually show high housing need/ demand for rented accommodation and that even when there is a desire for affordable home ownership products they are not affordable for local people and therefore don't meet our housing needs.

Promoting mixed tenure development

Question 51

Do you agree with introducing a policy to promote developments that have a mix of tenures and types?

We do support a policy to promote developments that have a mix of tenures and types, but these should be tenure neutral and indistinguishable from private tenures to ensure integration across a development site. Policy needs to support this integrated distribution in absolute terms.

Supporting majority affordable housing developments

Question 52

What would be the most appropriate way to promote high percentage Social Rent/affordable housing developments?

Grant funding is the only way to promote high percentage Social Rent/ affordable housing developments and/ or free land where it is not already owned by the registered provider.

Question 53

What safeguards would be required to ensure that there are not unintended consequences? For example, is there a maximum site size where development of this nature is appropriate?

This depends on location, facilities, etc. If you have a mixed tenure scheme with rented homes and genuinely affordable home ownership around a neighbourhood hub this could work well or provision of an older persons flexicare scheme.

Question 54

What measures should we consider to better support and increase rural affordable housing?

Commit/ increase funding for organisations and rural housing enablers to promote and undertake rural/ parish housing needs surveys to identify housing need in rural areas. Parish councillors are often more supportive if such surveys are undertaken by an independent organisation. Grant funding to support delivery.

Meeting the needs of looked after children

Question 55

Do you agree with the changes proposed to paragraph 63 of the existing NPPF?

Yes. We are exploring ideas with Hertfordshire County Council on intergenerational and multigenerational housing can support children in foster care and senior loneliness which are big issues in the county and society.

Strengthening support for community-led development

Question 56

Do you agree with these changes?

See answer to question 54 above. Well-funded Community Led housing hubs and advisors can help support, promote and guide delivery of community led housing and offer specialist advice.

Question 57

Do you have views on whether the definition of 'affordable housing for rent' in the Framework glossary should be amended? If so, what changes would you recommend?

The definition of Affordable Rent is misleading as not necessarily affordable. Maybe a clearer explanation of what Social Rent, Affordable Rent and Affordable Private Rents are.

Making the small site allocation mandatory

Question 58

Do you have views on why insufficient small sites are being allocated, and on ways in which the small site policy in the NPPF should be strengthened?

Small sites delivered by SMEs are generally infill developments or small expansions of settlements that can be delivered through the Development Management process.

Your consultation notes that agility is a key requirement of SMEs. The Local Plan process is not agile. There is limited incentive to engage with a lengthy process to secure allocations for relatively modest numbers of units.

Government should not assume that a failure to secure a proportion of allocations in Local Plans represents a failure for this sector.

Requiring "well designed" development

Question 59

Do you agree with the proposals to retain references to well-designed buildings and places, but remove references to 'beauty' and 'beautiful' and to amend paragraph 138 of the existing Framework?

Please see covering letter – The Council resolved that Government should not remove the emphasis and focus on beauty and beautiful design.

Supporting upward extensions

Question 60

Do you agree with proposed changes to policy for upwards extensions?

Yes.

Question 61

Do you have any other suggestions relating to the proposals in this chapter?

No, none.

Building infrastructure to grow the economy

Building a modern economy

Question 62

Do you agree with the changes proposed to paragraphs 86 b) and 87 of the existing NPPF?

Yes.

Question 63

Are there other sectors you think need particular support via these changes? What are they and why?

No Comment

Directing data centres, gigafactories, and laboratories into the NSIP consenting regime process

Question 64

Would you support the prescription of data centres, gigafactories, and/or laboratories as types of business and commercial development which could be capable (on request) of being directed into the NSIP consenting regime?

Yes

Question 65

If the direction power is extended to these developments, should it be limited by scale, and what would be an appropriate scale if so?

No comment

Question 66

Do you have any other suggestions relating to the proposals in this chapter?

No.

Delivering community needs

Question 67

Do you agree with the changes proposed to paragraph 100 of the existing NPPF?

Yes.

Question 68

Do you agree with the changes proposed to paragraph 99 of the existing NPPF?

Yes.

A 'vision-led' approach to transport planning

Question 69

Do you agree with the changes proposed to paragraphs 114 and 115 of the existing NPPF?

No. The commentary on the revisions to paragraphs 114 and 115 is a welcome, positive and long overdue step forward for transport planning. However, there is a risk that the new policy wording weakens LPAs' powers to resist poor applications.

There are not yet generally agreed methodologies for taking a "vision led approach". The guidance accompanying the NPPF will need to provide explanation and pointers to ensure this is interpreted as intended.

The definition for "Sustainable Transport Modes", provided in Annex 2: Glossary of the NPPF, includes "ultra-low and zero emission vehicles" and does not set out a hierarchy of sustainable modes. The government's transport policies, set out in Gear Change and Decarbonising Transport emphasise the primary importance of active travel, which the revised NPPF should reflect:

[The National Model Design Code] outlines an expectation that development should consist of a well-connected network of streets with good public transport and an emphasis on active travel modes including walking and cycling. (Decarbonising Transport, 2021)

We want new developments to be easily and safely accessible and navigable by foot and bike, and to make existing cycling and walking provision better. (Gear Change, 2020)

It should be noted that the updated Manual for Streets, referred to in Decarbonising Transport in 2021, has still not been published.

To achieve good planning outcomes, in addition to having a policy-compliant vision for sustainable development, it is also necessary to deliver supportive interventions: for transport, that means new and upgraded infrastructure for walking, cycling and bus priority, on-site and off-site; new and revised bus services; provision of club cars; people-centred and permeable urban design; well-design parking provision; ready access to timely and accurate information about sustainable travel options; service level agreements for public transport to ensure reliability and long-term dependability; financial incentives for people to try alternatives to private car ownership; etc. This too needs to be articulated in NPPF policy and guidance so that national policy on spatial and transport planning is clear and consistent about what is expected of developers.

The introduction of the concept of scenario-testing needs explanation. The approach most commonly taken now is for the applicant to test a plausible business-as-usual traffic growth scenario using modelling inputs informed by national or local trends, and neighbouring or similar

sites. Although this approach is flawed, it offers an objective and defensible test to justify further mitigations or refusal. The proposed revision to paragraph 115 weakens this test by permitting the applicant to test a scenario which, potentially by design, passes the test.

The onus appears to shift from the applicant needing to demonstrate that their development will not have unacceptable safety or traffic impacts, to the LPA/LHA having to demonstrate that a proposed scenario is not plausible.

Models for predicting mode shares based on sustainable transport interventions are largely experimental and typically consider only a single mode (e.g. the Propensity to Cycle Tool), and therefore cannot provide a reliable prediction of outcomes from multi-modal interventions. It is therefore unclear how an applicant will evidence the impact of the interventions they propose, or how an LPA or LHA will be able to validate the assumptions or challenge the modelled outputs.

Travel Plans will have a much more important role in terms of monitoring travel patterns and triggering further interventions where targets are missed. However, these are much more difficult to enforce than planning conditions and Section 106 and 278 agreements. This is partly because any monitoring of a site's travel patterns is influenced by background trends in the economy and social behaviours (the COVID pandemic being an extreme example). To be effective, Travel Plans require a toolbox of potential interventions that can be implemented if and when targets are missed. Funding beyond the final planning trigger is likely to require a bond. There is still a risk that an intervention held in reserve (e.g. installation of a modal filter) will meet local opposition. That may prevent its implementation, for instance if it requires a Traffic Regulation Order, which depends upon a political decision. In short, policy and guidance should strengthen the status, scope and enforceability of Travel Plans.

There is a funding/viability gap with many developments. This arises in two ways: the more fundamental gap is where the residual land value uplift (after all land, build and financing costs have been accounted for) is insufficient to deliver everything that policy demands: social, green and transport infrastructure; affordable housing; energy-efficient, low-carbon buildings, etc. A vision-led approach to sustainable transport does not overcome the fact that investment, for instance in off-site measures to create safe active travel routes, may cost far more than some tweaks to junctions to accommodate additional vehicular trips. Since the primary objective is to mitigate the impacts of development, most applicants will argue against spending more than strictly necessary.

If planners are to secure additional investment from development for sustainable transport, rather than having to trade it off against, say, affordable housing provision, then the NPPF and local policies must clearly signal that this is a requirement, not an aspiration. Only then will it be factored into the price paid for developable land. Until then, sustainable development will often require public subsidy, in the form of grants and low-interest loans (e.g. Housing Infrastructure Fund).

The other funding gap is where cash flow constraints delay delivery of sustainable transport infrastructure to a later phase of development. This means it is not available to early occupiers, who will therefore tend to acquire less sustainable travel habits, which are resistant to change and influence later occupiers' travel choices. This severely undermines efforts to achieve an ambitious vision for sustainable travel.

Finally, there is a power/deliverability gap. To create or upgrade active travel connections to a new development often requires land that is outside the control of the developer and local authorities. It may involve complex agreements with national agencies, such as Network Rail or National Highways. It may require assembly of land under multiple ownerships. Compulsory purchase may be difficult to justify because there is a Catch 22: if an application is not acceptable in planning terms without an active travel or bus connection over third party land, there is a

'ransom' situation, which is the developer's responsibility to unlock. If the application is acceptable in planning terms without the connection, it is difficult to provide a justification for compulsory purchase. An LPA cannot reasonably condition a planning permission on delivery of infrastructure that requires 'ransomed' land (Planning Guidance paragraph 9 ref 21a-009-20140306: "[Grampian] conditions should not be used where there are no prospects at all of the action in question being performed within the time-limit imposed by the permission.")

To help explain and justify the proposed changes in the NPPF around sustainable transport, and to ensure that they lead to better outcomes, perhaps MHCLG could consider the following questions:

- a. How many applications have been successfully refused on the grounds set out in paragraph 115 (and its predecessors) in the NPPF?*
- b. How many of those applications does MHCLG believe should have been permitted (because commitments in the application to sustainable transport sufficiently mitigated additional vehicular movements)?*
- c. How many applications have seen enforcement action over failure to meet Travel Plan mode-share targets?*
- d. What does "vision-led approach" mean?*
- e. How do "scenarios" relate to the vision?*
- f. What are the mandatory ("must"), recommended ("should") and desirable ("may") parameters of a good vision for sustainable transport in a development?*
- g. How do the vision and scenarios relate to the Transport Assessment/Statement, Travel Plan and off-site transport interventions (covered by a Section 106 or 278 agreement)?*
- h. What methodologies will be recommended or accepted for testing the plausibility of scenarios, and the adequacy of the proposed interventions to achieve the tested scenario or vision?*
- i. What are best practices in the successful enforcement of Travel Plans, in particular in later years when background factors will confound the monitoring data?*
- j. How will planning powers be altered to overcome the Catch 22 of justifying compulsory purchase to create a sustainable transport connection for a development that would not be acceptable in planning terms without that connection?*
- k. What are the resource implications for LPAs and LHAs delivering, or assisting with, more complex and time-consuming off-site transport measures?*
- l. What grants are or will be made available to enable delivery of capital-intensive sustainable transport measures where these challenge the viability of development and severely compromise delivery of other policy objectives, e.g. on affordable homes?*
- m. What loan facilities are or will be made available to enable early delivery of capital-intensive sustainable transport measures that would otherwise be delayed until a significant proportion of properties had been sold?*

Detailed suggestions for policy wording are set out below.

Text: 112 (a) *A vision-led approach to promoting sustainable transport modes is taken, taking account of the type of development and its location;*

Sustainable transport modes: Any efficient, safe and accessible means of transport with overall low impact on the environment, including walking and cycling, ultra-low and zero emission vehicles, car sharing and public transport.

Comment: *It is unclear what the "taking account of ..." adds to this clause. Does it mean that a vision-led approach is not always required? What alternative approach would be acceptable? Or*

does it mean that the vision-led approach should take account of circumstances? If this were omitted, would it not still be implied?

To make clearer what vision is being encouraged, we suggest the following wording:

“A vision-led approach to promoting active travel, public transport and car-sharing over private ownership of cars, and to supporting the electrification of all road vehicles and greater efficiencies in logistics, as part of a concerted effort to decarbonise transport, improve public health and reduce social inequalities.”

The definition of “Sustainable transport modes” could be deleted from Annex 2 as the term is used nowhere else in the NPPF.

Text: 112 (d) any significant impacts from the development on the transport network (in terms of capacity and congestion), or on highway safety, can be cost effectively mitigated to an acceptable degree through a vision led approach.

Comment: It is not the vision that provides mitigation, but rather the successful delivery of supportive interventions. The LPA must consider the adequacy and deliverability of those interventions (to achieve the vision, which should be agreed with the LPA) when assessing an application or site allocation.

To make this point clearer, we suggest the following wording:

“any significant impacts from the development on the transport network (in terms of capacity and congestion), or on highway safety, can be cost-effectively mitigated to an acceptable degree through deliverable interventions that support an agreed vision for sustainable transport.”

Text: 113. Development should only be prevented or refused on highways grounds if there would be an unacceptable impact on highway safety, or the residual cumulative impacts on the road network would be severe, in all tested scenarios.

Comment: How do “scenarios” relate to the “vision”? Scenarios are presumably meant to cover a range of probable outcomes. What if the only scenario that passes the test is one that has the lowest probability of being achieved? How low must the probability be before the LPA can defend a refusal on this ground? Is it desirable for disagreements on this point to be resolved through the courts and, once established, case law?

This crucial paragraph has always been difficult to interpret because “severe” is highly subjective and context dependent.

To overcome the subjectiveness and potential weakness of this condition, we suggest the following wording:

“Development should only be prevented or refused on highways grounds if there would be an unacceptable impact on safety, or the residual cumulative traffic impacts would include unacceptable and persistent increases in delays on the road network. A scenario should be tested with a central (median probability) forecast of trip generation and modal shares, based on timely provision of a set of interventions that the applicant has agreed in principle to deliver or fund. For developments likely to generate a significant number of trips, the central scenario should be sensitivity tested. If this reveals a moderate or higher risk of unacceptable impacts, additional interventions should be proposed and tested until the risk of unacceptable impacts is less than moderate. The additional interventions may be delivered conditionally as part of a monitor-and-manage protocol in the Travel Plan. Funding may be secured from the applicant by way of a bond.

Text: All developments that will generate significant amounts of movement should be required to provide a travel plan, and the application should be supported by a transport statement or transport assessment so that the likely impacts of the proposal can be assessed.

Travel plan: A long-term management strategy for an organisation or site that seeks to deliver sustainable transport objectives and is regularly reviewed.

Comment: To clarify expectations and strengthen the status of travel plans, we suggest the following wording:

“All applications for development should include at least a Transport Statement. Applications for developments that are likely to generate a significant number of trips should include a Transport Assessment and Travel Plan. The Travel Plan should set out trip and mode-share targets, interventions to meet and sustain these targets in the long term, and regular monitoring of peak and daily travel patterns. Where it is determined at paragraph 113 that additional interventions may be delivered conditionally, the Travel Plan should include a monitor-and-manage protocol with triggers for those additional interventions.

The definition of “Travel plan” could be deleted from Annex 2 as the term is used nowhere else in the NPPF.

Promoting healthy communities

Question 70

How could national planning policy better support local authorities in (a) promoting healthy communities and (b) tackling childhood obesity?

No comment

Question 71

Do you have any other suggestions relating to the proposals in this chapter?

No

Supporting green energy and the environment

Bringing onshore wind back into the NSIP regime

Question 72

Do you agree that large onshore wind projects should be reintegrated into the NSIP regime?

Please see covering letter – The Council resolved that Government should strengthen the rights of local residents to ensure they have a meaningful say when development is proposed within their communities.

Supporting renewable deployment

Strengthening the NPPF

Question 73

Do you agree with the proposed changes to the NPPF to give greater support to renewable and low carbon energy?

The Council has declared a climate change emergency and the proposed changes to the NPPF to give greater support to renewable and low carbon energy are welcome in this regard. In particular the requirement to LPAs to identify suitable areas for renewable and low carbon energy

sources and supporting infrastructure will help LPAs contribute to reaching zero carbon electricity generation by 2030.

Question 74

Some habitats, such as those containing peat soils, might be considered unsuitable for renewable energy development due to their role in carbon sequestration. Should there be additional protections for such habitats and/or compensatory mechanisms put in place?

We do think that there should be additional protections in place for such habitats as those containing peat soils due to their role in carbon sequestration.

Setting the NSIP threshold for solar generating stations and onshore wind

Question 75

Do you agree that the threshold at which onshore wind projects are deemed to be Nationally Significant and therefore consented under the NSIP regime should be changed from 50 megawatts (MW) to 100MW?

Please see covering letter – The Council resolved that Government should strengthen the rights of local residents to ensure they have a meaningful say when development is proposed within their communities.

Should this change be implemented it should be accompanied by additional resources to ensure Councils have the capacity and capabilities to determine such applications.

Question 76

Do you agree that the threshold at which solar projects are deemed to be Nationally Significant and therefore consented under the NSIP regime should be changed from 50MW to 150MW?

Please see covering letter – The Council resolved that Government should strengthen the rights of local residents to ensure they have a meaningful say when development is proposed within their communities.

Should this change be implemented it should be accompanied by additional resources to ensure Councils have the capacity and capabilities to determine such applications.

Question 77

If you think that alternative thresholds should apply to onshore wind and/or solar, what would these be?

No comment

Tackling climate change

Question 78

In what specific, deliverable ways could national planning policy do more to address climate change mitigation and adaptation?

No comment

Question 79

What is your view of the current state of technological readiness and availability of tools for accurate carbon accounting in plan-making and planning decisions, and what are the challenges to increasing its use?

No comment

Question 80

Are any changes needed to policy for managing flood risk to improve its effectiveness?

No comment

Question 81

Do you have any other comments on actions that can be taken through planning to address climate change?

No comment

Availability of agricultural land for food production**Question 82**

Do you agree with removal of this text from the footnote?

No comment

Question 83

Are there other ways in which we can ensure that development supports and does not compromise food production?

No comment

Supporting water resilience**Question 84**

Do you agree that we should improve the current water infrastructure provisions in the Planning Act 2008, and do you have specific suggestions for how best to do this?

No comment

Question 85

Are there other areas of the water infrastructure provisions that could be improved? If so, can you explain what those are, including your proposed changes?

No comment

Question 86

Do you have any other suggestions relating to the proposals in this chapter?

No comment

Changes to local plan intervention criteria**Revision of the local plan intervention policy criteria****Question 87**

Do you agree that we should we replace the existing intervention policy criteria with the revised criteria set out in this consultation?

No comment

Question 88

Alternatively, would you support us withdrawing the criteria and relying on the existing legal tests to underpin future use of intervention powers?

No comment

Changes to planning application fees and cost recovery for local authorities related to Nationally Significant Infrastructure Projects

Changes to planning application fees

Question 89

Do you agree with the proposal to increase householder application fees to meet cost recovery?

Yes

Question 90

If no, do you support increasing the fee by a smaller amount (at a level less than full cost recovery) and if so, what should the fee increase be? For example, a 50% increase to the householder fee would increase the application fee from £258 to £387.

Not applicable

If Yes, please explain in the text box what you consider an appropriate fee increase would be.

Not applicable

Question 91

If we proceed to increase householder fees to meet cost recovery, we have estimated that to meet cost-recovery, the householder application fee should be increased to £528. Do you agree with this estimate?

Yes

If No, please explain in the text box below and provide evidence to demonstrate what you consider the correct fee should be.

Not applicable

Proposed fee increase for other planning applications

Question 92

Are there any applications for which the current fee is inadequate? Please explain your reasons and provide evidence on what you consider the correct fee should be.

No comment

Fees for applications where there is currently no charge

Question 93

Are there any application types for which fees are not currently charged but which should require a fee? Please explain your reasons and provide evidence on what you consider the correct fee should be.

No comment

Localisation of planning application fees

Question 94

Do you consider that each local planning authority should be able to set its own (non-profit making) planning application fee?

No comment

Please give your reasons in the text box below.

No comment

Question 95

What would be your preferred model for localisation of planning fees?

No comment

Increasing fees to fund wider planning services

Question 96

Do you consider that planning fees should be increased, beyond cost recovery, for planning applications services, to fund wider planning services?

No comment

If yes, please explain what you consider an appropriate increase would be and whether this should apply to all applications or, for example, just applications for major development?

No comment

Question 97

What wider planning services, if any, other than planning applications (development management) services, do you consider could be paid for by planning fees?

No comment

Cost recovery for local authorities related to NSIP

Question 98

Do you consider that cost recovery for relevant services provided by local authorities in relation to applications for development consent orders under the Planning Act 2008, payable by applicants, should be introduced?

Yes

Question 99

If yes, please explain any particular issues that the Government may want to consider, in particular which local planning authorities should be able to recover costs and the relevant services which they should be able to recover costs for, and whether host authorities should be able to waive fees where planning performance agreements are made.

No comment

Question 100

What limitations, if any, should be set in regulations or through guidance in relation to local authorities' ability to recover costs?

No comment

Question 101

Please provide any further information on the impacts of full or partial cost recovery are likely to be for local planning authorities and applicants. We would particularly welcome evidence of the costs associated with work undertaken by local authorities in relation to applications for development consent.

No comment

Question 102

Do you have any other suggestions relating to the proposals in this chapter?

No comment

Chapter 12 – The future of planning policy and plan making

Question 103

Do you agree with the proposed transitional arrangements? Are there any alternatives you think we should consider?

No comment

Further plan-making reforms

Question 104

Do you agree with the proposed transitional arrangements?

No comment

Future changes to the NPPF

Question 105

Do you have any other suggestions relating to the proposals in this chapter?

No comment

Chapter 13 – Public Sector Equality Duty

Question 106

Do you have any views on the impacts of the above proposals for you, or the group or business you represent and on anyone with a relevant protected characteristic? If so, please explain who, which groups, including those with protected characteristics, or which businesses may be impacted and how. Is there anything that could be done to mitigate any impact identified?

No comment

By email only

28 October 2024

St Albans Draft Local Plan 2041 Regulation 19 – Consultation Response

Thank you for the opportunity to comment on the Regulation 19 publication version of the St Albans Draft Local Plan 2041. Our comments generally relate to elements of the Plan that are likely to have cross boundary implications.

The St Albans draft Local Plan sets a target of 14,603 new homes or 885 dwellings per annum (for the period 1 October 2024 to 31 March 2041). This figure is based on the current standard method for assessing housing need. Under the draft consultation NPPF 2024, the standard methodology is proposed to change and the new housing target for St Albans is likely to rise to 1,544 dwellings per annum (above the 200-home threshold in the proposed transitional arrangements). St Albans should consider how they might accommodate this additional growth.

Draft Policy COM1 (Education) states that major development will be required to make appropriate provision for new schools and the Plan makes provision for Secondary Schools (e.g. at East of Hemel Hempstead, St Albans and London Colney). We note that a growth of around 1,427 new dwellings is proposed in Harpenden, but no provision is made for a new secondary school there. Residents in Kimpton and Blackmore End in North Herts currently rely on Secondary School provision in Harpenden. Therefore, we are concerned that the additional growth proposed in Harpenden may lead to under provision in secondary school places for North Herts residents. Clarification of this point would be appreciated.

The northeast Harpenden site (B2) allocation for 738 homes would benefit from the inclusion of a requirement to provide support for bus provision in the rural area north-east of Harpenden to offset car trips generated by the new development. This would help reduce traffic in Harpenden and also benefit local villages such as Kimpton and Blackmore End in North Herts.

The Council should consider the cumulative impacts of Local Plan allocations, North Herts sites (east of Luton and Codicote) and the expansion of Luton Airport (both the consented expansion to 19mppa and the to-be-decided expansion to 32mppa) on traffic through the villages within the rural area east of the A1081, north of the A1057, west of the A1(M) and south of the A505. This area has poor transport provision for all modes.

We look forward to meeting with you to discuss matters relating to the Reg 19 publication version of the St Albans Draft Local Plan in due course.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely

Omar Ezzet

Strategic Planning Officer

Statement of Common Ground – St Albans District Council with North Herts District Council

The National Planning Policy Framework (NPPF) sets out that strategic policy-making authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these.

This Statement of Common Ground (SoCG) sets out the strategic geography and strategic matters as agreed between St Albans City and District Council (SADC) and North Herts District Council (NHDC).

This SoCG is based on a template produced by the Planning Advisory Service and takes into account relevant sections of the NPPF, NPPG, Planning & Compulsory Purchase Act 2004 (as amended) and the Localism Act 2011.

Context

SADC and NHDC have worked collaboratively over a long period of time reflecting the cross boundary matters that exist as well as general good practice to best consider local and strategic issues. Engagement has included a programme of discussions that includes different levels of the organisation seeking to achieve the best outcomes for each authority and the wider area.

The programme of engagement for the Duty to Co-operate has included specific 'Duty-to Co-operate' meetings alongside other meetings to discuss cross-boundary matters that are not necessarily under the title of 'Duty to Cooperate'. These meetings have also been supplemented by more informal meetings between the two authorities.


Other cross boundary matters include those under the remit of Hertfordshire County Council such as transport and education and both SADC and NHDC have a good working relationship with HCC to address these strategic matters.

Introduction

This statement is provided without prejudice to other matters of detail that parties may wish to raise during the Examination.

Duty To Cooperate

SADC has continuously engaged with NHDC through the evolution of the draft Local Plan 2041. The parties agree that SADC has discharged its Duty to Cooperate for the Local Plan 2041.

<p>1. List of parties involved</p>	<p>St Albans City and District Council (SADC) North Herts District Council (NHDC)</p>
<p>2. Signatories</p>	<p>NHDC –  Cllr Daniel Allen - Leader</p> <p>SADC – Cllr Paul De Kort – Leader October 2024</p>
<p>3. Strategic geography</p>	<p>SADC, along with Watford, Dacorum, Hertsmere and Three Rivers are adjoining authorities in Hertfordshire and together form the group of five South West Hertfordshire local authorities.</p> <p>SADC also borders Welwyn Hatfield and North Hertfordshire local authorities, and Central Bedfordshire. All neighbouring authorities bar Central Bedfordshire lie within Hertfordshire.</p> <p>The five South West Hertfordshire local authorities fall within the same Housing Market Area (HMA) and Functional Economic Market Area (FEMA). The local authorities within the HMA and FEMA have a history of positively cooperating on spatial planning and related matters and as part of the South West Hertfordshire Group (SWHG) of local authorities are working together on the production of a Joint Strategic Plan for South West Hertfordshire (JSP).</p> <p>St Albans District is very well connected by railway and road, and is close to international airports. The Midlands Main Line from London to Nottingham and Sheffield passes through the District, with the fast Thameslink service connecting directly to central London. There is also a low-service local rail route (branch line) known as the Abbey Line that connects St Albans and Watford. The rail options to London underpin the popularity of commuting out of the District. The District is also very well connected by key national road routes, with the M25 running east west through the south of the District, paralleled by the A414 dual carriageway, while the M1 runs down the west and the A1M is just outside the District to the east. Luton Airport is approximately five miles north of the District. As such the strategic geography for the impacts of planned growth and infrastructure requirements extend to all neighbouring local authorities and Luton Borough.</p>

	<p>Parts of the District lie within the Zone of Influence for the Chilterns Beechwood Special Area of Conservation (SAC). The Chilterns Beechwood SAC zone of influence extends into Dacorum Borough, Central Bedfordshire and Buckinghamshire.</p> <p>In view of the above, SADC consider that the area covered by this SoCG (principally the South West Hertfordshire local authorities and Hertfordshire; but also extending for some matters to include North Hertfordshire District, Welwyn Hatfield Borough, Central Bedfordshire, Buckinghamshire and Luton Borough) is the most appropriate strategic geography of the area.</p>
<p>4. Strategic matters</p>	<p>Status of Local Plans</p> <ul style="list-style-type: none"> • St Albans – Local Plan adopted 1994 • North Hertfordshire – Local Plan adopted November 2022 • Hertfordshire <ul style="list-style-type: none"> ○ Waste Strategic Policies and Development Management Policies adopted 2012 ○ Waste site allocations adopted 2014 ○ Minerals Local Plan adopted 2007 • SW Herts Joint Strategic Plan – Reg 18 consulted on autumn 2022 <p>Approach to Green Belt</p> <ul style="list-style-type: none"> • Approach to exceptional circumstances. • Strategic matter between: <ul style="list-style-type: none"> ○ SW Herts local authorities ○ Welwyn Hatfield District Council ○ North Hertfordshire District Council ○ Historic England <p><u>Conclusion</u></p> <p>SADC and NHDC both support the approach in SADC’s Regulation 19 draft Local Plan to amending Green Belt boundaries as necessary to accommodate development needs, demonstrating ‘Exceptional Circumstances’.</p> <p>Strategic impacts of planned growth</p> <ul style="list-style-type: none"> • The Local Plan growth strategy primarily impacts Dacorum Borough Council (DBC) through the joint SADC DBC approach to Hemel Garden Communities, but there are also more limited cross-boundary strategic matters with other authorities, as set out in more detail elsewhere in this SoCG. • Strategic matter between:

	<ul style="list-style-type: none"> ○ SW Herts local authorities ○ Welwyn Hatfield District Council ○ North Hertfordshire District Council ○ Central Bedfordshire Council ○ Luton Borough Council <p><u>Conclusion</u> SADC and NHDC both support the approach in SADC’s Regulation 19 draft Local Plan to strategic impacts of planned growth.</p> <p>Strategic infrastructure requirements of planned growth</p> <ul style="list-style-type: none"> • The Local Plan infrastructure requirements of planned growth primarily impacts DBC through the joint SADC DBC approach to Hemel Garden Communities, but there are also more limited cross-boundary strategic matters with other authorities, as set out in more detail elsewhere in this SoCG. • Strategic matter between: <ul style="list-style-type: none"> ○ SW Herts local authorities ○ Welwyn Hatfield District Council ○ North Hertfordshire District Council ○ Central Bedfordshire Council ○ Luton Borough Council <p><u>Conclusion</u> SADC and NHDC both support the approach in SADC’s Regulation 19 draft Local Plan to strategic infrastructure requirements of planned growth, most notably in relation to Hemel Garden Communities.</p>
<p>5. Common ground</p>	<p>There is common ground between SADC and NHDC on the strategic geography and what comprises the strategic cross-boundary matters.</p> <p>Further details of Common Ground are set out under section 4 above.</p>
<p>6. Matters of disagreement</p>	<p>There are currently no matters of disagreement between SADC and NHDC on the strategic geography or what comprises the strategic cross-boundary matters.</p>
<p>7. Ongoing review and co-operation</p>	<p>SADC will continue to work with NHDC on strategic and cross-boundary matters up to and beyond adoption of the new SADC Local Plan.</p>

Duty to Cooperate potential strategic cross boundary issues matrix

Potential strategic cross-boundary issues	Description / summary of issues	Duty to Cooperate bodies																								
		Dacorum BC	Hertsmere BC	Three Rivers DC	Watford BC	Welwyn Hatfield BC	North Hertfordshire DC	Central Bedfordshire Council	Hertfordshire County Council	Luton BC	Buckinghamshire Council	Mayor of London	Civil Aviation Authority	Natural England	Environment Agency	Historic England	Network Rail	National Highways	Transport for London	Homes England	NHS England	Herts Valleys CCG	Office of Rail Regulation	Hertfordshire Local Enterprise Partnership	Hertfordshire Local Nature Partnership	
Relationship between emerging Local Plans and the JSP	Ensuring consistency and alignment in the production of emerging Local Plans alongside the production of the JSP - noting that some Local Plans may not be adopted until after the adoption of the JSP and that plan periods may differ	✓	✓	✓	✓				✓																	
Planning for housing needs	Approach to accommodating unmet housing needs that may exist within the wider Housing Market Area.	✓	✓	✓	✓					✓																
Planning for employment needs	Joint work has been undertaken on employment needs across South West Hertfordshire.	✓	✓	✓	✓					✓														✓		
Approach to retail provision	Approach to meeting retail related needs in the area, and considering any impacts of proposals on retail provision in other areas.	✓	✓	✓	✓																					
Planning for gypsy & traveller needs	Approach to accommodating unmet traveller needs	✓	✓	✓	✓				✓									✓								
Approach to Green Belt	Approach to exceptional circumstances.	✓	✓	✓	✓	✓	✓									✓										
Mitigating the impact of development on Chiltern Beechwoods SAC	12.6km zone of influence announced by Natural England where mitigation for new residential development will be required with SANGs and SAMMs.	✓						✓		✓			✓													
Primary and secondary school provision	Need for secondary school provision arising from new development. The 2018/2019 IDP identified a need for new secondary and primary school(s).	✓	✓	✓	✓				✓																	
Planning for transport infrastructure	Plans for a Hertfordshire Essex Rapid Transit (HERT) which will run between Hemel Hempstead and West Watford along the A414 corridor. It will also be necessary to consider the potential impacts of growth on traffic congestion on the highway network, including the M1 and M25.	✓	✓	✓	✓			✓	✓	✓							✓		✓					✓		

Potential strategic cross-boundary issues	Description / summary of issues	Duty to Cooperate bodies																							
		Dacorum BC	Hertsmeere BC	Three Rivers DC	Watford BC	Welwyn Hatfield BC	North Hertfordshire DC	Central Bedfordshire Council	Hertfordshire County Council	Luton BC	Buckinghamshire Council	Mayor of London	Civil Aviation Authority	Natural England	Environment Agency	Historic England	Network Rail	National Highways	Transport for London	Homes England	NHS England	Herts Valleys CCG	Office of Rail Regulation	Hertfordshire Local Enterprise Partnership	Hertfordshire Local Nature Partnership
Minerals	Existing and potential future mineral extraction – primarily sand and gravel	✓				✓			✓																
Chilterns National Landscape	Consideration of the Chilterns National Landscape in its current boundary and from its potential extension, including into St Albans City & District.	✓											✓												
Climate change	Potential issues to be identified through the production of the draft Local Plan	Potential associated DtC bodies to be determined through the production of the draft Local Plan																							
Infrastructure provision																									
Affordable housing																									

Mr Andrew Maxted
Planning Policy Manager
Uttlesford District Council

Your Ref: NHDC
Contact: Clare Skeels
Direct Dial No: 01462 - 474424
E-mail: local.plans@north-herts.gov.uk

By email only

9 October 2024

Dear Andrew

Uttlesford Local Plan 2021 – 2041 – Consultation Response

Thank you for the opportunity to comment on the Regulation 19 publication version of the Uttlesford Draft Local Plan 2021 – 2041.

The Memorandum of Understanding, signed in July 2024 between the two authorities identified five issues of strategic interest: housing, employment, transport, education and Gypsy, Traveller's and Travelling Showpeople. We note that:

- the draft Local Plan seeks to make provision for 14,741 homes which is in excess of your objectively assessed housing need;
- the Local Plan makes provision for employment development across the District, including within the strategic allocations;
- provision is made within the Uttlesford District for the Gypsy, Traveller and Travelling Showpeople community; and that
- the Infrastructure Delivery Plan references the A505 route corridor study to determine whether capacity improvements will be required and how they can be delivered.

We have no comments to make on education issues and have no further comments to make on this publication version of the Local Plan.

Yours sincerely



Clare Skeels
Senior Planning Officer

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**CABINET
14 JANUARY 2025**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COUNCIL TAX REDUCTION SCHEME 2025/2026

REPORT OF: SERVICE DIRECTOR CUSTOMERS

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: SUSTAINABILITY/ACCESSIBLE SERVICES

1. EXECUTIVE SUMMARY

- 1.1 Each year the Council is required to review its Council Tax Reduction Scheme (CTRS) in accordance with the requirements of the schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme, revise the scheme, or replace it.
- 1.2 The Council carried out a full review of its Council Tax Reduction Scheme in 2022/23. The review resulted in the introduction of a banded scheme from 2023/24. The new scheme is now coming to the end of its second year.
- 1.3 The scheme has been reviewed during 2024/25 and no significant changes are required. There are two small adjustments to the scheme, in relation to the Post Office compensation scheme and an uplift to the bands to reflect Consumer Price Index (CPI) These are covered in more detail in Section 8 of the report.

2. RECOMMENDATIONS

- 2.1 That Cabinet recommend to Council the continuation of the banded scheme for working age applicants which remains largely unchanged for 2025/2026, a small adjustment to the income bands to reflect CPI has been incorporated to ensure the scheme continues to support those most in need.
- 2.2 That Cabinet note the cost of the scheme is currently £9.18m noting that this is not an actual cost but a reduction of the amount of council tax collected.
- 2.3 That Cabinet note that the Discretionary Exceptional Hardship Scheme, previously agreed to provide additional transitional support will continue to be used to support cases of exceptional hardship.

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure that the Council has a Council Tax Reduction Scheme that continues to:

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

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 There is a requirement to provide a Council Tax Reduction Scheme. The purpose of this report is to consider whether the scheme meets the needs of providing support where it is required and is affordable. We continue to monitor and analyse the scheme and do not propose any significant changes to the scheme for 2025/26. Alternatives are to replace the scheme or make no changes. The scheme is effective enough to not require a full replacement or major changes therefore the small amendments will be made, one being to adhere to legal requirements and the second, a minor update.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 The Executive Member for Finance and IT has been consulted throughout.

5.2 Consultation has also been undertaken with the following

- The County Council (including Fire & Rescue)
- The Hertfordshire Police and Crime Commissioner (PCC)
- The Councils website
- Regular meetings with the Executive Member for Finance and IT
- A report was presented to the internal Political Liaison Board of the Executive and Leadership Team on 03 December 2024

6. FORWARD PLAN

6.1 This report was first notified to the public in the Forward Plan on the 15 November 2024.

7. BACKGROUND

7.1 The current Council Tax Reduction Scheme administered by the Council is divided into two schemes, one for pension age applicants who receive support under the rules prescribed by Central Government, the funding of that scheme is recouped in full from the Ministry of Housing, Communities and Local Government, (MHCLG) and the scheme for working age applicants being determined solely by the local authority.

7.2 Pensioners, subject to their income, can receive up to 100% support towards their Council Tax. The Council has no power to change the level of support provided to pensioners and therefore any changes to the level of Council Tax Reduction can only be made to the working age scheme.

- 7.3 In 2023 the Council moved to a banded scheme, which was designed to meet a number of key objectives, these were and remain:
- To provide the greatest support to those on the lowest income
 - To reduce the administrative burden that has been placed on the Council since the introduction of Universal Credit (UC)
 - To be simple to understand, meaning that customers will be able to calculate entitlement and assess the impact of potential changes in circumstances.
 - To give financial stability by reducing monthly changes to Council tax bills
- 7.4 The scheme is constantly monitored, and consideration given to whether any changes are needed for the following year in order to reflect external changes. For 2025/26 there are two minor changes recommended (one of which is legislative) these are covered in more detail in Section 8.
- 7.5 Where it has been recommended to make significant changes to the Scheme, these should be the subject of public consultation before a final recommendation is made to the Council for adoption or not into the Scheme. As the changes recommended in this report relate to one legislative change and another that is not significant, we have carried out a light touch public consultation via our website between 08 November and 06 Dec 24. No comments were received from the public; however a comment was received from Citizens Advice concerning the impact of CPI on the bands. This is being addressed with the changes proposed in this report.

8. RELEVANT CONSIDERATIONS

- 8.1 In previous years, Cabinet has considered whether any changes to the Housing Benefit Regulations should be reflected within the Council's CTRS Scheme. There has been a recent change to the Housing Benefit Regulations, which require adoption within the Council's CTR scheme for 2025/2026. This change relates to the Post Office Compensation scheme which requires us to disregard any compensation received for the purpose of Housing Benefit and Council Tax Reduction.
- 8.2 Through our monitoring and analysis, we are recommending a slight increase of the income bands to reflect CPI and current rates of Universal Credit awards. This will ensure those in most need continue to receive full support and prevents the uplift in benefit income being detrimental to the customer.
- 8.3 The recommended increase in bands equates to 1.7% across all bands to align with CPI for 2025/26. Additionally, three bands will be increased further to a total of 2.7% as we can see this is required to ensure those most in need continue to receive the maximum support of 100%. The three bands this applies to are Single no children (SN) Single one child (S1) and Couple no children (CN)
- 8.4 The reason for increasing these bands further is that our monitoring showed that following the benefit uplift in April 2024 of 6.7% some households as a result fell just outside of the top of the income band and moved into a lower band where they had to contribute to their Council Tax. What that meant was that these people were required to contribute more to their council tax than the additional income they were receiving, having an adverse impact. The intention of the scheme is to provide the greatest support to those on the lowest income and therefore an adjustment to these bands will enable that.

8.5 In addition to the financial changes, we are strengthening the wording in our policy in relation to our approach to investigating and handling of fraud. This has been recommended by the Shared Anti-Fraud Service who have reviewed our policy.

8.6 Figure 1 shows the income tables of the scheme in 23/24 and Figure 2 shows the proposed income tables for 25/26.

Figure1

Band	Discount	Single Person	Single Person with one child	Single Person with two children	Single Person with three or more children	Couple with no children	Couple with one child	Couple with two children	Couple with three or more children
1	100%	£0 to £100.00	£0 to £165.00	£0 to £220.00	£0 to £330.00	£0 to £140.00	£0 to £205.00	£0 to £260.00	£0 to £340.00
2	75%	£100.01 to £180.00	£165.01 to £245.00	£222.01 to £300.00	£330.01 to £385.00	£140.01 to £220.00	£205.01 to £285.00	£260.01 to £340.00	£340.01 to £395.00
3	45%	£180.01 to £240.00	£245.01 to £305.00	£300.01 to £360.00	£385.01 to £445.00	£220.01 to £280.00	£285.01 to £345.00	£340.01 to £400.00	£395.01 to £455.00
4	25%	£240.01 to £300.00	£305.01 to £365.00	£360.01 to £420.00	£445.01 to £505.00	£280.01 to £340.00	£345.01 to £405.00	£400.01 to £460.00	£455.01 to £515.00
5	0%	Over £300.01	Over £365.01	Over £420.01	Over £505.01	Over £340.01	Over £405.01	Over £460.01	Over £515.01

Figure 2

Band	Discount	Single person	Single Person 1 child	Single person 2 children	Single person 3 children	Couple No children	Couple 1 child	Couple 2 children	Couple 3 children
1	100%	£0 to £103.00	£0 to £169.00	£0 to £224.00	£0 to £336.00	£0 to £144.00	£0 to £208.00	£0 to £264.00	£0 to £346.00
2	75%	£103.01 to £185.00	£169.01 to £252.00	£224.01 to £305.00	£336.01 to £391.00	£144.01 to £226.00	£208.01 to £290.00	£264.01 to £346.00	£346.01 to £402.00
3	45%	£185.01 to £246.00	£252.01 to £313.00	£305.01 to £366.00	£391.01 to £452.00	£226.01 to £288.00	£290.01 to £351.00	£346.01 to £407.00	£402.01 to £463.00
4	25%	£246.01 to £308.00	£313.01 to £375.00	£366.01 to £427.00	£452.01 to £513.00	£288.01 to £349.00	£351.01 to £412.00	£407.01 to £468.00	£463.01 to £524.00
5	0%	Over £308.01	Over £375.01	Over £427.01	Over £513.01	Over £349.01	Over £412.01	Over £468.01	Over £524.01

- 8.7 The banded scheme provides the highest level of discount of 100% of the Council tax liability (Band 1) meaning, someone with 100% discount is not expected to contribute towards their Council Tax bill. All current applicants that are in receipt of a 'passported benefit' such as Income Support, Jobseeker's Allowance (Income Based) and Employment and Support Allowance (Income Related) will receive this maximum discount, likewise those whose only income is universal credit will also receive 100% discount. All other discount levels are based on the applicant's and partner's (where they have one) net income.
- 8.8 The scheme allows for variation in household size with the levels of income per band increasing where an applicant has a partner, and / or dependants. There are no charges made where an applicant has non-dependants living with them. This means that the administration of the scheme is more straightforward whilst also protecting low-income families where adult children remain at home.
- 8.9 To encourage work, a standard £50 per week disregard is provided against all earnings. Where a family also receives a childcare disregard (for childcare costs not paid for by Central Government schemes), the income levels in the 'grid scheme' are set at a higher rate.
- 8.10 The Council was mindful that the initial transition to the banded scheme would result in a change to the entitlement of some applicants and so made a provision for additional discretionary support to individuals who experienced exceptional hardship. Where any applicant was likely to experience exceptional hardship, they were encouraged to apply for a CTR hardship award for a specified period of time. However, the take-up for this has been low, mainly due to the support awarded within the scheme, which has meant that those experiencing hardship as a result of the change in the scheme has been limited. This funding is still available and will be promoted for claimants that may be adversely affected by the scheme.

9. LEGAL IMPLICATIONS

- 9.1 Under Section 13A of the Local Government Finance Act 1992 a local authority is permitted reduce its council tax. Accordingly Schedule 1A of the Local Government Finance Act requires a local authority to have in place a Local Council Tax Reduction Scheme.
- 9.2 The Council is required to maintain and annually review its Council Tax Reduction Scheme in accordance with Section 13A and Schedule 1A of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).
- 9.3 Schedule 1A to the Local Government Finance Act 1992 requires the Council to make any revision to its scheme or any replace scheme no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.

9.4 Section 3(1) of Schedule 4 of the Local Government Finance Act 2012, which inserts Schedule 1A to the Local Government Finance Act 1992 requires the Council to consult on any changes to its scheme as follows:

- Consult any Major Precepting Authority which has power to issue a precept to it,
- Publish a draft scheme in such manner as it thinks fit, and
- Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

9.5 Cabinet's terms of reference include at 5.7.44 recommending to Full Council 'The Council Tax Reduction Scheme'. In turn Full Council's terms of reference include at 4.4.1 (z) "approving the Council Tax Reduction Scheme".

In considering the CTRS cabinet is acting in accordance with statutory provisions and in accordance with its obligations under the Council's constitution.

10. FINANCIAL IMPLICATIONS

10.1 The Council Tax Reduction Scheme in 24/25 cost approximately £9.18m which is borne by the Council's Collection Fund. Costs are shared between the Council and the Major Precepting Authorities which is expected to be in approximately the following proportions:

- County Council (including Fire and Rescue Service) (around 76%)
- Police and Crime Commissioner (around 12%)
- District Council (around 12%)

These proportions are based on the overall share of Council Tax income and will change over time in line with decisions made by each Authority on levels of Council Tax increase. Recently, these have mainly been affected by the levels of increase (without a local referendum) that have been allowed by Government.

The costs of Council Tax Reduction are not funded by the Precepting Authorities directly. Instead, the estimated level of eligibility is converted into a number of band D equivalent properties. That then reduces the overall tax base (i.e., the number of properties expected to pay Council Tax), and therefore the amount of income that each Precepting Authority should expect to receive. Differences between what was expected, and the amount collected are managed through a Collection Fund. The precepting Authorities will share any surpluses or shortfalls in the following year.

10.2 Maintaining the existing scheme without the minor changes to thresholds gave an estimated tax base (as at October 2024) of 51,358.40 Band D equivalent properties. The minor changes give an estimated tax base (at the same date) of 51,315.1 Band D properties. The reduction of 43 properties equates to an estimated reduction in funding for North Herts of £12,000. This assumes that there is no impact on the collection rate, which we estimate at 99%. We are monitoring the collection rate as it may improve, as the banded scheme should improve residents' ability to pay the Council Tax that they are liable for.

10.3 There is currently approximately £270,000 remaining of the hardship funding that will be used to provide discretionary support where required and appropriate.

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 General economic factors can have an impact on the number of people that claim CTRS and therefore it is difficult to predict the number of households that will be eligible in the future and the extent of that entitlement and impact on the cost of the scheme. The only way to mitigate the risk of increasing spend is to make the scheme less generous. This in turn will mean increases in the amount of Council Tax to be collected, which may prove counter-productive and move the problem into increased bad debts.

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 It should be noted that this scheme only applies to and impacts a specific age group: working-age claimants. The new scheme aims to improve accessibility to the scheme for all claimants through a simplified process; and improve the support available to those that are on the lowest incomes.
- 12.3 An equalities impact assessment (EIA) was completed for the current scheme in December 2022 before it was implemented. Actions from the EIA included promotion of the Exceptional Hardship Scheme, this was carried out in a number of ways and applications considered on an individual basis. As there are no significant changes being proposed for 25/26 another assessment is not required.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

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

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 The banded scheme and proposed adjustments in this report have a positive human resource impact as staff spend less time chasing debt for small amounts that we know are unlikely to be paid. The banded scheme is more straightforward and easier for customers to understand meaning that resources are utilised dealing with more complex matters.

16. APPENDICES

- 16.1 Appendix A - Caseload examples
- 16.2 Appendix B – Benefit Information Sheet

17. CONTACT OFFICERS

- 17.1 Anne Banner, Benefits Manager
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- 17.2 Jo Dufficy, Service Director Customers
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- 17.3 Geraldine Goodwin, Revenues Manager
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- 17.4 Ian Couper, Service Director – Resources
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- 17.5 Ellie Hollingsworth, Policy and Strategy Officer
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- 17.6 Douglas Trail Stevenson, Property Solicitor
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18. BACKGROUND PAPERS

- 18.1 None

Caseload Example - Single 1 Child

Michelle a single parent of one child and is in receipt of full Universal Credit (UC). The income she receives from child benefit is disregarded as is the amount of the Housing Element included in her UC payment.

In 2023 she received 100% CTR reduction so didn't need to make any payments towards her Council Tax as her income was below £165 pw. In 2024 due to the CPI increase her UC increased by £485.16 per year this took her over Band 1 income bracket by £2.17 pw and moved her into Band 2 meaning she had to pay £7.92 pw towards her Council Tax.

In 2025 the increased income bands will mean she will receive 100% CTR as her income will be below £169 pw.



Caseload Example – Couple No Children

Gemma and Michael are under 25 years old and receive UC. In 2023 they received maximum CTR as their income was below £140 pw.

In 2024 due to the CPI increase their UC income increased by £489.23 per annum, they remained in the 100% income band and received full CTR.

In 2025 the increased income bands will mean they will receive 100% CTR as their income will be below £144 pw.



Caseload Example – Couple 1 child

Anne and David have 2 non-dependent children living with them. They also have a daughter who is disabled, who gets full rate Disability Living allowance which is disregarded as is the child benefit they receive.

Anne receives UC of £1385.71 per month and David works and earns £500 per month. The total income is £435.16 pw, as £50 is disregarded for working and a further £50 is disregarded for the disabled child. The assessable income is £335.16 pw which falls into Band 3. They will need to contribute £17.19 per week towards their Council Tax liability of £38.20 per week.



Caseload Example – Single 2 Children

Sarah lives with her two dependent children. She works part time and receives £100 pw earnings plus £998.37 UC pm. Her income is £253.51 pw, £50 is disregarded for working and her housing costs are removed, therefore her assessable income is £203.51 pw. This puts her in the Band 1 meaning she gets 100% CTR.



Caseload Example – Couple No Children

Mark and Sue have no children or housing costs as they own their home.

Mark has been made redundant and is claiming UC, Sue is disabled and receives £108 pw Personal Independence Payment which is ignored as income.

Marks UC income is 1033.79 pm, £50 is disregarded as Sue is disabled, so the assessable income is £188.56 pw. They will be in Band 2 meaning they need to contribute £9.55 pw towards their Council Tax liability of £38.20 pw.



Caseload Example – Couple 3 (plus) Children

Samantha and Tina have 4 children and receive UC of £1787.69 pm.

Tina works and earns £700 pm, £50 is disregarded for working, so the weekly assessable income is £524 pw. Their income falls into Band 4 and therefore receive 25% CTR.



Caseload Example – Couple 3 (plus) Children

Ben and Denise own their own home they have 3 dependent children one of which is disabled and 1 non-dependent living at home.

The disabled child receives DLA of £184.30 pw which is disregarded as is the child benefit for all 3 children of £59.50 pw. The adult daughter's income is disregarded from the calculation.

Denise receives Carers allowance of £81.90 which is disregarded as income. Ben works and earns £400 pm, he receives UC of £2014.35 pm, £50 is disregarded for a disabled child and £50

disregarded for working. Their total assessable income is £534 per week. They do not qualify for any council tax reduction.



Caseload Example – Single No Children

Stephen is a single claimant; his only income is UC while he is seeking work. He receives £900 pm UC. After his housing costs are disregarded, his assessable income is £90.79 pw. This means he will be in Band 1 and receive 100% CTR.



Appendix B Income Disregards

The following incomes are disregarded under the Councils Council Tax Reduction scheme. The claimants may receive these benefits, but they are discounted when calculating the entitlement.

Disability Living Allowance (DLA)

Personal Independence Payment (PIP)

Carers Allowance (CA)

Child Benefit & Child Maintenance (CB)

War Pensions and War Disablement Pensions

Income from non-dependants.

Support component of Employment Allowance

Housing Element within Universal Credit

Limited Capability to Work (LCW)

Legacy benefits that are treated as passport are:

Income Support

Employment Support Allowance (Income Related)

Job Seekers Allowance (Income Related)

These legacy benefits are due to end by March 2026 when all legacy claims are migrated to Universal Credit.

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CABINET

14 January 2025

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: REPORT ON RISK MANAGEMENT GOVERNANCE (MID-YEAR UPDATE)

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 the Council. The review is referred on to Cabinet and the Committee can make recommendations on how we can improve our risk management arrangements.

The highest strategic risks are the three over-arching risks of financial sustainability, resourcing and cyber, as well as the project risks for waste and street cleansing contract, Churchgate and leisure centre decarbonisation. All Corporate Risks have been reviewed during the 6 month period and there have been updates to the mitigation work completed and the work that is planned. However there have not been any change in the risk scores.

2. RECOMMENDATIONS

- 2.1. That Cabinet note the mid-year Risk Management governance update.
- 2.2. That Cabinet approve the changes to the Risk Management Framework

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 the 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 so has not been referred to in the Forward Plan.

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/January) and end of year (in June) report.
- 7.2 The Executive Member for Finance and IT in their role as the Member Risk Management Champion is 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.
- 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.
- 7.5 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.
- 7.6 When the Committee considered the end of year report for 2023/24 (at their June meeting, there was a request for more information on risk mitigations. This is included in paragraph 8.2.6.

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.

8.1.2 The Risk Management Framework has been reviewed and the following changes are recommended:

Framework Document and Section	Proposed Change
Policy Statement	No changes proposed.
Policy (throughout document)	References to Pentana Risk changed to Ideagen Risk Management, following a change to the system's name.
Policy (5.4)	Updated to reference the recently introduced standard paragraph for the Risk Implications section of committee reports. Now reinforces report writers' responsibility for identifying key risks in reports.
Policy (5.7)	Updated to reference that Corporate Risks (risks included in the Council Delivery Plan) now go to Overview and Scrutiny Committee, while changes to the framework still go to FAR.
Policy (links)	Links at the end of the document updated. Link for the Risk Management e-learning now directs to the Learning Management System login screen. Also references that the e-learning is now mandatory for managers. Link for the Risk Management intranet page now directs to the latest version.
Strategy (throughout document)	References to Pentana Risk changed to Ideagen Risk Management, following a change to the system's name.
Strategy (throughout document)	Any references to the <i>Risk Management Group</i> updated to the <i>Risk and Performance Management Group</i> , to reflect the change of name.
Strategy (Page 7, first full paragraph)	Updated to highlight that Corporate Risks are those included in the Council Delivery Plan.
Strategy (Page 8, Roles in the Risk Management Process)	For <i>All Employees</i> , deleted the <i>Undertake risk management e – learning</i> bullet point, as e-learning currently only mandatory for and available to managers.

Framework Document and Section	Proposed Change
Strategy (Page 9, Roles in the Risk Management Process)	For <i>Service Managers / Project Managers</i> added <i>Complete mandatory risk management e-learning</i> .
Strategy (Page 10, Objective 4)	Updated <i>Local Code of Corporate Governance</i> link to direct to the latest version.
Strategy (Page 10, Objective 4, Project Management)	Updated link to direct to the current Project Management Guide.
Strategy (Page 10, Objective 4, Business Continuity)	Updated link to direct to the current Business Continuity Process intranet page.
Strategy (Page 10, Objective 4, Information Governance)	Pending an updated link to direct to the current Information Security Policy.
Strategy (Page 12, Objective 5, Corporate Risks)	Various updates to reflect current reporting arrangements and changes to what is reported where.
Strategy (Page 13, Objective 5, Corporate Risks, Diagram representing the review of Corporate Risks)	Diagram updated to reflect current reporting arrangements.
Strategy (Page 13, Objective 6, second paragraph)	Updated to reference that the e-learning is now mandatory for managers. Link also updated so that it now directs to the GROW Zone login screen.

8.1.3 The documents are attached as Appendices A (Policy Statement), B (Policy) and C (Strategy).

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 Quarterly O&S Council Delivery Plan updates, allows details of the top risks facing the Council to be monitored. The half-yearly report on risk management governance (to FAR and Cabinet) helps to provide assurance over the processes that are in place to support risk management.

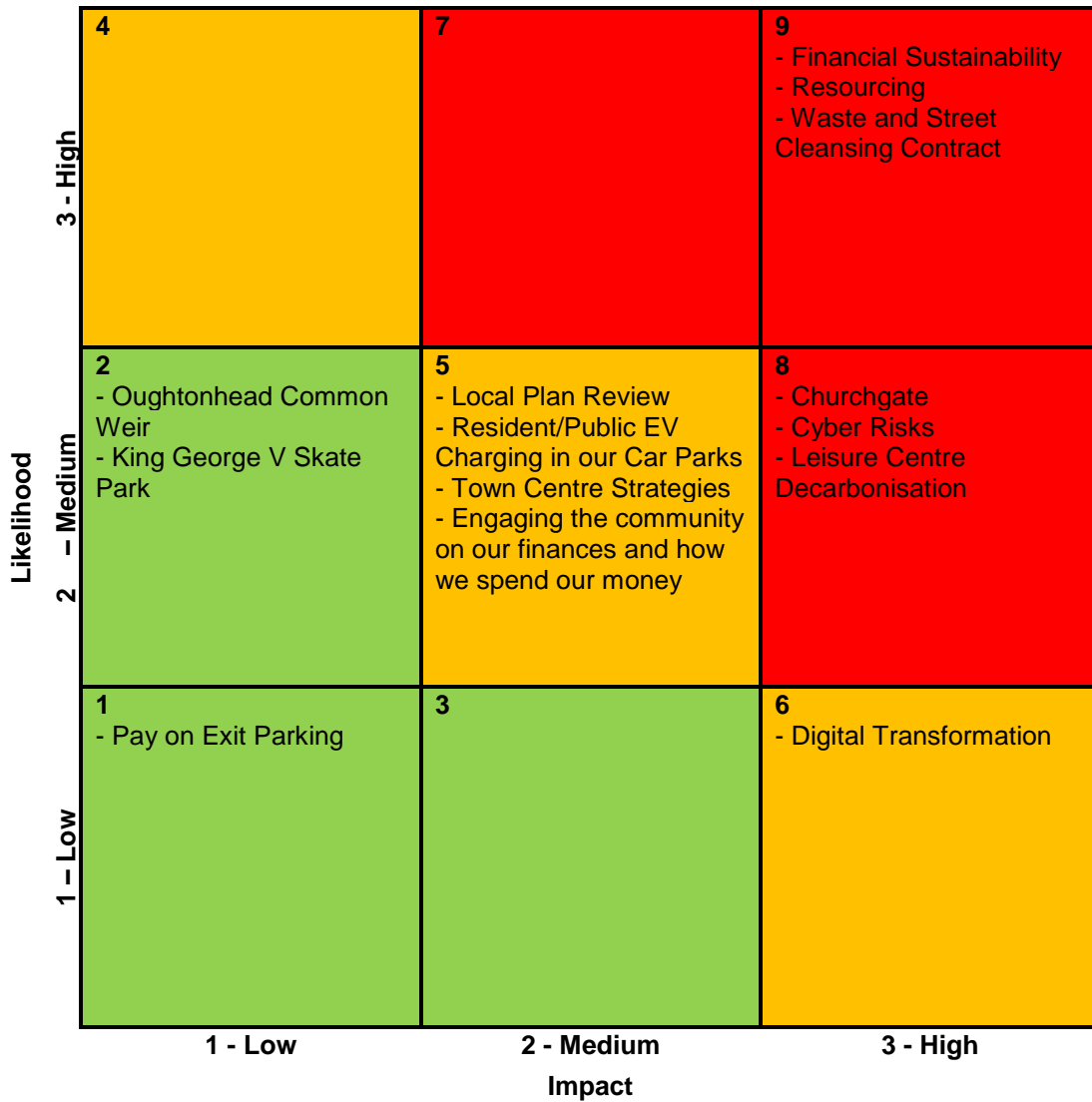
8.2.3 In March 2024, Cabinet decided that there would be 11 Council Delivery Plan projects and 3 over-arching risks. Each of the Council Delivery Plan projects would have a risk assessment in place to determine the major risks to the delivery of the project and mitigating actions against those risks. For the majority of the projects, they had been carried forward from the previous Council Delivery Plan in essentially the same format. The scope of the Waste and Street Cleansing project was changed from contract award, to extending through to contract implementation. The scope of the leisure centre works changed from individual projects to the delivery of all the works that were part of the Public Sector Decarbonisation Scheme bid. The project to engage the community on our finances was new. So was the King George V (Hitchin) skate park project. For the projects that were broadly the same, 1 out of the 7 was high risk (Churchgate), 4 were

medium risk and 2 were low risk. All 3 of the over-arching risks were high risk. The initial assessment of the new/ significantly changed projects was 2 high risk (Waste and Street Cleansing Contract implementation and Leisure Centre Decarbonisation), one medium and one low risk.

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

<p>4 Likelihood High (3) Impact Low (1) Chance of it happening -More than 60% Consequences - Minor</p>	<p>7 Likelihood High (3) Impact Medium (2) Chance of it happening - More than 60% Consequences - Noticeable effect on the Council</p>	<p>9 Likelihood High (3) Impact High (3) Chance of it happening - More than 60% Consequences - Significant impact on the Council</p>
<p>2 Likelihood Medium (2) Impact Low (1) Chance of it happening – between 20 – 60% Consequences - Minor</p>	<p>5 Likelihood Medium (2) Impact Medium (2) Chance of it happening – between 20 – 60% Consequences – Noticeable effect on the Council</p>	<p>8 Likelihood Medium (2) Impact High (3) Chance of it happening – between 20 – 60% Consequences – Significant impact on the Council</p>
<p>1 Likelihood Low (1) Impact Low (1) Chance of it happening – less than 20% Consequences - Minor</p>	<p>3 Likelihood Low (1) Impact Medium (2) Chance of it happening – less than 20% Consequences – Noticeable effect on the Council</p>	<p>6 Likelihood Low (1) Impact High (3) Chance of it happening – less than 20% Consequences – Significant impact on the Council</p>

8.2.5 The most recent Council Delivery Plan monitoring report contains the following risks (with no new risks and no archived risks), which have been plotted on the Corporate Risk Matrix to show a visual risk profile of the Plan:



8.2.6 The risks can also be assessed in the context of mitigating actions, including those that have been completed. Where mitigating action are completed then there would be an expectation that these would have some impact on the risk score. The current completed actions and proposed mitigating actions are detailed below for each of the Council Delivery Plan high level risks. These will be tracked over time to give a further indication they are being managed.

Project	Work Completed	Ongoing Work
Churchgate Current: 8 Target: 6	<ul style="list-style-type: none"> - Secured both freehold and leasehold ownership. - Project Board appointed (November 2022). - Lead consultant (Lambert Smith Hampton) appointed (June 2023). LSH supported by design and transport consultants. - Appointed communications agency support (PLMR). - Detailed project risk log created. Issues log also created. - SIAS audit of Churchgate - Ongoing Project Assurance (reported May 2024). Recommendations implemented. - Engagement plan developed and approved by Project Board (July 2024). - Formal engagement process commenced September 2024. 	<ul style="list-style-type: none"> - Communications and consultation plan in place, which is kept updated. - Decisions explained, including that there will need to be compromises. - Financial and expert consultancy support is in place to provide expert advice and help us to move the project forward. - Cost effectiveness/value for money is a key part of assessing and developing options. - Regular Project Board meetings. - Project risk log and issues log regularly updated.
Waste and Steet Cleansing Contract Current: 8 Target: 6	<ul style="list-style-type: none"> - New contract will change to 3-weekly collections. - Robust inflationary models used. - Included management mechanisms for anticipated changes in law. - New contract drafting to manage legislative and statutory guidance changes. - Workshops with Members to consider options for reducing/changing specification requirements. - Dialogue with bidders on reduced/changed specification requirements. - Project Board (Procurement) established. - Independent legal advice sought on draft statutory guidance. - EV charging feasibility assessments undertaken. - Secured use of Letchworth depot. 	<ul style="list-style-type: none"> - Project Risk Log in place and reported to Project Boards. - Support from consultants, and project management support from East Herts. - Uncertainty relating to Waste costs referenced in the MTFS 2024-29. - Project Board (Mobilisation) in place. - Service Director - Place to ensure Leadership Team sufficiently considers resource needs of the project. - Risks relating to the development/integration of online forms being managed via the Digital Transformation project. - Development of a comprehensive Communications Plan and a budget setting bid to support delivery of related project comms.
Leisure Centre Decarbonisation Current: 8 Target: 6	<ul style="list-style-type: none"> - Project Board established. - Dedicated Project Manager appointed. - Detailed Project Risk Log created and reported to Project Board on an ongoing basis. - Appointed Quantity Surveyor to oversee NHC's interests. - Project Board decision to draw down Year 1 grant funding and place early orders for plant and materials including Air Source Heat Pumps and Solar PV, prior to entering the construction contract. 	<ul style="list-style-type: none"> - Engagement with Planning. - Discussions with DNO and regular updates on applications. - Contracts to include required savings guarantees and post-installation verifications. - Clarify grant funding implications if carbon savings are not achieved. - Communicate planned disruption to users, highlighting the wider aims of the project, and consider the need for a formal Communication Plan.
Resourcing Current: 9 Target: 2	<ul style="list-style-type: none"> - Carry-forward of staffing underspend to help deliver some priorities. - Work on Baldock Fire recovery has subsided. - Council Delivery Plan reviewed for 2024/25 with a reduction in number of projects. - Recruitment website updated to make it more attractive to applicants. 	<ul style="list-style-type: none"> - Consider getting in additional staffing resource (especially where New Burdens funding available). - Signposting to external resources and support. - Process automation. - Continue HR projects to help make the Council a more attractive place to work and make the recruitment process easier. - Continue to review the Council Delivery Plan to ensure resources are targeted at those projects that are the highest priority and stop/delay work on those that are a low priority. - Pressures identified in the budget setting process for 2025/26 for additional staffing, including training posts. - Joining in with the national recruitment campaign for councils led by the LGA.
Cyber Risks Current: 8 Target: 8	<ul style="list-style-type: none"> - In-house fully functional Disaster Recovery solution. - SLA from broadband provider in place (although loss of broadband service is out of our control). 	Key Controls/Mitigations <ul style="list-style-type: none"> - Technology in place to cover systems being interrupted or damaged, and data being corrupted or erased: Computer virus (Realtime Virus

Project	Work Completed	Ongoing Work
	<ul style="list-style-type: none"> - Financial Risk identified for 2024/25 to fund services to aid recovery, "Ransomware attack results in the write-off of some IT hardware and infrastructure" (Low Risk/£200K). - 2022/23 SIAS audits of IT Hardware (Reasonable assurance), Phishing (Reasonable assurance) and Cyber Risk (Reasonable assurance). - V3 laptop rollout completed for staff. - Implemented IT Hardware audit recommendations. - Test Immutable Cloud Back-up - Phase 1. - Implemented Immutable Cloud Back-up - Phase 2. - IT Information Team Leader and Technical Operations Manager completed the Certified Information Security Manager course. - Implemented Phishing audit recommendations. - Implemented Cyber Risk audit recommendations. - New email monitoring system Mimecast implemented and live. Backup server for mail routing in the event of attack on Microsoft 365 in place. - Windows 11 operating system with Microsoft Defender now deployed. 	<p>Protection/Defender updated), Malware (Realtime Monitoring), Computer hacking (Firewalls/Admin restrictions).</p> <ul style="list-style-type: none"> - Internal detailed IT risk register in place, which is continually monitored/updated, as individual ongoing risks are identified. (Ongoing) - Cyber Awareness training for all staff, including new requirement for annual refresh. - Continual evaluation and development of cyber policies and threat analysis. <p><u>Response Options</u></p> <ul style="list-style-type: none"> - Successful cyber-attack would be managed by a complete disconnect, with no/limited service available until the breach is fixed. IT would have responsibility for initiating this. - Power failure would be managed by the generator/UPS, with a limited service available. - For Ransomware, go to backup and rebuild all devices. Ransomware policy to be discussed in January 2025 Cyber Board. <p><u>Cyber Resilience Board</u></p> <ul style="list-style-type: none"> -The Council has introduced a Cyber Resilience Board, which includes key officers and elected Members, and meets quarterly. -The Council will not now appoint a Chief Information Security Officer. IT Manager to undertake the role of principal security officer as Cyber Security Lead.
<p>Financial Sustainability Current: 9 Target: 5</p>	<ul style="list-style-type: none"> - MTFS for 2025-30 agreed by Council in September 2024. - Started budget setting process for 2025/26, but this has identified pressures which will increase service savings targets. - Government confirmation of three-year settlement from 2026/27 onwards. 	<ul style="list-style-type: none"> - Revise funding projections as a result of formula changes and insight of future direction. - MTFS sets out a strategy for addressing funding gaps, including how difficult service funding decisions will need to be made. - Regular budget monitoring to highlight any issues. - Budget consultation to ensure savings reflect resident priorities.

8.2.7 In addition to Corporate Risks, we also document and review service risks. As at 30 September 2024 there were 49 service risks. Ten of these were rated as high (red) risks, 20 as medium (amber) and 19 as low (green) risks. The high rated risks related to:

- Delivery of the Waste Collection and Street Cleansing Services Contract
- EV Charging Points
- Incompatibility of IT systems including Tascomi and Information@Work
- Increased Levels of Homelessness
- Open Space in Major New Developments
- Procurement, Tendering, Letting of Contracts and Contract Management
- Resilience of and increasing demands on Environmental Health
- Sale of Recyclable Materials
- Waste Depots
- Waste Transfer Infrastructure

8.3 Review of Risks

8.3.1 Risk reviews are scheduled within IdeaGen, (our performance and risk software) 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 the most regularly – every 3 months, with Amber risks every 6 months and Green risks being reviewed at least once per 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 As at 30 September 2024, there were 63 risks on the risk register. All of these had risk reviews in place in accordance with the Risk Management Framework. During the 6 month period to 30 September, 88 risk reviews had taken place and of these 68 were on time. Of the 20 reviews that were late, 13 were less than 2 weeks late. Of the 7 reviews that were more than 2 weeks late the reasons for these have been investigated. The main reasons are resourcing and waiting for information to allow for a more accurate review to take place. For corporate risks, there were 4 reviews that were late, and all of these were less than 2 weeks late.

8.4 New and Archived Risks

8.4.1 During the 6 month period to 30 September 2024, there were 17 new risks created. The majority of these were creating the new Council Delivery Plan risks, and there were 3 completely new risks. These were:

- **Incompatibility of IT systems including Tascomi and Information@Work:** Risk of Environmental Health not being able to access up to date information, providing incorrect information to FOI and similar information requests, and failing to undertake statutory functions.
- **Resilience of and increasing demands on Environmental Health:** Risk of Environmental Health being unable to meet service demands and legal/statutory requirements with existing resources.
- **Climate Change – Adaptation:** Failure to adapt services and service provision (including Emergency Planning and Business Continuity Planning arrangements) to current and predicted changes to our climate.

8.4.2 During the 6 month period to 30 September 2024, there were 14 archived risks. The majority of these were removing previous year Council Delivery Plan risks, so they could be updated for the current year (see above). There were 3 fully archived risks. These were:

- **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.

- **Covid-19 - Leisure Management Contracts:** Following commencement of the contract with Sport and Leisure Management (SLM) trading under the brand name Everyone Active, the described risks to SLL associated with ongoing impacts from the Covid-19 pandemic are no longer relevant. At the end of the SLL contract, leisure usage was strong, exceeding both the target level and pre-pandemic performance. The new contract is operating under business-as-usual conditions and includes a clause relating to future pandemic events, to help manage related risks going forward.
- **Museum/ HTH Recovery:** In 2023/24, the Museum/HTH met or exceeded most of their budget targets for income. Early indications were that performance in 2024/25 will continue to be positive. Visitor numbers to the museum have recovered and cafe income is on an upward trajectory, notably with spend per head increasing rather than purely benefitting from the recovery in footfall. Residual risks relating to the performance of facilities are managed via day-to-day activities. There is no lasting legacy associated with either Covid or the cost of living, both of which appear to have come and gone in terms of their peak pressure and suppressive impact on footfall and income. Although cost of living pressures remain, these appear to be becoming normal rather than a specific short-term risk and are not as acute as at some stages last year.

9 Insurance Review

- 9.1 Hertfordshire County Council continued to handle the Council's insurance arrangements under a shared service arrangement.
- 9.2 At the Risk and Performance Management Group meeting in November an update was provided on the various open insurance claims. There were 11 public liability claims. Some of these had been declined or had not been pursued by the claimant. Where it was accepted that the Council was liable, then progress was being made on trying to reach an appropriate settlement. There were 5 motor vehicle claims relating to damage caused by Council vehicles.
- 9.3 The Council is able to provide insurance cover for Community Centres that are on full repairing and insuring leases. The cost of the insurance is charged to the Community Centre at the cost incurred by the Council. Westmill Community Centre had this cover and have made use of it in relation to the flooding that affected them. The Community Centre have been supported in dealing with the insurers.
- 9.4 None of the above has an impact on overall risk the Council.

10 Business Continuity and Emergency Planning

- 10.1 For Emergency Planning we had identified a shortage of volunteers (e.g. to be used to open and staff a reception/ rest centre or to act as Site Liaison Officers) prior to the flooding in Hitchin. So, we had already began recruiting and training more staff volunteers. The incident showed that we still do not really have enough volunteers, so we have sought to recruit even more.

10.2 Work has continued with Hertfordshire County Council to ensure that there are fully developed plans in place in case there is ground water flooding in Kimpton.

10.3 Work on Business Continuity will now follow an annual update process, following the detailed review undertaken last year.

11 Health and Safety

11.1 There have been some concerns over a couple of packages received by the Council. They were harmless, but we are taking the opportunity to ensure that our policy on suspicious packages and bomb alerts is updated and understood.

11.2 There have also been a couple of instances of members of the public gaining access to the building via the rear entrance. We will therefore be reminding Officers and Councillors of the need to make sure that the building is kept secure.

11.3 There have been various discussions about the best ways to keep Officers safe when they are lone working, especially when they are carrying out enforcement roles. There are some technological solutions, but all still need a mobile signal, which is not available in some rural areas. The lone working policy therefore also includes lower technology solutions (e.g. making others aware of schedules and agreed check-in times).

12 Actions for 2024/25

12.1 The Annual Report detailed the following key actions for 2024/25 to enhance our Risk Management processes:

Action	Due Date	Progress
Undertake the annual review of Risk Management Framework documentation.	31/12/24	Included with this update.
Assess how well the cyclical attendance of Service Directors at RPMG works	31/12/24	Has been taking place and allows broad risk coverage with expert input.
Senior Managers Group (SMG) review of emerging risks and opportunities	31/12/24	To be discussed at the December SMG meeting.
Training for O&S (also open to other Members) on using IdeaGen	30/09/24	The offer for training has been made. To revisit the demand for this training.
Training for FAR (also open to other Members) on carrying out a risk assessment	30/09/24	Other training has been prioritised. This will take place in advance of the January meeting.
Continue to refine the Council Delivery Plan	31/03/25	Ongoing.

14. LEGAL IMPLICATIONS

- 14.1 Cabinet's Terms of Reference include "to monitor performance and risk in respect of the delivery of policies and priorities" (Constitution 5.7.3)

15. FINANCIAL IMPLICATIONS

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

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, although projects and risks related to climate change are referenced. A failure to acknowledge and seek to manage these risks, would have environmental implications.

20. HUMAN RESOURCE IMPLICATIONS

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

21. APPENDICES

Appendices A- Updated Policy Statement),
Appendix B- Updated Policy
Appendix C- Updated Strategy

22. CONTACT OFFICERS

- 22.1 Ian Couper, Service Director – Resources
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23. BACKGROUND PAPERS

- 23.1 None

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RISK MANAGEMENT FRAMEWORK – PART 1 – POLICY STATEMENT (The Key Principles)

North Herts Council will be a risk aware Council that understands the risks that it is taking on. It appreciates that there are going to be risks in everything it does, but these are increased when undertaking projects, changing the way it delivers services and acting more commercially. It will address the risks it faces by adopting a risk aware culture and having strong risk management processes.

The Council will develop processes that allow it to focus on the significant risks it faces and ensure that undue time is not spent on low level risks and risks that have been effectively managed.

This leads to the following key principles:

Principles

- 1 - We will support a culture of well measured risk taking throughout the Council's business.
- 2 - We will not avoid risk but will identify and document key risks in all areas of our business, understand them and seek to proactively manage them. In managing risks, opportunities may present themselves. These will always be considered and acted on where appropriate.
- 3 - We will assess each risk, identify existing controls, and identify if further actions are required to reduce the risk. Where a risk is at a low level or has been managed down to a low level, then the risk will fall into business-as-usual, and the risk entry will be archived. This allows actions and monitoring to be focused on higher level risks.
- 4 - We acknowledge that even with good risk management, things will still sometimes go wrong. Where this happens, we will use lessons learned to try to prevent it from happening again. We will 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.
- 5 - We will develop capacity and skills in identifying, understanding and managing the risks facing the Council.
- 6 - We will challenge the Risk Management Process through the use of the Risk and Performance Management Group and the Finance, Audit and Risk Committee.
- 7 - We will regularly review the Risk Management Framework and update it in line with statutory and best practice requirements.

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RISK MANAGEMENT FRAMEWORK – PART 2 – POLICY (What you must do)

This policy applies to:	
Members	Yes
Officers	Yes
Managers	Yes

Officers / Managers - You Must:

- Consider Risk Management as an integral part of your job;
- Read and follow the guidelines in the Risk Management Framework documents;
- Identify and record any threats relating to service delivery in your own area.

Risk Owners – You Must:

- Record new risks on Ideagen Risk Management;
- Review existing risks in line with the Framework requirements;
- Ensure actions are updated and completed;
- Ensure risks are proposed for archiving/deletion when no longer required;
- Update Business Continuity Plans where relevant.

Members – You Must:

- Support and promote an effective Risk Management culture;
- Constructively review and scrutinise the risks involved in delivering the Council's objectives;
- Ensure the Risk Management objectives are aligned with the objectives and strategies of the Council.

Policy author and further advice from: Rachel Cooper, Controls, Risk and Performance Manager.

Contents:

1. Definitions
2. Purpose of Policy
3. Identification and Assessment of Risk
4. Monitoring and Reviewing Risks
5. Promotion and Scrutiny of the Risk Management Process
6. Linked Policies and Procedures
7. Communication and Training

1. Definitions

Risk - Something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat.

Risk Management - The “systematic application of principles, approach and processes to the identification, assessment and monitoring of risks.”

Risk Owner – Responsible Officer to whom a risk is assigned. Provides assurance that the risks for which they are the Risk Owner are being effectively managed, allocating appropriate resources and importance to the process, confirming the existence and effectiveness of existing actions and ensuring further actions are implemented.

2. Purpose of Policy

2.1 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 to new pressures and opportunities. Managers need to consider Risk Management as an integral part of their job and the Leadership Team (LT) and Cabinet must keep the Corporate Risks faced by North Herts Council under regular strategic review.

2.2 Part 1 of the Risk Management Framework (the Framework) – the Policy Statement, sets out the seven principles underpinning how we will undertake Risk Management at North Herts Council.

2.3 Part 2 – the Policy, aims to ensure that Risk Management is undertaken in a consistent and effective manner through the Council, with risks that are well documented, reported and understood. It highlights responsibilities and roles within the process.

2.4 North Herts Council is committed to the proactive identification and management of key external and internal risks, which may affect the delivery of our objectives. This will allow us to be a “Risk Aware” Council, who understands that risks may increase as services evolve and we undertake more commercial activities. The Framework is designed to ensure consistent management of risk and provides more detailed guidance for users. The Framework will be regularly updated to ensure we are in line with regulatory and best practice requirements.

3. Identification and Assessment of Risk

3.1 It is the responsibility of all Managers and Officers to identify and document key risks within their service areas, which may affect the achievement of the Council’s objectives. This should be done as part of the Service Planning process and updates to the Council Delivery Plan, but also continuously throughout the year.

3.2 When risks have been identified, they must be recorded and assessed using the Council’s Risk Management software, Ideagen Risk Management.

3.3 All risks should be assessed in line with the requirements of the Framework, assigning an initial Risk Score, and taking into account any existing controls which may be in place.

3.4 Each risk must be assigned to a Risk Owner, who takes responsibility for the risk. This should be someone who has the authority to ensure that required actions are carried out.

3.5 A set of mitigating controls or actions must be identified, with timescales for completion. All actions should be SMART (specific, measurable, achievable, realistic and timely). The risk should be assessed for a second time, taking the effect of the actions into account. This will become the Target Risk Score and will form the basis of the ongoing risk monitoring. If the Target Risk Score is still unacceptable then it will be necessary to consider further mitigation actions.

3.6 Whilst assessing and managing the risk, Officers should also consider and act on any opportunities which may present themselves. Further guidance on how to consider opportunities is provided within the Framework Part 4 - Toolkit.

3.7 Officers must ensure that the Business Continuity Plan for the Service area is updated with any new risks, including how they can be mitigated to allow any key functions to continue operating.

4. Monitoring and Reviewing Risks

4.1 Once identified and recorded, risks must be proactively managed by the Risk Owner. It is important that the Risk Register is dynamic – new risks added as they arise and risks removed when they have been managed down to an appropriate level. It is the Council's Policy to focus its resources on monitoring risks which, because of their likelihood or impact, make them priorities. These are the risks which score 4 or above on the Risk Matrix.

4.2 Risk Owners must review their risks in line with the requirements of the Framework. Reminders will be issued automatically from Ideagen Risk Management when reviews of risks are due.

4.3 Actions must be updated once completed, and the risk assessed to see whether the Target Risk Score has been achieved. Further actions should be added if required.

4.4 When deemed appropriate, the Risk Owner should propose the archiving of any low-level risks scoring 3 or below which are no longer relevant and any risks which they consider to have been managed down to "Business as Usual". They must also review the Business Continuity Plan for the Service area and update it with any changes which may be required following the archiving/closure of the risk.

5. Promotion and Scrutiny of the Risk Management Process

5.1 The Leadership Team (LT) and Cabinet will support a culture of well measured risk taking throughout the Council's business, by embedding Risk Management in our corporate business processes including strategic planning, corporate business planning, policy making and review, performance management, and key partnerships.

5.2 All Managers and Members must consider risk as an integral part of business planning, service delivery, key decision-making processes, and project and partnership governance.

5.3 Business Continuity Plans must be maintained for each service area, identifying the key functions in a service, what the risks are and how they can be mitigated to allow key functions to continue.

5.4 All committee reports must contain a Risk Implications section. In addition to the standard wording that is included in the committee report template, the report writer should summarise the risks that the decision maker needs to consider to make a fully informed decision. Although overall responsibility for Risk Management lies with LT and Cabinet, it is an integral part of each Managers role and report writers must always identify the risks linked to the decision they are recommending.

5.5 Members must constructively review and scrutinise the risks to ensure they have been adequately considered, to enable delivery of the Council's objectives.

5.6 All new and proposed archiving/closure of Operational Risks must be reviewed by the Risk and Performance Management Group (RPMG) and LT prior to the changes to Ideagen Risk Management being accepted.

5.7 Any changes to Corporate Risks (those included in the Council Delivery Plan) must be reviewed by RPMG, LT and Overview and Scrutiny Committee before being approved by Cabinet. Changes to the Risk Management Framework must be reviewed by RPMG, LT and Finance, Audit and Risk Committee (FARC) before being approved by Cabinet. Changes to Operational Risks should be discussed with the relevant Service Director.

5.8 Members of RPMG and Finance, Audit and Risk Committee are responsible for ensuring the Risk Management process is aligned to the Council's objectives, challenging the process where appropriate and making recommendations to Cabinet.

6. Linked Policies and Procedures

6.1 Everyone is required to adhere to all Council policies, procedures and processes. The Risk Management Framework consists of four documents and all Officers, Managers and Members should ensure they have a good understanding of their risk responsibilities.

Risk Management Framework – Part 1 – Policy Statement (The Key Principles)

Risk Management Framework – Part 2 – Policy (What you must do)

Risk Management Framework – Part 3 – Strategy (How we will do it)

Risk Management Framework – Part 4 – Toolkit (Operational guidance)

7. Communication and Training

7.1 The Council is committed to making training available to everyone. We will increase understanding and expertise in Risk Management through targeted training and the sharing of good practice and lessons learned. Training is available via e-learning on the GROW Zone, with further training available from the Controls, Risk and Performance Team on request. Some of this training may be deemed to be mandatory. Managers should identify

and arrange any training that their staff require. All Officers should also request training on any areas that they are uncertain about.

7.2 A Toolkit is provided as part of the Risk Management Framework, which provides practical guidance on the use of Ideagen Risk Management and all the associated tasks to be undertaken.

Mandatory Risk Management training for managers is available on GROW Zone (link to the system below):

[North Hertfordshire District Council](#)

Risk Management page on the Intranet:

[Risk Management](#)

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NORTH HERTS COUNCIL

RISK MANAGEMENT FRAMEWORK

PART 3 – STRATEGY (How we will do it)

North Herts Risk Management Framework is outlined within four key documents.

Part 1 – Risk Management Policy Statement sets out the Council’s commitment to the proactive management of external and internal risks within seven key principles. In order to ensure we can meet those principles, a number of objectives have to be achieved.

- 1 Maintenance of a robust and consistent Risk Management approach.
- 2 Considering any Opportunities which may present themselves whilst managing Risks.
- 3 Ensuring accountability and roles and responsibility for managing Risks are clearly defined and communicated.
- 4 Considering Risk as an integral part of business planning, service delivery, key decision making and project and partnership governance.
- 5 Communicating Risk information effectively through a clear reporting framework.
- 6 Increasing understanding and expertise in Risk Management through targeted training and the sharing of good practice.

Part 3 - The Strategy provides more detail on how the Council intends to ensure these objectives are met.

1 – Maintenance of a robust and consistent Risk Management approach

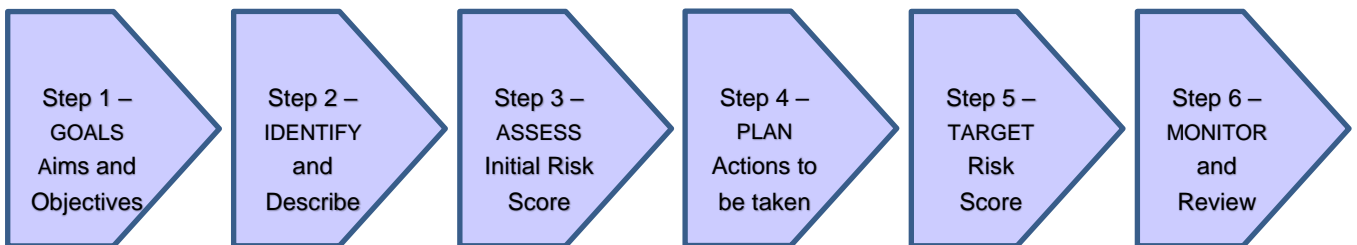
The objectives of the Risk Management Approach are to meet the seven principles outlined in Part 1 – Policy Statement:

- We will support a culture of well measured risk taking throughout the Council’s business.
- We will not avoid risk but will identify and document key risks in all areas of our business, understand them and seek to proactively manage them. In managing risks, opportunities may present themselves. These will always be considered and acted on where appropriate.
- We will assess each risk, identifying existing controls and identify if further actions are required to reduce the risk. Where a risk is at a low level or has been managed down to a low level, then the risk will fall into business as usual and the risk entry will be archived. This allows actions and monitoring to be focused on higher risk levels.
- We acknowledge that even with good risk management, things will sometimes go wrong. Where this happens, we will use lessons learned to try to prevent it from happening again. We will 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.

- We will develop capacity and skills in identifying, understanding and managing the risks facing the Council.
- We will challenge the Risk Management Process through the use of the Risk and Performance Management Group and the Finance, Audit and Risk Committee.
- We will regularly review the Risk Management Framework and update in line with statutory and best practice requirements.

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 to new pressures and opportunities. Managers need to consider risk management as an integral part of their job and the Leadership Team and Cabinet must keep the Corporate Risks faced by the Council under regular strategic review.

The following six steps are used by the Council in managing its risks:



Step 1 – Identify Council Aims and Objectives

Before we can start to identify risks, we will establish context by looking at **what we are trying to achieve** and what our proposed outcomes are. These objectives will usually be detailed in existing documents, such as:

- The Council Plan
- The Council Delivery Plan
- Service Plans
- Project Initiation Documents
- Partnership Agreements

Step 2 – Identify and Describe the Risk –What stops us from achieving objectives?

There are many different types of risks that we should consider. There are some examples in the table below. It is not necessary to detail all relevant risks, but the main ones should be considered.

Type of Risk	Example
Strategic	<ul style="list-style-type: none"> - Delivery of the key objectives of the Council - New political arrangements - Changes to Government policy
Operational	<ul style="list-style-type: none"> - Delivery and efficiency of services, specifically around day-to-day work - New initiatives, ways of working and relationships with partners - Monitoring arrangements - Levels of service usage - Day-to-day management of buildings
Information	<ul style="list-style-type: none"> - Accuracy of data, systems or reported information - Appropriate transfer and sharing of data - Security of data and systems - Management and control of knowledge resources, e.g. the retirement of a key member of staff
Reputation	<ul style="list-style-type: none"> - The Council's brand or image - Customer experience - Negative publicity - Levels of complaints - Levels of public confidence and participation
Financial	<ul style="list-style-type: none"> - Acceptance of liabilities - Levels of funding - Levels of income - Losses by fraud / corruption - Adequacy of insurance cover - Availability of funds to deliver services / projects
People	<ul style="list-style-type: none"> - Employees, e.g. recruitment and managing change - Management, e.g. communication / consultation and business continuity / emergency planning arrangements - The public, stakeholders and partners, e.g. changing needs / expectations, inequalities and safeguarding - Delivery of services to minority and disadvantaged groups
Regulatory	<ul style="list-style-type: none"> - Adherence to regulatory environments and compliance regimes - Legislation, e.g. Health & Safety at Work Act, Data Protection, FOI, Human Rights, Equalities Act 2010, Public Sector Equality Duty 2011, Employment Law, TUPE etc. - Grant funding conditions
Environment	<ul style="list-style-type: none"> - Recycling, Green Issues - Impact of planning policies - Climate Change - Management of Open Spaces

It may help to consider the **cause and effect** of each risk. For example, by using the following:

Description of Risk	Cause –why?	Effect – what will happen?
Risk of ... Failure to ... Lack of Loss of ... Uncertainty of ... Delay in ... Inability to ... Inadequate ... Opportunity to ... Damage to due to ... because leads to ... results in ...

Step 3 – Assess Initial level of Risk when identified – How significant is it?

The Council assesses each risk in terms of its potential likelihood and impact, enabling actions to be prioritised. **We will actively monitor risks scoring 4 or higher on the Risk Scoring Matrix.**

Each risk should be assessed twice, to set both Initial and then Target risk levels.

The first assessment – the initial risk score - is taken on the “as is” basis—what is the risk if we do nothing further and just maintain any existing controls (the score should reflect whether these are currently operating effectively or not).

To ensure consistency, risks are assessed using a standard Risk Scoring Matrix, Likelihood (1-3) and Impact (1-3).

The matrix uses a “traffic light” approach to show high (red), medium (amber) and low (green) risks.

		RISK MATRIX		
		1	2	3
LIKELIHOOD	3	4	7	9
	2	2	5	8
	1	1	3	6
		IMPACT		

Likelihood	
1. Low	Less than 20% likelihood
2. Medium	Between 20% and 60% likelihood
3. High	Greater than 60% likelihood
Impact	
1. Low	Consequences will be minor and associated losses will be small
2. Medium	Will have a noticeable effect on the Council
3. High	Can have a significant impact on the Council

<p>4 Likelihood High (3) Impact Low (1)</p> <p>Chance of it happening -More than 60% Consequences - Minor</p>	<p>7 Likelihood High (3) Impact Medium (2)</p> <p>Chance of it happening - More than 60% Consequences - Noticeable effect on the Council</p>	<p>9 Likelihood High (3) Impact High (3)</p> <p>Chance of it happening - More than 60% Consequences - Significant impact on the Council</p>
<p>2 Likelihood Medium (2) Impact Low (1)</p> <p>Chance of it happening – between 20 – 60% Consequences - Minor</p>	<p>5 Likelihood Medium (2) Impact Medium (2)</p> <p>Chance of it happening – between 20 – 60% Consequences – Noticeable effect on the Council</p>	<p>8 Likelihood Medium (2) Impact High (3)</p> <p>Chance of it happening – between 20 – 60% Consequences – Significant impact on the Council</p>
<p>1 Likelihood Low (1) Impact Low (1)</p> <p>Chance of it happening – less than 20% Consequences - Minor</p>	<p>3 Likelihood Low (1) Impact Medium (2)</p> <p>Chance of it happening – less than 20% Consequences – Noticeable effect on the Council</p>	<p>6 Likelihood Low (1) Impact High (3)</p> <p>Chance of it happening – less than 20% Consequences – Significant impact on the Council</p>



Step 4 – Plan actions required to reduce the Likelihood or Impact of a Risk – what can we do about it?

Not all risks can be eliminated, but they can be reduced and/or plans can be put in place to deal with the effects. The following five general approaches are used by the Council when determining relevant actions to be taken.

Transfer	Use of insurance (to transfer the financial cost), or by contracting out services (this transfers some but not all of the risks and may create different ones).
Tolerate	It may not be practical or cost effective to take effective action against some risks. In this instance, the risk should be monitored to ensure the likelihood or impact does not change.
Treat	Most risks will be in this category. This involves putting in place a series of mitigation actions, bringing the risk score to an acceptable level. It includes contingency planning, describing what action will need to be taken if a risk is realised.
Terminate	Quick and decisive action to eliminate a risk altogether, which would usually be linked to stopping doing the activity completely. It is unlikely that the Council will be in a position to terminate the provision of a service.
Taking an Opportunity	In managing risks, opportunities may sometimes present themselves. For example, where the take up of a new chargeable

	service is unknown, it might be lower than expected (a threat), or it might be higher (an opportunity).
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Actions should be **SMART** (specific, measurable, achievable, realistic and timely).

Managers should list existing and additional actions required to manage the risks and set out Contingency Plans to be followed in the event of the threat materialising.

Each action should have a named Officer (the Risk Owner) and a target date for completion. The cost of the planned actions needs to be established and, wherever possible, should not exceed the cost of the risk they are mitigating. Cost may be identified as additional funding requirements or in redeployment of staff resources. Financial costs linked to a risk or opportunity should be included in the Corporate Business Planning process. The costs associated with dealing with any risk should it materialise should be assessed and provision made on the Councils Financial Risk Register, if appropriate.

When looking at risks, we will **also consider opportunities**. Planned actions to mitigate risk should be examined to see whether they open up new possibilities to help us achieve our objectives.

Step 5 – Aim – Set a Target Risk Score – what will the actions achieve?

Once the actions have been identified, the risk will be assessed again, using the same Matrix in Step 3, this time, taking into consideration the effectiveness of the identified actions in Step 4. This becomes the **Target Risk Score** and reflects the position where the risk is deemed to be **managed to an acceptable level**. If the actions in Step 4 do not manage a risk to an acceptable level, then it will be necessary to reconsider what mitigating actions should be carried out.

The Council uses the Target Risk Score to ensure that:

- **Risks are prioritised in terms of their significance;**
- **Actions are relevant and effectively managing and/or reducing the Likelihood or Impact of the risk;**
- **Risks are removed when no further actions are required.**

Step 6 – Monitor and Review Risks

Risk management is an ongoing process and risks will be reviewed regularly to ensure that actions are being completed.

Each Risk Owner is expected to conduct a review of their risks on Ideagen Risk Management in line with the review schedule in Appendix A. These reviews should consider:

- Any new risks which have been identified.
- Whether actions have been completed by their target dates, or revisions required.
- Whether the Target Risk Score has been achieved.
- Whether additional actions are required.
- Whether risks should be proposed for archiving/closure.

Where a risk is assessed at a low level (1, 2 or 3) or has been managed down to a low level, then the risk will fall into business as usual and the risk entry should be proposed for archiving.

Where a risk is no longer relevant the risk should be proposed for archiving. Any decision to archive/close a risk will be reviewed and agreed by the Risk and Performance Management Group, prior to the change being accepted on Ideagen Risk Management. If the proposed change is not accepted, Ideagen will be reinstated with the agreed score.

Regular reporting of Corporate Risks (those included in the Council Delivery Plan), through Risk and Performance Management Group, Leadership Team (LT), Overview and Scrutiny (O&S) and Cabinet enables senior managers and Members to be more fully aware of the extent of the risks and progression of recorded actions, along with any proposed archiving/closures.

Risk registers (Operational and Corporate) are maintained on the Council's risk management software Ideagen Risk Management. This enables the Council to monitor and review risks and produce meaningful management reports.

2 – Considering any Opportunities which may present themselves whilst managing Risks

In managing risks, opportunities may present themselves. These will always be considered and acted on where appropriate.

These opportunities may take the following forms:

1. **Absence of Threats** - If the bad thing does not happen, we might be able to take advantage of something good instead. For example, if poor industrial relations do not lead to a strike, we might be able to introduce an incentive scheme and turn the situation round from negative to positive.
2. **Inverse of Threats** - Where a variable exists and there is uncertainty over the eventual outcome, instead of just defining the risk as the downside we will also consider upside potential. For example, where the take up of a new chargeable service is unknown, it might be lower than expected (a threat), or it might be higher (an opportunity).
3. **Secondary Risks** - Sometimes by addressing one risk we can make things worse (the response creates a new threat), but it is also possible for our action to create a new opportunity. Avoiding potential delays to a car journey by taking the train might also allow us to do some useful work during the journey whilst achieving a lower environmental impact.

Opportunities cannot be managed unless they are identified. When looking at risks, we will also ask whether their absence or inverse might present an opportunity. Planned actions to mitigate risk will be examined to see whether they open up new possibilities to help us achieve our objectives.

3 – Ensuring accountability and roles and responsibility for managing Risks are clearly defined and communicated

NHC expects all its officers and councillors to have a level of understanding of how risks and opportunities can affect the performance of the Council, in the achievement of our objectives, and consider the management of risk as part of their everyday activities.

Roles in the Risk Management Process

All Employees	<ul style="list-style-type: none"> • Manage day-to-day risks and opportunities and report risk management concerns to their line managers. • Identify any new risks relating to their service area. • • Attend training and awareness sessions, as appropriate.
All Members	<ul style="list-style-type: none"> • Support and promote an effective risk management culture. • Constructively review and scrutinise the risks involved in delivering the Councils objectives.
Cabinet	<ul style="list-style-type: none"> • Risk manage the Council in delivering its objectives. • Approve the risk management Policy and Strategy. • Consider and challenge the risks involved in making any “key decisions”. • Responsible for oversight of Corporate Risks (with Leadership Team).
Finance, Audit and Risk Committee (FARC)	<ul style="list-style-type: none"> • Provide independent assurance to the Council on the overall adequacy of the Risk Management Framework, including review of proposed amendments to the Policy and Strategy prior to its presentation to Cabinet.
Overview and Scrutiny Committee (O&S)	<ul style="list-style-type: none"> • Review of changes to Corporate Risks and ensure that they are considered in relation to Council performance and the Council Delivery Plan.
Shared Internal Audit Service (SIAS)	<ul style="list-style-type: none"> • Provide assurance that risks are being effectively assessed and managed. • During all relevant audits, challenge the content of risk registers. • Periodically undertake specific audits of the Council’s risk management process and provide an independent objective opinion on its operation and effectiveness.
Leadership Team (LT)	<ul style="list-style-type: none"> • Champion an effective Council wide risk management culture. • Ensure all reports contain sufficient risk implications. • Ensure Members receive relevant risk information. • Responsible for oversight of Corporate Risks (with Cabinet). • Ensure Risks are considered and are part of updates to the Council Delivery Plan. • Ensure that Business Continuity Plans are in place for each service area.
Service Directors	<ul style="list-style-type: none"> • Risk manage their Directorates in delivering the Council’s core objectives and outcomes and confirm annually they have done this as part of the Annual Governance Statement process.

	<ul style="list-style-type: none"> • Update Risks as part of any updates to the Council Delivery Plan. • Constructively review and challenge the risks involved in decision making. • Ensure that appropriate resources and importance are allocated to the process.
Service Director - Resources	<ul style="list-style-type: none"> • Corporate Champion for Risk Management. • Promotes the adequate and proper consideration of risk management to senior managers and more widely within the Council. • Ensure the Internal Audit work plan is focused on the key risks facing the Council.
Controls, Risk and Performance Team	<ul style="list-style-type: none"> • Design and facilitate the implementation of a Risk Management Framework within NHC ensuring it meets the needs of the organisation. • Act as a centre of expertise, providing support and guidance as required. • Collate risk information and prepare reports, as necessary. • Develop, support and promote the Council's risk management software Ideagen Risk Management and provide training where required.
Service Managers / Project Managers	<ul style="list-style-type: none"> • Responsible for the effective leadership and management of risk in their area of responsibility in line with the Council's Risk Management Framework. • Identify, assess and appropriately document significant risks and opportunities. • Clearly identify risk ownership. • Manage risks in line with corporately agreed timescales and policies. • Escalate risks, where appropriate. • Review risks regularly and recommend for archiving where appropriate. • Complete mandatory risk management e-learning.
Risk and Performance Management Group	<ul style="list-style-type: none"> • Maintain the mechanism for risk management to be discussed and disseminated across the Authority. • Review and challenge the content of risk registers. • Ensure that risk is considered alongside performance. • Provide direction and guidance to ensure that a risk based approach is taken to the development of policies and procedures. • Support the Controls, Risk and Performance Team to implement the Risk Management Framework effectively, including reviews of risk management training. • Review recommendations and amendments to the Risk Management Framework – Policy, Strategy and Toolkit.

4 – Considering Risk as an integral part of business planning, service delivery, key decision making and project and partnership governance

The Risk Management Strategy is an essential element of strategic planning and sits under the broader umbrella of the Council Plan.

NHC has a [Local Code of Corporate Governance](#), which includes risk management as one of the seven key principles:

“Managing risks and performance through robust internal control and strong public financial management.”

For risk management to be effective and a meaningful management tool, it must be an integral part of key management processes and day-to-day working. The Managing Director and Leader of the Council must satisfy themselves that NHC has effective corporate governance arrangements in place so that they can sign and publish an Annual Governance Statement with the annual accounts. Risks and the monitoring of associated actions are considered as part of the Council’s significant business processes, including:

- Corporate Decision Making – significant risks, associated with policy or action to be taken when making key decisions, are included in appropriate committee reports.
- Service /Budget Planning – this annual process includes completion of a Risk Questionnaire and updating the individual business unit risk registers to reflect current aims/outcomes.
- Project Management – all significant projects should formally consider the risks to delivering the project outcomes, before and throughout the project. This includes risks that could have an effect on service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.). [Project Management Guide Final.docx](#)
- Business Continuity – the Council has a duty to maintain plans to ensure that it can continue to function in the event of an emergency including plans for organisations that carry out services on the Council’s behalf. The process identifies the key functions in a service, what the risks are and how they can be mitigated to allow key functions to continue operating. [Business continuity process](#)
- Partnership Working – partnerships should establish procedures to record and monitor risks and opportunities that may impact the Council and/or the partnership’s aims and objectives.
- Procurement – Contract Standing Orders clearly specify that all risks and actions associated with the purchase need to be identified and assessed, kept under review and amended as necessary during the procurement process. <https://www.north-herts.gov.uk/home/council-and-democracy/council-constitution>
- Contract Management – all significant risks associated with all stages of contract management are identified and kept under review.
- Information Governance – the Information Security Policy sets out practices and procedures to be adopted for good information management. There is also mandatory annual refresher training in Data Protection.
- Insurance – the HCC Insurance team manages NHC’s insurable risks and self-insurance arrangements. The Manager presents a regular update to the RPMG.

- Health and Safety – the Council has a specific risk assessment policy to be followed in relation to health and safety risks. Health and Safety updates are taken to each meeting of the RPMG.

Corporate Governance

NHC's approach to risk management has been developed to support the key requirements of good corporate governance:

Openness and Inclusivity - Our approach to managing risks will be open and transparent and blame will not be attributed if decisions made in good faith turn out to be the wrong decisions. Officers, Members, partners, members of the public and outside organisations have access to information on our current risks and opportunities, including how we are managing them. Risk management supports and enhances our decision making process and all committee reports include information on the risks and opportunities in taking or not taking a recommended course of action.

Integrity - The control environment, which includes risk management, supports the integrity of the Council. The Risk Management Framework is key to taking informed decisions and continued service delivery.

Accountability - There is clear accountability for our risks. This includes the risk section in committee reports; an Annual Governance Statement, approved by the Finance, Audit and Risk Committee and included in the Council's Annual Accounts; an annual report to Council on risk management; and the regular internal and external audit inspections of our risks. The Council's key partners and contractors must have their own risk management plans to suit the particular circumstances of their business and their key stakeholders. The Council has major shared objectives with its partners and the principles of our approach to risk will guide how we seek to tackle these objectives in a joined-up way. Wherever practicable, joint risk registers are put in place with key partners/contractors.

So that it can manage and demonstrate how well it has embedded risk management, the Council undertakes a regular review of the implementation of the Strategy across the organisation.

5 – Communicating Risk information effectively through a clear reporting framework

Appropriate and effective reviews and reporting arrangements reinforce and support the risk management processes. They allow sufficient and accurate performance information to be passed to Risk Owners, Senior Managers, the Leadership Team (LT) and Members.

The Risk Register

The Risk Register entries on the Council's risk management software - Ideagen Risk Management, are the basic building blocks in the Strategy. The system generates reminder emails when the Next Review Date is approaching and generates up to date reports on a weekly basis, available for all to view on the system.

A Directorate Overview of Risks is sent to each Service Director on a monthly basis, and taken to each Directorate's Management Team meeting at least once a year by a member of

the Controls, Risk and Performance Team. This allows an overview of all risks to be discussed and any new risks to be suggested.

The Risk and Performance Management Group reviews all new risks, decisions on not to monitor risks, proposed archiving/closures and any lessons learned when risks are archived (particularly in relation to projects). This includes consideration of the residual risks.

Ideagen Risk Management shows the Original Risk Score, the Target Risk Score and SMART actions with target dates for completion.

The risk matrix is used to plot the risks and to enable Service Directors to prioritise risk management activities that need to be undertaken to mitigate the risks. This risk information feeds into the Corporate Business Planning process.

The Risk Register also provides an understanding on how managing or capitalising on an opportunity can help achieve the objectives.

Corporate Risks

The Corporate Risks facing the Council are those that cut across the delivery of all services, key projects and those that will affect the delivery of the Council's objectives. They are the responsibility of the Leadership Team and Cabinet. Cabinet ensure the Corporate Risks are managed appropriately.

The Corporate Risks are included in quarterly Council Delivery Plan monitoring reports, which are presented to the Risk and Performance Management Group, Leadership Team, Overview and Scrutiny Committee, and Cabinet.

The Overview and Scrutiny Committee refer any changes to Corporate Risks to Cabinet, as part of considering updates to the Council Delivery Plan.

The Finance, Audit and Risk Committee monitor the effective development and operation of risk management governance within the Council. It agrees actions put forward by officers, where appropriate, and makes recommendations to Cabinet.

Updates on risk management governance (including a summary of Corporate Risks) are reported to Finance, Audit and Risk Committee and Cabinet twice a year. Council also receives the year-end annual report from the Members Risk Management Champion.

The Finance, Audit and Risk Committee refer any amendments to the Risk Management Framework Policy Statement, Policy, and Strategy to Cabinet.

Diagram representing the review of Corporate Risks



6 – Increasing understanding and expertise in Risk Management through targeted training and the sharing of good practice

Having developed a robust approach and established clear roles and responsibilities and reporting lines, it is important to provide Members and officers with the knowledge and skills necessary to enable them to manage risk effectively.

NHC uses a range of training methods to meet the needs of the organisation. For managers, mandatory e-learning is provided via GROW Zone. A link to the GROW Zone login screen is detailed below:

[North Hertfordshire District Council](#)

Risk management information is also available on the intranet, including templates and further detailed guidance in the Risk Toolkit.

A SIAS representative sits on the Risk and Performance Management Group, along with the HCC Risk and Insurance Manager, who is able to comment on wider risk management experience. This enables the sharing of good practice with others.

Appendix A - Review Timetable			
Risk Score 7 – 9 (RED)	There are significant risks, which may have a serious impact on the Council and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of risk.	As a minimum – Review every 3 months. Individual actions must be reviewed as they become due.	
Risk Score 4 – 6 (AMBER)	Usually accepted, on the basis additional mitigating actions to reduce the likelihood are implemented, if this can be done cost effectively. Reassess to ensure conditions remain the same and existing/new actions are operating effectively.	As a minimum – Review every 6 months. Individual actions must be reviewed as they become due.	
Risk Score 1 – 3 (GREEN)	These risks are being effectively managed and any further action to reduce the risk would be inefficient in terms of time and resources. Archive on register once agreed by Risk and Performance Management Group.	Only review if situation changes.	
Appendix B – Responsibilities / Oversight			
Task	Corporate Risks	Service Risks	Project Risks
Risks identified by:	Leadership Team Service Directors	Service Managers	Project Team Key Stakeholders
Risks owned by:	Service Directors	Service Managers	As appropriate
Risks reviewed by:	Service Directors Risk Owners	Service Managers Risk Owners	Project Managers Risk Owners
Risks scrutinised by:	Risk and Performance Management Group Leadership Team Overview and Scrutiny Committee Finance Audit and Risk Committee	Service Directors	Project Team
Risk Register (Ideagen Risk Management) updated by:	Risk Owners with support from Performance and Risk Officer if required.		

**Review of Risk
Management
Framework by:**

Service Director - Resources
Controls, Risk and Performance Team
Risk and Performance Management Group

CABINET
14 January 2025

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: SECOND QUARTER REVENUE BUDGET MONITORING 2024/25

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 forecasts for the financial year 2024/25, as at the end of the second quarter. The forecast variance is a £550k decrease in the net working budget of £20.139million, with an ongoing impact in future years of an £11k decrease. There are also requests to carry forward £317k of unspent budget to fund specific projects and initiatives in the next financial year. Explanations for all the significant variances are provided in table 3.

2. RECOMMENDATIONS

2.1. That Cabinet note this report.

2.2. That Cabinet approves the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a £550k decrease in net expenditure.

2.3. That Cabinet notes the changes to the 2025/26 General Fund budget, as identified in table 3 and paragraph 8.2, a total £306k increase in net expenditure. These will be incorporated in the draft revenue budget for 2025/26.

2.4. That Cabinet approve the debt write-offs detailed in paragraphs 8.16 and 8.17.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1. The report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 19th July 2024.

7. BACKGROUND

- 7.1. Council approved the revenue budget for 2024/25 of £19.933million in February 2023. As at the end of Quarter Two, the working budget has increased to £20.139million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - Current Working Budget

	£k
Original Revenue Budget for 2024/25 approved by Full Council	19,933
Quarter 3 2023/24 Revenue Budget Monitoring report – 2024/25 budget changes approved by Cabinet (March 2024)	410
2023/24 Revenue Budget Outturn Report – 2024/25 budget changes approved by Cabinet (June 2024)	634
Community Governance Review Terms of Reference report - additional budget required for the use of the Association of Electoral Administrators consultancy service to assist with delivering the Community Governance Review – approved by Council (July 2024)	20
First Quarter Revenue Monitoring 2024/25 report - 2024/25 variances approved by Cabinet (September 2024)	(858)
Current Working Budget	20,139

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

Table 2 – Service Directorate Budget Allocations

Service Directorate	Original Budget 2024/25	Changes approved at Quarter One	Other Budget Transfers	Current Net Direct Working Budget
	£k	£k	£k	£k
Managing Director	972	(1,350)	0	(378)
Customers	4,468	(2)	0	4,466
Enterprise	9	(35)	0	(26)
Housing & Environmental Health	2,086	76	0	2,162
Legal & Community	2,613	(50)	11	2,574
Place	6,763	447	(11)	7,199
Regulatory Services	1,011	67	0	1,078
Resources	3,075	(11)	0	3,064
TOTAL	20,997	(858)	0	20,139

8. RELEVANT CONSIDERATIONS

- 8.1. Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 3 below highlights those areas where there are forecast to be differences. An explanation is provided for each of the most significant variances, which are generally more than £25k. The final columns detail if there is expected to be an impact on next year's (2025/26) budget:

Table 3 - Summary of significant variances

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
All Directorates 2024/25 Staff Pay Inflation	683	625	(58)	Underspend variance indicates estimated impact of the nationally agreed pay awards for 2024/25 for Local Government Officers, Chief Officers and Chief Executives. The outcome was an increase of £1,290 to all salary scale points with annual remuneration in 2023/24 of below £51,515 and a 2.5% increase to all scale points above this. The assumption in the budget was an increase of 4% to all salary scale points.	0	(58)
Managing Director Treasury Investments Interest Income	(2,500)	(2,800)	(300)	Increase in estimated interest income receivable is a combination of interest rates falling by less than estimated during the quarter and higher cash balances available for investment than anticipated. Estimates for future years will be updated when the Investment Strategy for 2025 – 2035 is finalised in January 2025.	0	0
Customers Directorate Staffing Costs – IT Services	858	764	(94)	Working budget total includes £69k of budget carried forward from 2023/24 to finance the temporary recruitment of a help desk officer and a Senior IT Analyst to backfill officers working on projects. The Senior IT Analyst has been recruited and will start in January, while the helpdesk officer post is still vacant despite advertising for the role. It is requested to carry forward £52k to fund the salary costs of the two posts expected to fall in next year. The remainder of the forecast underspend is due to other posts being vacant during the year for longer than anticipated, where recruitment has not been successful.	52	0
Customers Careline Service Telephone Lines Upgrade	142	115	(27)	Forecast underspend relates to the carry forward budget of £32k to upgrade the current ISDN phone lines to SIP (Session Initiation Protocol) lines. Phase 1 of the project has been partially completed and invoiced. Progress has since been delayed due to technical issues. As a result, a carry forward of the unspent budget is requested to complete the project in 2025/26.	27	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Customers Careline Service call handling and service desk system solution	59	0	(59)	<p>A permanent investment budget of £59k was approved to cover increased costs associated with the procurement of a new call handling system (£34k) and a service desk solution (£25k). For the service desk solution, the Digital Transformation Team has successfully developed an in-house system, saving £25k in 2024/25. The service desk solution budget will be transferred to the Digital Transformation Team for 25/26 to provide Netcall support for other transformation projects.</p> <p>Procurement of the new call handling system will commence in January 2025, with no associated costs expected to fall in 2024/25. Any saving achieved on the budget required in future years will be dependent on the outcomes of the procurement process.</p>	0	0
Customers Business Rates Review	36	10	(26)	<p>A company was appointed last year to review the Council's business rates tax base and identify where businesses may have been missed or where circumstances have changed that would result in increased business rates income. The cost to the Council is 10% of the increase in rateable value resulting directly from the consultants' findings. They have since notified the Valuation Office (VO) of a large number of changes, but there has been a delay in the VO processing these changes. The company will not invoice the Council until the VO have processed the changes. It is estimated that around £10k will be invoiced this year. It is therefore requested to carry forward the remaining £26k to fund costs falling in 2025/26. The expenditure incurred from undertaking the review will be offset by corresponding increased business rates income charged to the Collection Fund.</p>	26	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Customers Net housing benefit expenditure	331	405	+74	Increase in the estimated shortfall of housing benefit subsidy to fund corresponding housing benefit payments is attributed to the Council's reliance on nightly paid units (mainly hotels) to accommodate homeless households. For homeless households placed in temporary accommodation, the eligible amount of Housing Benefit Subsidy is capped at less than the value of the related housing benefit payment. As noted below, the impact on the General Fund in this year will be offset by a corresponding transfer from the refugee earmarked reserve.	0	0
Housing & Environmental Health Temporary Accommodation						
Expenditure	80	289	+209	Increase in expenditure on temporary accommodation is indicative of the Council's reliance on nightly paid units (mainly hotels) to accommodate homeless households when there are no other available accommodation options. Where homeless households are not eligible to receive housing benefit, the cost of their placement is funded entirely by the Council. The increase in activity has therefore meant an increase in the net cost to the Council.	0	0
Contribution from Housing Benefit clients	(70)	(249)	(179)		0	0
Net Cost	10	40	+30		0	0
Grant Income Contributions	0	(23)	(23)	£13k of the 2024/25 Rough Sleeping Initiative grant, together with a £10k contribution from Herts County Council, have been allocated towards the cost of temporary accommodation in this financial year.	0	0
Contribution from Earmarked Reserve	0	(81)	(81)	The total forecast additional cost of £81k (£30k increase in net cost and £74k housing benefit subsidy shortfall reported above less additional grant contributions of £23k) can be mitigated by the transfer of grant income held in the refugee earmarked reserve, in recognition of the financial impact of refugees leaving their bridging accommodation and not having settled accommodation to go to.	0	0
Housing & Environmental Health Housing Stock Condition Survey	40	0	(40)	Due to resourcing issues within the Service, the survey will not be undertaken in this financial year. It is requested to carry forward both the unspent £20k carry forward budget and the £20k base budget allocated in 2024/25, as the survey is anticipated to be more expensive than original estimates. An officer has recently been recruited that will lead on delivering the stock condition survey.	40	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
Housing & Environmental Health Environmental Health Apprenticeship	100	0	(100)	Unspent staffing budget at the end of the prior financial year was approved to be carried forward to fund the costs of a proposed 4-year Environmental Health Officer Apprentice post. Due to staffing pressures within the Environmental Health service, the recruitment process has not yet started. Recruitment will now begin in the new financial year to get an apprentice in place before the start of the new academic year. It is therefore requested to carry forward the unspent budget to the next financial year 2025/26.	100	0
Legal & Community Directorate Staffing Costs – Policy & Communities	61	49	(12)	Underspend variance is due to vacancies held during the year in the safeguarding team. It is requested that the forecast unspent budget is carried forward to finance the anticipated pressure in delivering the Healthy Hub service in the next financial year, with the contribution from Hertfordshire County Council lower than the estimated cost of staffing.	12	0
Regulatory Building Control expenditure	67	97	+30	The building control fee regulations preclude the charging of a fee for works benefitting a disabled person, as such the charge falls to the Local Authority where the works are to be undertaken. The process is demand led and with the current level of activity continuing and the experience of the last two years, adjustment to the ongoing budget expectation is necessary. An increased level of fee exempt Building Control applications for which the Council must reimburse the fee to Hertfordshire Building Control was identified as a financial risk when the budget was approved in February.	0	30
Regulatory Electric Vehicle (EV) Charging Points Project	60	0	(60)	Installation of EV charging points as part of Phase 1 of the project is expected to be early in the new calendar year, with additional EV charging points installed and operational at Letchworth Garden Square multi-storey car park. This means that the delivery of Phase 2, which involves identifying and evaluating potential locations for EV charging points across the District in consultation with Herts County Council, will not now happen before the end of the financial year. It is therefore requested that the unspent budget is carried forward to finance project delivery in the next financial year.	60	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2025/26 £k
Regulatory Specialist Planning Advice	81	21	(60)	The working budget total includes the investment proposal of £60k ongoing annually for the provision of specialist planning advice on the provision of green space, landscaping and / or trees, approved by Council in February 2024. A decision has since been made to create a new permanent post to meet this need and, while the recruitment process will begin in January 2025, costs are not anticipated before the end of the financial year.	0	0
Regulatory Planning Control – Expenditure on consultants	16	46	+30	Overspend variance represents the estimated consultant costs required to provide evidence for an appeal against a Planning Committee decision. The hearing is anticipated in January / February. Costs associated with a challenge to a decision of the Council was highlighted as a financial risk when the budget was approved in February 2024.	0	0
Regulatory Planning Control – Planning applications income	(1,115)	(915)	+200	Forecast underachievement of planning income is indicative of a lower number of minor applications, which is a trend nationally. Larger applications are also now subject to the master planning process as opposed to the previous paid pre-application advice, with fee income from subsequent reserved matters applications therefore being deferred.	0	0
Total of explained variances	(1,071)	(1,647)	(576)		317	(28)
Other minor balances	21,210	+21,236	+26		0	17
Overall Total	20,139	+19,589	(550)		317	(11)

8.2. Cabinet are asked to approve the differences highlighted in the table above (a £550k decrease in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are also asked to note the estimated impact on the 2025/26 budget, a £306k increase in budget, including requests to carry forward unspent budget totalling £317k for specific projects next year, which will be incorporated in to the 2025/26 budget setting process (recommendation 2.3).

8.3. The original approved budget for 2024/25 (and therefore working budget) included efficiencies totalling £699k, which were agreed by Council in February 2024. Any under or over delivery of efficiencies will be picked up by any budget variances (table 3 above). However, there can be off-setting variances which mean that it is unclear whether the efficiency has been delivered. Where this is the case, this will be highlighted. The forecast at Quarter One was a net underachievement of £64k. The current forecast at the end of Quarter Two is a net underachievement of £264k. The increase at Quarter Two relates to the forecast shortfall in planning income, as highlighted and explained in table 3. The approved efficiency had anticipated additional planning income from the increase to statutory planning fees from 1st April 2024.

8.4. The working budget for 2024/25 includes budgets totalling £1.456million 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 2023/24 but was delayed into 2024/25. At Quarter One, it was forecast that £70k of the budget carried forward will not be spent in this year. At Quarter Two, it is forecast that £355k of budget carried forward will not be spent in this financial year. The £285k movement in the forecast at Quarter Two relates to:

- Temporary IT Staff. £52k of the £69k budget carried forward will not be spent in this year, as highlighted in table 3.
- Business Rates review. £26k of the £36k budget carried forward is forecast to be unspent, as explained in table 3.
- Careline telephony upgrade. £27k of the £32k budget carried forward will not be spent, as itemised in table 3.
- Electric Vehicle charging points. The £60k carry forward budget will not be spent this year, as explained in table 3.
- Housing Stock Condition Survey. The £20k carry forward budget will not be spent this year, as explained in table 3.
- Environmental Health apprenticeship. The £100k budget carried forward will not be spent, as highlighted in table 3.

All the unspent carry forward budget reported at Quarter 2 is requested to be carried forward again to 2025/26.

8.5. Six corporate ‘financial health’ indicators have been identified in relation to key sources of income for the Council in 2024/25. Table 4 below shows the performance for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber, or green. A green indicator means that they are forecast to match or exceed the budgeted level of income. An amber indicator means that there is a risk that they will not meet the budgeted level of income. A red indicator means that they will not meet the budgeted level of income.






8.6. At the end of Quarter One, four of the indicators were green and two of the indicators were red. At Quarter Two, three of the indicators are green and three are red. Explanation for the additional red indicator at Quarter Two, in respect of Planning Application fees income, is included in table 3 above.

Table 4 - Corporate financial health indicators

Indicator	Status	Original Budget £k	Actual to Date £k	Projected Outturn £k	Variance £k
Leisure Centres Management Fee Income	Red	(1,130)	(319)	(778)	+352
Garden Waste Collection Service Subscriptions	Green	(1,029)	(1,072)	(1,029)	0
Commercial Refuse & Recycling Service Income	Red	(1,282)	(703)	(1,242)	+40
Planning Application Fees (including fees for pre-application advice)	Red	(1,186)	(1,050)	(986)	+200
Car Parking Fees	Green	(1,948)	(1,015)	(1,948)	0
Parking Penalty Charge Notices (PCNs)	Green	(573)	(272)	(573)	0

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

Table 5 - Corporate financial health indicators – activity drivers

Indicator	Activity Measure	Performance Q2 2024/25	Performance Q2 2023/24	Percentage Movement	Direction of Trend
Leisure Centres Management Fee	Number of Leisure Centre visits in quarter	860,742	833,863	+3.2%	
Garden Waste Collection Service	Number of bin subscriptions at end of quarter	27,087	28,275	-4.2%	
Commercial Refuse & Recycling Service	Number of customers at end of quarter	976	1,004	-2.8%	
Car Parking Fees	Car park tickets sold / average ticket price sold during quarter	578,764 / £1.77	578,109 / £1.67	+0.1% / +6.6%	
Parking Penalty Charge Notices	Number of PCNs issued during quarter	7,864	7,962	-1.2%	

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.8. 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 2024 of the amount of New Homes Bonus, Services Grant and Funding Guarantee Grant it could expect to receive in 2024/25 and planned accordingly.
- 8.9. Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of other bodies. Each organisation has a share of the balance on the Collection Fund account. The Council must repay in this year its share of the Council Tax deficit for the prior year and will receive in this year its share of the Business Rates Collection Fund surplus for the prior year, as estimated in January 2024. As reported previously, this means a contribution from the General Fund of £24k to the Council Tax Collection Fund and a contribution to the General Fund of £416k from the Business Rates Collection Fund. While the repayment of the Council Tax deficit amount of £24k is included in the funding total in table 7, the business rates surplus will be transferred to reserve and used to mitigate the impact of deficits recorded, and/or changes to the rates retention scheme, in future years. It is also reviewed as part of the Medium-Term Financial Strategy and budget process to assess whether it can be used to support the General Fund budget.
- 8.10. At Quarter Two a surplus position of around £150k on the Council Tax Collection Fund is projected at the end of this financial year. This includes both the £12k improvement in the position for the prior year, compared to the January 2024 estimate, during the final quarter of 2023/24 and the trend has continued during the first half of the current financial year, with an in year projected surplus of £139k.

- 8.11. The current forecast for the Council's share of the Business Rates Collection Fund at the end of this year is an overall surplus position of £330k. The overall position includes an in year forecast surplus of around £700k, which is mainly due to the cost of business rates appeals resolved in this year being lower than originally estimated.
- 8.12. The Council is also subject to a business rates levy from Central Government as it collects more in business rates than the baseline need determined by Central Government. In 2024/25 the Council is a member of the Hertfordshire Business Rates Pool with Hertfordshire County Council and two other Hertfordshire Local Authorities. The Pool was formed with the expectation that this should reduce the business rates levy amount otherwise payable at the end of the year. Based on projected net Business Rates income in 2024/25, as declared to government in January 2024, the Council is estimated to gain by around £0.7million from being part of the pool. The gain to the Council is however not guaranteed and the exact value will depend on the actual level of rates collected by both North Herts Council as well as the two other collection authorities in the Pool. The contribution to the pool required for 2024/25 will therefore not be known until all the pool authorities have declared their business rates income amounts to government following the end of this financial year. In any case, the Council's contribution to the pool will be funded from grant held in reserve and as such will have a net zero impact on the General Fund balance at the end of the year.
- 8.13. The Council receives compensation in the form of a grant from Central Government for business rate reliefs introduced, which goes into our funds rather than the Collection Fund. The final amount of grant the Council can retain depends on the actual level of reliefs applied during the year. The Council currently expects to receive a total grant allocation of £5.282m for reliefs in 2024/25, which includes an amount of £589k received as compensation for the Government's previous decisions to cap the increases in the business rates multiplier. The multiplier compensation is included in the funding total in table 7 below. The rest of the grant received is held in reserve. Some of the amount held in reserve will be used to fund the business rates levy payable for this year, while a further £2.7 million will be used to top up the business rates income charged to the General Fund in 2024/25 to the baseline funding amount anticipated when the budget was set. In addition, as shown in table 7 below, there will be the planned release of £1.727million from the reserve to the General Fund in 2024/25 to bridge the funding gap anticipated when the budget was set.
- 8.14. Table 7 below summarises the impact on the General Fund balance of the position at Quarter Two detailed in this report.

Table 7 – General Fund impact

	Working Budget	Projected Outturn	Difference
	£k	£k	£k
Brought Forward balance (1st April 2024)	(14,057)	(14,057)	-
Net Expenditure	20,139	19,589	(550)
Funding (Council Tax, Business Rates, NHB, Services Grant, Funding Guarantee)	(18,206)	(18,206)	0
Funding from Reserves (including Business Rate Relief Grant)	(1,727)	(1,727)	0
Carried Forward balance (31st March 2025)	(13,851)	(14,401)	(550)

8.15. 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 £1,060k, and at the end of the second quarter a total of £110k has come to fruition. The identified risks realised in the second quarter relate to:

- Costs associated with a challenge to the decision of the Council, as highlighted in table 3 above - £30k.
- Increased level of fee exempt Building Control applications for which the Council must reimburse the fee to Hertfordshire Building Control, as explained in table 3 above - £30k

Table 8 – Known financial risks

	£'000
Original allowance for known financial risks	1,060
Known financial risks realised in Quarter 1	(50)
Known financial risks realised in Quarter 2	(60)
Remaining allowance for known financial risks	950

DEBT WRITE-OFFS

8.16. In accordance with the Council's Financial Regulations, the write-off of a debt over £10,000 must be approved by Cabinet (paragraph 15.5). A write-off occurs where it is determined that it is not practical or possible to collect the amount owed. It has been determined that an £18k business rates debt should be written off as the debtor is deceased with no estate. Due to the age of the debt, the Council has already made a full allowance for the non-collection of the debt, so there will be no net impact on the General Fund.

8.17. It has also been determined that a £27k Housing Benefit debt should be written-off as the overpayment was due to an error by the Department for Work and Pensions.

9. LEGAL IMPLICATIONS

9.1. The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically, 5.7.8 of Cabinet's terms of reference state that it has remit "*to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework*". By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance of reserves.

- 9.2. The recommendations contained within this report are to comply with the council's financial regulations with attention drawn to significant budget variances as part of good financial planning to ensure the council remains financially viable over the current fiscal year and into the future. Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This means there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met

10. FINANCIAL IMPLICATIONS

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

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

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

15. HUMAN RESOURCE IMPLICATIONS

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

16. APPENDICES

- 16.1. None.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1. None.

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CABINET
14 January 2025

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2024/25

REPORT OF: SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND I.T.

COUNCIL PRIORITY: SUSTAINABILITY

1 EXECUTIVE SUMMARY

- 1.1 To update Cabinet on progress with delivering the capital and treasury strategy for 2024/25, as at the end of September 2024.
- 1.2 To update Cabinet on the impact upon the approved capital programme for 2024/25 – 2033/34. The current estimate is a decrease in spend in 2024/25 of £15.388M and an increase in spend in 2025/26 of £11.110M and £2.000M in the following years of the capital programme. The most significant individual changes to the forecast spend in 2024/25 relate to the reprofiling into future years of £5.000M Public Sector Decarbonisation Project, £2.500M Royston Learner Pool, £1.950M Museum Storage unit, £1.000 Royston Leisure Centre Gym Extension.
- 1.3 To inform Cabinet of the Treasury Management activities in the first six months of 2024/25. The current forecast is that the amount of investment interest expected to be generated during the year is £2.80M. This is an increase of £0.300M on the estimate reported in the 1st quarter report.
- 1.4 To obtain early approval for spend at North Herts Leisure Centre in 2025/26, so that it can be delivered alongside the decarbonisation works. This involves seeking Council approval for spend in 2025/26 on a new flume (£300k) and a refurbishment of the pool changing rooms (£250k) that includes them being converted in a change village.

2 RECOMMENDATIONS

That Finance, Audit and Risk Committee provides comments on the recommendations to Cabinet which are:

- 2.1 That Cabinet notes the forecast expenditure of £15.699M in 2024/25 on the capital programme, paragraph 8.3 refers.

- 2.2 That Cabinet notes the position of the availability of capital resources, as detailed in table 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.
- 2.3 That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2024.
- 2.4 That Cabinet recommends to Council that it approves capital budgets in 2025/26 for a new flume (£300k) and a refurbishment of the pool changing rooms (£250k) at North Herts Leisure Centre.

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.
- 3.3 The proposal to approve the 2025/26 capital budgets at North Herts Leisure Centre in January (rather than in the usual budget report at the end of February) means that the works can take place at the same time as the decarbonisation works, and therefore not require two periods where the pool cannot be used. It also provides a more obvious benefit to users of the facility.

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the capital expenditure report is not required. Members will be aware that consultation is incorporated into project plans of individual capital schemes as they are progressed.

5.2 There are regular updates and meetings with Treasury advisors (Link).

6. FORWARD PLAN

6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 18th October 2024.

7. BACKGROUND

7.1 In February 2024, Council approved the Integrated Capital and Treasury Strategy for 2024/25 to 2033/34. To be consistent with the strategy, the monitoring reports for Capital and Treasury are also integrated.

7.2 Link Asset Services Ltd are contracted to provide Treasury advice. The service includes:

- Regular updates on economic and political changes which may impact on the Council's borrowing and investment strategies
- Information on investment counterparty creditworthiness
- Technical updates
- Access to a Technical Advisory Group.

8. RELEVANT CONSIDERATIONS

8.1 The Council has £122.0M of capital assets that it currently owns. The Investment Strategy set out the reasons for owning assets that are not for service delivery, including an assessment of Security, Liquidity, Yield and Fair Value. There have been no significant changes in relation to these since the last quarter.

Capital Programme 2024/25

8.2 The full capital programme is detailed in Appendix A and shows the revised costs to date, together with the expected spend from 2024/25 to 2033/34 and the funding source for each capital scheme.

8.3 Capital expenditure for 2024/25 is estimated to be **£15.699M**. This is a decrease of **£15.388M** on the forecast in the 1st quarter report (reported to Cabinet on 10th September 2024). Table 1 below details changes to capital programme.

Table 1- Current Capital Estimates

	2024/25 £M	2025/26 £M	2026/27 to 2033/34 £M
Original Estimates approved by Full Council February 2024	22.623	15.110	12.039
Changes approved by Cabinet in 3rd Qrt 2024/25	0.960		
Changes approved by Cabinet in 2023/24 Capital Outturn report	2.654	0.193	
Revised Capital estimates at start of 2022/23	26.237	15.303	12.039

	2024/25 £M	2025/26 £M	2026/27 to 2033/34 £M
Changes approved by Cabinet in March 2024:			
Redistribution of Shared Prosperity Fund	-0.083		
Solar Together	0.563		
Changes approved by Full Council July 2024:			
Public Sector Decarbonisation Fund	2.400		
Royston Leisure Centre Gym Extension	0.250		
Changes at Q1	1.048	0.948	
Changes approved by Full Council Sept 2024	0.672	-0.672	
Executive Member – Finance and I.T. approved additional Expenditure Hitchin Fitness Gym Lift	0.020		
Reprofile Leisure Budgets		0.550	-0.400
Changes at Q2	-15.408	11.110	2.000
Current Capital Estimates	15.699	27.239	13.639

- 8.4 Table 2 lists the schemes in the 2024/25 Capital Programme that will now start or continue in 2025/26 and onwards:

Table 2: Scheme Timetable Revision:

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

Scheme	2024/25 Working Budget £'000	2024/25 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2025/26 onwards £'000
Public Sector Decarbonisation Fund	13,190	8,190	-5,000	The works will take place during 25/26, with spend in this year to purchase the plant and equipment. This is to enable the drawdown of the PSDS funding in line with the grant conditions.	5,000
Royston Learner Pool	2,500	0	-2,500	There will not be any capital works during this financial year, as still trying to identify external funding to provide a viable scheme. The funding will be slipped until 2025/26 with a decision to be made as part of the 2025/26 budget setting process.	2,500

Scheme	2024/25 Working Budget £'000	2024/25 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2025/26 onwards £'000
Museum and Commercial Storage	2,000	50	-1,950	An options appraisal report to inform next steps was presented to Cabinet on 19th November. The bulk of this budget will be spent in future years rather than in the current financial year. It is therefore also recommended that the earmarked project allocation of £2m in 2025/26 is reprofiled to 2026/27.	1,950
Royston Leisure Centre Gym Extension	1,250	250	-1,000	Project plan is that the works will take place during 25/26 with just preliminary expenditure in this year.	1,000
Solar Together	563	0	-563	Still looking to come to an agreement with two businesses, but the time taken to agree financial and legal arrangements means that any installations will not commence until 25/26.	563
Charnwood House	391	25	-366	Still working to agree a letting that would deliver community use of the building. It is therefore unlikely that any substantial capital works could be completed this financial year.	366
Oughtonhead Common Weir	364	0	-364	Due to additional river flow modelling requested by the Environment Agency it has not been possible to proceed with the development of a detailed specification. However in the meantime we are progressing the securing of the various permissions to allow the project to continue.	364

Scheme	2024/25 Working Budget £'000	2024/25 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2025/26 onwards £'000
Resurfacing Lairage Car Park	346	0	-346	A survey is being undertaken at both Multistorey car parks to carry out a structural appraisal to identify and document any signs of structural distress, deterioration, or damage. This project is therefore on hold until the results of this survey are known in March 2025	346
Cycle Strategy Implementation	278	0	-278	The development of cycle strategy and transport plan initiatives is dependent on Officer capacity and hope to make progress during 2025/26 (linked to proposed investment in additional capacity).	278
Transport Plans Implementation	250	0	-250		250
Renovate King George V Skate	249	0	-249	Due to procurement concerns raised by Procurement and Legal a new service level agreement was negotiated with Groundwork East to deliver this project. This process caused a delay in re tendering these works which are now at a stage to be awarded. It is expected that the works will be completed early in the 25/26 financial year.	249
Green Infrastructure Implementation	185	0	-185	Work has commenced on developing green infrastructure plans, but not expecting any capital spend this year.	185

Scheme	2024/25 Working Budget £'000	2024/25 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2025/26 onwards £'000
Playground Renovation 24/25	180	0	-180	Due to procurement concerns raised by Procurement and Legal a new service level agreement was negotiated with Groundwork East to deliver this project. This process caused a delay in re tendering these works which are now at a stage to be awarded. It is expected that the works will be completed early in the 25/26 financial year.	180
Home Repair Assistance	205	100	-105	The combination of limited demand for Housing Repairs Assistance Grants (HRAG) during the previous year, alongside limited resources to actively promote these grants, has meant that demand to date has not met the provision made for this assistance. Due to the forthcoming significant changes associated with the enactment of the Renters' Reform Bill, which is due early in 2025/26, and hopefully the permission to grow the service, it is expected that demand for HRAG grants will rise.	105
Off Street Car Parks Resurfacing	100	20	-80	The car parks are generally in good condition and have not deteriorated to the extent predicted when the original budget was set by the Engineer.	80

Scheme	2024/25 Working Budget £'000	2024/25 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2025/26 onwards £'000
Replacement Chiller for the Museum	80	0	-80	A grant bid has been made to provide a contribution to the decarbonisation of Hitchin Town Hall and Museum (as well as the District Council Offices and the learner pool at North Herts Leisure Centre). The works have been delayed until we know the outcome of the bid and whether there are opportunities to align the works, This adds risk as the current chiller could fail (which would require repairs and/ or a temporary replacement) but gives the opportunity to assess the whole buikding and make sure all elements work together, ,	80
Avenue Park Splash Park	70	0	-70	The proposed development around Baldock may include a new splash park facility as part of the community provision of that development. Therefore it is proposed to delay the upgrade of the current system pending the outcome of the planning process for Baldock.	70
Newark Close Road Replacement	65	20	-45	The road is generally in good condition and does not require complete re-surfacing as was anticipated by the Engineer when the budget was set. However, some patching work identified by the engineer in his recent survey will be undertaken in this financial year. The £45k slippage can be carried into financial year 2026/27.	45

Scheme	2024/25 Working Budget £'000	2024/25 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2025/26 onwards £'000
King George V Muga Hitchin	55	0	-55	This project is dependent upon the availability of S106 contributions from the Highover Farm Development. Once construction begins the resources will be available to cover the cost of the project. Therefore proposed to delay the project until the S106 funds are received.	55
Norton Common Bowls Pavilion	55	0	-55	We are working with Estates and Property Services to agree suitable lease terms with the users of the pavilion and the scope of the works to be undertaken to ensure the building is fit for purpose. Unfortunately this process has taken longer than envisaged.	55
Instal On Street Charging	50	0	-50	On-street charging will be part of a wider review of charging for parking, including off-street parking.	50
Museum Services Development	48	0	-48	This budget is a legacy from the main grant funded contribution to the North Herts Museum project and is earmarked for some improvements to the Terrace Gallery external area. Whilst officers still intend to complete this work, other priorities and capacity within the team mean that this will need to be pushed back to the 25/26 financial year.	48
Community Facilities Refurbishment	48	0	-48	Pirton PC have informed that they will have the necessary funding and permissions in place to fulfil the conditions on the release of the grant and intend to commence the build of the project in February 2025. The funding will be drawn down before the end of March 2026.	48

Scheme	2024/25 Working Budget £'000	2024/25 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2025/26 onwards £'000
Bancroft Lighting	45	0	-45	Has not progressed due to a lack of technical support and capacity. Therefore proposed to delay the project into the next financial year when it is envisaged the appropriate internal support will be available.	45
Baldock Road Recreation Ground Letchworth	30	0	-30		30
Swinburne Recreation Ground Hitchin, Car Park	30	0	-30	Has not progressed due to capacity issues within the Greenspace Team and Countryside Management Services. Therefore propose delay until the next financial year.	30
Norton Common Tennis Courts	25	0	-25	Due to difficulty in obtaining a sufficient number of quotations to undertake the work we have currently been unable to progress this work within procurement guidelines. The initial scope of the works was not fully identified until the quotation process was undertaken, therefore the level of structural works to the Tennis Courts has increased the required budget.	49
Other minor changes			-49		49
Total Revision to Budget Profile			-14.046		14.070

8.5 There are also changes to the overall costs of schemes in 2024/25. These changes total a net decrease of £1.362million and are detailed in Table 3

Table 3: Changes to Capital Schemes Commencing in 2024/25:

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

Scheme	2024/25 Working Budget £'000	2024/25 Forecast Spend £'000	Difference £'000	Comments
Refuse and Recycling Bins	90	130	+40	Bin purchases are semi-cyclical, with bins having an estimated life of between 10 and 15 years. Wheeled bins for the residual waste service were introduced in 2012 and consequently we are replacing more bins. In addition, new developments require new bins and this is an increasing burden on the budget. Also, the service has been unable to implement a previously agreed charge for replacement bins due to limitations in IT and therefore costs have not reduced or been offset as had previously been anticipated.
Local Authority Housing Fund Pt2	107	0	-107	Settle have delivered all the planned properties for part 2 of the LAHF. The Council has provided funding to settle based on the eligible costs that they incurred. There are no further payments due.
Local Authority Housing Fund Pt3	960	0	-960	There has been no interest from Registered Providers so the funding will have to be returned to Government.
Letchworth Multistorey Parapet /Soffit / Decoration	129	0	-129	Funding was based on an expected future requirement, which has not materialised. To be removed until a specific need is identified.
Lairage Multistorey Structural Repairs	111	0	-111	Funding was based on an expected future requirement, which has not materialised. To be removed until a specific need is identified.
Burials Database System	55	0	-55	Capital budget no longer required as the decision has been taken to use the in-house Low Code option to develop a replacement database system for burials.

Scheme	2024/25 Working Budget £'000	2024/25 Forecast Spend £'000	Difference £'000	Comments
Former Public Convenience Portmill Lane	25	0	-25	Remove until we have a plan for the wider Churchgate area.
Other minor changes			-15	
Total revision to scheme spend			-1,362	

8.6 Table 4 below shows how the Council will fund the 2024/25 capital programme.

Table 4: Funding the Capital Programme:

	2024/25 Balance at start of year £M	2024/25 Forecast Additions £M	2024/25 Forecast Funding Used £M	2024/25 Balance at end of year £M
Useable Capital Receipts and Set-aside Receipts	4.914	0.0	(4.678)	0.236
S106 receipts			(0.539)	
Other third party grants and contributions			(8.062)	
Revenue Contribution			(0.030)	
Borrowing			(2.390)	
Total			(15.699)	

8.7 The availability of third-party contributions and grants to fund capital investment is continuously sought in order to reduce pressure on the Council's available capital receipts and allow for further investment. Additional capital receipts are dependent on selling surplus land and buildings. Ensuring that the Council gets best value from the disposal of land and buildings can take a long time and therefore the amounts that might be received could be subject to change.

8.8 The Council's Capital Financing Requirement (CFR) at 31st March 2024 was negative £2.58M. Based on current forecasts it will become positive during 2024/25 as the Council does not have sufficient funding (eg Capital Receipts) to finance the Capital programme. This means the Council will have to borrow to fund the programme in this year, with MRP (Minimum Revenue Provision) charged to the General Fund in 2025/26.

8.9 The usual process is that budgets for the following year will be agreed at the Council meeting at the end of February. This gives the opportunity for all proposals to be considered together, and the relative priorities can be assessed. However, especially for

capital proposals where greater planning is required, there can be a benefit to approving the proposals earlier. Especially where the schemes are already on the capital programme, and the decision relates to a change to the planned timing. Cabinet are asked to recommend to Council that two schemes are approved now, rather than waiting until the budget meeting at the end of February. Both schemes relate to North Herts Leisure Centre and would allow the works to be carried out whilst the pool is closed for the wider decarbonisation works are carried out during 2025/26. This would minimise overall disruption to users of the facility. The other reason for bringing forward the flume replacement is that it is starting to need more repairs. The works are the refurbishment of the pool changing rooms, and conversion in to a change village (previously agreed to take place in 2026/27, £250k) and a flume replacement (previously agreed to take place in 2028/29, £150k). The amount for the changing rooms is unchanged, but latest costs for the flume show a need to increase the budget up to £300k.

Treasury Management 2024/25

- 8.10 The Council invests its surplus cash in accordance with the Investment Strategy (see paragraph 4.2). This surplus cash is made up of capital funding balances, general fund balance, other revenue reserves and provision balances and variations in cash due to the timing of receipts and payments. During the first six months of 2024/25, the Council had an average investment balance of £59.0M and invested this in accordance with the treasury and prudential indicators as set out in the Integrated Capital and Treasury Management Strategy and in compliance with the Treasury Management Practices.
- 8.11 The Council will generate £2.4M of interest in 2024/25 from investments made during the first half of the year. This includes the interest that will be earned during the second half of the year on investments that have already been made. The average interest rate on all outstanding investments at the 30th September was 5.17%. (30th June was 5.42.%). Based on current investments and forecasts of interest rates and cash balances for the remainder of the year, it is forecast that the Council will generate £2.8M of interest over the whole of 2024/25.
- 8.12 As at 30th September 2024, the split of investments was as shown in the table below.

Banks	11%
Building Societies	0%
Government	7%
Local Authorities	82%

- 8.13 The level of risk of any investment will be affected by the riskiness of the institution where it is invested and the period that it is invested for. Where an institution has a credit rating this can be used to measure its riskiness. This can be combined with the period remaining on the investment to give a historic risk of default percentage measure. The table below shows the Historic Risk of Default for outstanding investments at 30th September 2024. The most risky investment has a historic risk of default of 0.018%. It should also be noted that in general the interest rate received is correlated to the risk, so the interest income received would be less if the Council took on less risk.

Borrower	Principal Invested £M	Interest Rate %	Credit Rating	Days to Maturity at 30 Sept	Historic Risk of Default %
Australia & New Zealand Bank	2.0	5.34	AA-	16	0.001
Lloyds Bank	1.0	5.19	A+	16	0.002
DMO	2.0	4.94	AA-	17	0.001
Cheshire East Council	2.0	5.3	AA-	21	0.001
Uttlesford District Council	2.0	5.25	AA-	21	0.001
Surrey County Council	2.0	5.05	AA-	27	0.002
City of Bradford MDC	2.0	5.38	AA-	34	0.002
Lancashire County Council	1.0	5.37	AA-	37	0.002
Great Yarmouth Borough Council	1.0	5.6	AA-	43	0.003
DMO	1.0	4.905	AA-	45	0.003
London Borough of Haringey	2.0	5.2	AA-	59	0.004
Luton Borough Council	2.0	4.95	AA-	59	0.004
Folkestone & Hythe District Council	2.0	4.95	AA-	69	0.004
West Dunbartonshire Council	2.0	5.7	AA-	76	0.005
DMO	1.0	4.835	AA-	79	0.005
Great Yarmouth Borough Council	2.0	5.2	AA-	84	0.005
Dudley Metropolitan District Council	1.0	5.25	AA-	91	0.006
Nat West	1.0	5.17	A+	97	0.012
Australia & New Zealand Bank	1.0	5.26	AA-	91	0.006
City of Bradford Metropolitan District Council	2.0	4.8	AA-	108	0.007
Nat West	1.0	5.13	A+	118	0.015
Stoke on Trent City Council	1.0	5.75	AA-	119	0.007
London Borough of Barking & Dagenham	3.0	5.05	AA-	121	0.007
Liverpool City Council	2.0	5.25	AA-	170	0.010
Reading Borough Council	2.0	4.75	AA-	188	0.011
Blackpool Council	3.0	4.75	AA-	205	0.011
Gravesham Borough Council	1.0	5.2	AA-	206	0.013
Lancashire County Council	3.0	5.2	AA-	211	0.013
Bournemouth Christchurch & Poole Council	2.0	4.8	AA-	223	0.013
Cheshire East Council	2.0	5.2	AA-	233	0.014
Liverpool City Council	2.0	4.85	AA-	301	0.018
	54.0	5.17			0.007

DMO credit rating is the UK credit rating.

9. LEGAL IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 The main financial implications are covered in section 8 of the report.
- 10.2 The Council operates a tolerance limit on capital projects that depends on the value of the scheme and on this basis over the next ten-year programme it should be anticipated that the total spend over the period could be around £4.9M higher than the budgeted £58.580M.
- 10.3 The capital programme will need to remain under close review due to the limited availability of capital resources and the affordability in the general fund of the cost of using the Council's capital receipts. When capital receipts are used and not replaced the availability of cash for investment reduces. Consequently interest income from investments reduces. £1.0M currently earns the Authority approximately £50k per year in interest. The general fund estimates are routinely updated to reflect changes in income from investments. When the Capital Financing Requirement (CFR) reaches zero the Council will need to start charging a minimum revenue provision to the general fund for the cost of capital and will need to consider external borrowing for further capital spend. The CFR at the 31 March 2024 was negative £2.58M.
- 10.4 The Council also aims to ensure that the level of planned capital spending in any one year matches the capacity of the organisation to deliver the schemes to ensure that the impact on the revenue budget of loss of cash-flow investment income is minimised.

11. RISK IMPLICATIONS

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

11.2 The inherent risks in undertaking a capital project are managed by the project manager of each individual scheme. These are recorded on a project risk log which will be considered by the Project Oversight Group (if applicable). The key risks arising from the project may be recorded on IdeaGen (the Council's Performance & Risk management software).

11.3 Risks associated with treasury management and procedures to minimise risk are outlined in the Treasury Management Practices document, TMP1, which was adopted by Cabinet in July 2003 and is revisited annually as part of the Treasury Strategy review. The risk on the General Fund of a fall of investment interest below the budgeted level is dependent on banks and building societies need for borrowing.

12. EQUALITIES IMPLICATIONS

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

12.2 There are no direct equalities implications directly arising from the adoption of the Capital Programme for 2024/25 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 2024/25 onwards.

16.2 Appendix B, Treasury Management Update.

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18. BACKGROUND PAPERS

18.1 Investment Strategy (Integrated Capital and Treasury Strategy)

<https://srvmodgov01.north-herts.gov.uk/documents/s24164/INVESTMENT%20STRATEGY%20INTEGRATED%20CAPITAL%20AND%20TREASURY.pdf>
<https://srvmodgov01.north-herts.gov.uk/documents/s24165/FAR%20Appendix%20A-%20Integrated%20Capital%20and%20Treasury%20Strategy.docx.pdf>

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Project	Service Directorate							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
40 KVA UPS Device or Battery Replacement	Customers	12,000	14,000	0	0	16,000	0	0	0	0	0	42,000
Air Handling Humidification	Enterprise	15,000	0	0	0	0	0	0	0	0	0	15,000
Alternative to safeword tokens for staff/members working remotely	Customers	9,900	0	3,000	0	19,000	0	0	0	0	0	31,900
Audio Improvements to Mountford Hall	Enterprise	15,000	0	0	0	0	0	0	0	0	0	15,000
Avenue Park Splash Park	Place	0	70,000	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	30,000
Bancroft & Priory Splash Pads	Place	13,200	0	0	0	0	0	0	0	0	0	13,200
Bancroft Lighting	Place	0	45,000	0	0	0	0	0	0	0	0	45,000
Burymead Road Transfer Facility	Place	30,000	0	0	0	0	0	0	0	0	30,000	0
Cadcorp Local Knowledge & Notice Board Software	Customers	5,400	0	0	0	0	0	0	0	0	200	5,200
CCTV at DCO & Hitchin Town Hall	Customers	14,900	0	0	0	0	0	0	0	0	0	14,900
CCTV Replacement	Customers	131,900	0	0	0	0	0	0	0	0	0	131,900
Charnwood House	Enterprise	25,000	365,600	0	0	0	0	0	0	0	0	390,600
Community Centres Flat Roof Safety Barriers	Resources	43,000	0	0	0	0	0	0	0	0	0	43,000
Conference Calling Solutions in Large Meeting Rooms at District Council Offices	Customers	13,000	0	0	0	0	0	0	0	0	0	13,000
Council property improvements following condition surveys	Resources	165,200	100,000	100,000	85,000	0	0	0	0	0	0	450,200
Cyber Attacks - Events Monitoring Software Solution	Customers	2,000	0	0	0	0	0	0	0	0	0	2,000
Cycle Strategy implementation (GAF)	Regulatory	0	278,000	0	0	0	0	0	278,000	0	0	0
DR Hardware Refresh Inc UPS Battery Pk (unit 3)	Customers	8,000	43,000	0	0	0	0	0	0	0	0	51,000
Email Encryption Software Solution	Customers	17,700	0	0	0	0	0	0	0	0	0	17,700
Environmental Improvements	Place	78,300	0	0	0	0	0	0	0	0	0	78,300
Fibre Waste Bins	Place	0	1,170,000	0	0	0	0	0	0	0	0	1,170,000
Green Infrastructure implementation (GAF)	Regulatory	0	185,000	0	0	0	0	0	185,000	0	0	0
Grounds Maintenance Vehicles & Machinery	Resources	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	75,000	0	0	0	0	0	0	0	0	0	75,000
Hitchin Swim Centre Café	Place	19,000	0	0	0	0	0	0	0	0	0	19,000
Hitchin Swim Centre Pool View	Place	70,000	0	0	0	0	0	0	0	0	0	70,000
Hitchin Swim Centre Reception Toilet Refurbishment	Place	40,000	0	0	0	0	0	0	0	0	0	40,000
Hitchin Swim Centre: Archers Member Change and Relaxation Area Refurbishment	Place	300,000	0	0	0	0	0	0	0	0	0	300,000
Hitchin Swim Centre: Changing Village Refurbishment	Place	0	0	225,000	0	0	0	0	0	0	0	225,000
Hitchin Swim Centre: Fitness Equipment Replacement	Place	391,700	0	0	0	0	0	10,000	0	0	0	381,700
Hitchin Town Hall Kitchen Enhancement	Enterprise	0	0	25,000	0	0	0	0	0	0	0	25,000
Howard Park Kiosk Refurbishment	Enterprise	15,400	0	0	0	0	0	0	0	0	0	15,400
Howard Park Letchworth Path Resurfacing	Place	0	20,000	10,000	10,000	0	0	0	0	0	0	40,000
Infrastructure Hardware	Customers	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	50,000	0	0	0
Ivel Springs Footpaths	Place	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	55,000	0	0

Project	Service Directorate							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
John Barker Place, Hitchin	Regulatory	1,096,000	0	0	0	0	0	0	0	270,400	0	825,600
Laptops - Refresh Programme	Customers	40,000	319,000	49,000	35,000	40,000	443,000	0	0	0	0	926,000
Leased Cars	Resources	141,000	0	0	0	0	0	0	0	0	0	141,000
Letchworth OD Pool Café	Place	53,000	0	0	0	0	0	0	0	0	0	53,000
Local Authority Housing Fund Pt 2	Regulatory	300	0	0	0	0	0	0	300	0	0	0
Local Authority Housing Fund Pt 3	Regulatory	0	0	0	0	0	0	0	0	0	0	0
Match funding for Electric Vehicle charging	Regulatory	100,000	0	0	0	0	0	0	0	0	0	100,000
Members Laptops Refresh Programme	Customers	0	0	30,000	0	0	60,000	0	0	0	0	90,000
Microsoft Enterprise Software Assurance	Customers	0	679,000	0	0	747,000	747,000	0	0	0	0	2,173,000
Museum Storage Facility	Enterprise	50,000	1,950,000	2,000,000	0	0	0	0	0	0	0	4,000,000
Newmarket Road Royston Skatepark & Access	Place	88,500	0	0	0	0	0	0	0	88,500	0	0
NH Museum & Community Facility	Enterprise	0	48,300	0	0	0	0	48,300	0	0	0	0
NH Museum Chiller	Enterprise	0	80,000	0	0	0	0	0	0	0	0	80,000
NHLC Air Handling Units	Place	250,000	0	0	0	0	0	0	0	0	0	250,000
NHLC Café	Place	20,000	0	0	0	0	0	0	0	0	0	20,000
NHLC Gym Platform Lift Replacement	Place	15,700	0	0	0	0	0	0	0	0	0	15,700
NHLC Gym Equipment	Place	434,000	0	0	0	0	0	0	0	0	0	434,000
NHLC Gym Refurbishment	Place	292,000	0	0	0	0	0	0	0	0	0	292,000
NHLC Interactive Water Feature	Place	0	0	0	120,000	0	0	0	0	0	0	120,000
NHLC Lift Replacement	Place	90,000	0	0	0	0	0	0	0	0	0	90,000
NHLC Male, Female and Accessible Wet Change Refurbishment	Place	0	250,000	0	0	0	0	0	0	0	0	250,000
NHLC Pool Flume Replacement	Place	0	300,000	0	0	0	0	0	0	0	0	300,000
NHLC Pool View	Place	110,000	0	0	0	0	0	0	0	0	0	110,000
Northern Transfer Station	Place	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	28,000	0	27,000
Norton Common Footpaths	Place	0	10,000	0	0	0	0	0	0	0	0	10,000
Norton Common Letchworth Tennis Courts	Place	0	48,700	0	0	0	0	0	0	0	0	48,700
Off Street Car Parks resurfacing and enhancement	Resources	20,000	130,000	59,400	0	0	0	0	0	0	0	209,400
Old Hale Way Allotments Hitchin	Place	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	20,000
Oughtonhead Common Hitchin Weir	Place	0	363,600	0	0	0	0	0	0	0	0	363,600
Oughtonhead Common Signage and Interpretation	Place	10,000	0	0	0	0	0	0	0	0	0	10,000
Parking Charging, Payments & Management	Regulatory	235,000	0	0	0	0	0	0	0	0	0	235,000
Parking Machines Replacement	Regulatory	291,200	0	0	0	0	0	0	0	0	0	291,200
Parking Machines Upgrade - Contactless Payment Facility Installation	Regulatory	56,000	0	0	0	0	0	0	42,000	0	0	14,000
PC's - Refresh Programme	Customers	26,600	7,000	8,000	5,000	8,000	13,000	0	0	0	0	67,600
Playground Renovation District Wide	Place	151,700	360,000	180,000	180,000	180,000	900,000	0	0	0	0	1,951,700
Priory Memorial Gardens MUGA Royston	Place	55,000	0	0	0	0	0	0	0	0	0	55,000
Private Sector Grants	Regulatory	100,000	164,700	60,000	60,000	60,000	300,000	0	0	0	0	744,700
Provide housing at market rents.	Enterprise	3,000	0	0	0	0	0	0	0	0	0	3,000
Public Sector Decarbonisation Fund	Place	8,190,100	5,000,000	0	0	0	0	0	7,730,100	0	0	5,460,000
Ransoms Rec Footpaths, Gates and Railing	Place	20,000	0	0	0	0	0	0	0	0	0	20,000
Refurbishment and improvement of community facilities	Legal and Community	0	47,800	0	0	0	0	0	0	0	0	47,800
Refuse and Recycling Bins	Place	130,000	90,000	90,000	90,000	90,000	270,000	0	0	0	0	760,000

Project	Service Directorate							Funding				Balance funded from Capital Receipts/ Set-aside receipts/ Borrowing
		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	
Remote testing equipment - Emergency Lights and Water Temperature Monitoring	Resources	0	13,000	0	0	0	0	0	0	0	0	13,000
Renovate skate park at KGV Hitchin	Place	0	248,700	0	0	0	0	0	0	0	0	248,700
Replacement of Newark Close, Royston	Enterprise	20,000	45,000	0	0	0	0	0	0	0	0	65,000
Replacement of the timber access bridge at Norton Common	Place	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	346,300
Riverside walkway, Biggin Lane	Place	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	150,000	0	0	0	0	0	0	0	0	0	150,000
RLC Café	Place	0	20,000	0	0	0	0	0	0	0	0	20,000
Royston Leisure Centre Dry Side Toilet Refurbishment	Place	0	30,000	0	0	0	0	0	0	0	0	30,000
Royston Leisure Centre extension	Place	250,000	1,000,000	0	0	0	0	0	0	168,000	0	1,082,000
RLC Pool View	Place	70,000	0	0	0	0	0	0	0	0	0	70,000
RLC Gym Equipment	Place	0	349,800	0	0	0	0	0	0	0	0	349,800
RLC Gym Refurbishment	Place	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	2,500,000
Royston Leisure Centre Members Changing Refurbishment	Place	200,000	0	0	0	0	0	0	0	0	0	200,000
S106 Projects	Various	12,000	0	0	0	0	0	0	0	12,000	0	0
S016 Funding for additional social housing	Regulatory	0	192,500	0	0	0	0	0	0	192,500	0	0
Security - Firewalls	Customers	23,600	0	18,000	0	18,000	0	0	0	0	0	59,600
Shared Prosperity Fund Community and Place Intervention: Community Engagement Schemes	Enterprise	130,000	0	0	0	0	0	0	130,000	0	0	0
Shared Prosperity Fund Community and Place Intervention: Creation of and improvements to local green spaces	Enterprise	50,000	0	0	0	0	0	0	50,000	0	0	0
Shared Prosperity Fund Community and Place Intervention: Local sports facilities, tournaments, teams and leagues	Resources	100,000	0	0	0	0	0	0	100,000	0	0	0
Solar Together	Place	0	563,000	0	0	0	0	0	44,000	0	0	519,000
St Johns Cemetery Footpath	Place	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	30,000
Tablets - Android Devices	Customers	13,900	10,000	10,000	4,000	4,000	12,000	0	0	0	0	53,900
Technology One Financial System	Resources	155,800	0	0	0	0	0	0	0	0	0	155,800
Thomas Bellamy House, Hitchin	Enterprise	6,000	0	0	0	0	0	0	0	0	0	6,000
Transport Plans implementation (GAF)	Regulatory	0	250,000	0	0	0	0	0	250,000	0	0	0
Walsworth Common Pavilion - contribution to scheme	Place	0	300,000	0	0	0	0	250,000	0	37,000	0	13,000
Waste and Street Cleansing Vehicles	Place	0	8,500,000	0	0	0	0	0	0	0	3,200,000	5,300,000
Weston Hills Baldock	Place	20,000	0	0	0	0	0	0	0	0	0	20,000
Weston Hills LNR Footpath Renovation	Place	20,000	0	0	0	0	0	0	0	0	0	20,000
WiFi Upgrade	Customers	0	40,000	0	0	0	0	0	0	0	0	40,000
Wilbury Hills Cemetery Footpaths	Place	10,000	0	30,000	0	0	0	0	0	0	0	40,000

15,699,000	27,239,000	5,915,400	3,607,000	1,372,000	2,745,000	308,300	8,859,400	851,400	3,230,200	43,328,100
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Treasury Management Strategy Statement and Annual Investment Strategy

**Mid-Year Review Report
2024/25**

Date of issuance: 03.10.24

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1. Background

1.1 Capital Strategy

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

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

1.2 Treasury management

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

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

Accordingly, treasury management is defined as:

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

2. Introduction

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

The primary requirements of the Code are as follows:

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

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

- An economic update for the first half of the 2024/25 financial year;

- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Authority's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Authority's investment portfolio for 2024/25;
- A review of the Authority's borrowing strategy for 2024/25;
- A review of any debt rescheduling undertaken during 2024/25;
- A review of compliance with Treasury and Prudential Limits for 2024/25.

3. Economics and Interest Rates

3.1 Economics Update

- The third quarter of 2024 (July to September) saw:
 - GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
 - A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
 - CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
 - Core CPI inflation increasing from 3.3% in July to 3.6% in August;
 - The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
 - 10-year gilt yields falling to 4.0% in September.
- The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.
- The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
- The government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.
- The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.
- Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.

- CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.
- The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.
- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.
- Our forecast is next due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.
- Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 threshold on several occasions recently. Its progress, however, may pause for the time being whilst investors wait to see who is elected the next US President, and how events in the Middle East (and Ukraine) unfold. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in AI.

MPC meetings: 9 May, 20 June, 1 August, 19 September 2024

- On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.
- Nonetheless, November still looks most likely to be the next month to see a rate cut to 4.75% but, thereafter, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024/25 and into 2025/26.

3.2 Interest Rate Forecasts

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

Our latest forecast on 28 May sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

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

Link Group Interest Rate View	28.05.24									
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2024/25 was approved by the Council on 29/02/24

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

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

This part of the report is structured to update:

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

5.1 Prudential Indicator for Capital Expenditure

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

Capital Expenditure by Service	2024/25 Working Estimate £'000	Current Position £'000	2024/25 Revised Estimate £'000
Advances	1,096	0	1,096
Asset Management	770	40	315
CCTV	132	127	132
Community Services	48	0	0
Computer Software and Equipment	773	165	718
Corporate Items	2,366	-6	736
Growth Fund Projects	713	0	0
Leisure Facilities	21,198	522	11,558
Museum & Arts	2,173	15	95
Parking	1,493	0	777
Renovation & Reinstatement Grant Expenditure	204	0	100
S106 projects	0	12	12
Waste	120	72	160
Total capital expenditure	31,087	947	15,699

5.2 Changes to the Financing of the Capital Programme

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

Capital Expenditure	2024/25 Working Estimate £m	Current Position £m	2024/25 Revised Estimate £m
Total capital expenditure	31,087	947	15,699
Financed by:			
Capital receipts and Set Aside Receipts	4,905	576	4,678
Other third party grants and contributions	9,974	195	8,062
S106 Receipts	542	148	539
Revenue	30	0	30
Total financing	15,451	919	13,309
Borrowing requirement	15,636	28	2,390

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

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

Prudential Indicator – the Operational Boundary for external debt

	2024/25 Original Estimate £m	Current Position £m	2023/24 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			
Total CFR	11.856	-2.513	2.296
Prudential Indicator – the Operational Boundary for external debt			
Borrowing	12.182	0.322	2.390
Other long-term liabilities	0.106	0.106	0.106
Total External Debt (year end position)	0.4310	0.322	0.322

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Authority has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

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

Authorised limit for external debt	2024/25 Original Indicator £m	Current Position	2024/25 Revised Indicator
Borrowing	7.0	0.322	7.0

6. Borrowing

The Authority's revised capital financing requirement (CFR) for 2024/25 is £2.296m. The CFR denotes the Authority's underlying need to borrow for capital purposes. If the CFR is positive the Authority may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.4 shows the Authority has borrowings of £0.322m and has utilised £4.879m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if gilt yields remain elevated, particularly at the longer-end of the yield curve (25 to 50 years).

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

7. Debt Rescheduling

No debt rescheduling was undertaken during the quarter.

8. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2024, the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2024/25. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

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

9. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the Authority on **29/02/24**. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Authority's investment priorities as being:

- Security of capital
- Liquidity
- Yield

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

Creditworthiness.

The UK's sovereign rating has proven robust through the first half of 2024/25. The new Labour Government is expected to outline in detail its future fiscal proposals in the Budget scheduled for 30 October 2024.

Investment Counterparty criteria

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

CDS prices

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

Investment balances

The average level of funds available for investment purposes during the first half of the financial year was **£54.1m**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Authority holds **£20m** core cash balances for investment purposes (i.e., funds available for more than one year).

Managed By NHDC	Amount	Average
	£	Interest Rate %
Banks	6,000,000	5.24
Building Societies	0	0
Local Authorities	44,000,000	5.19
Government	4,000,000	5.17
Total	54, 000,000	5.17

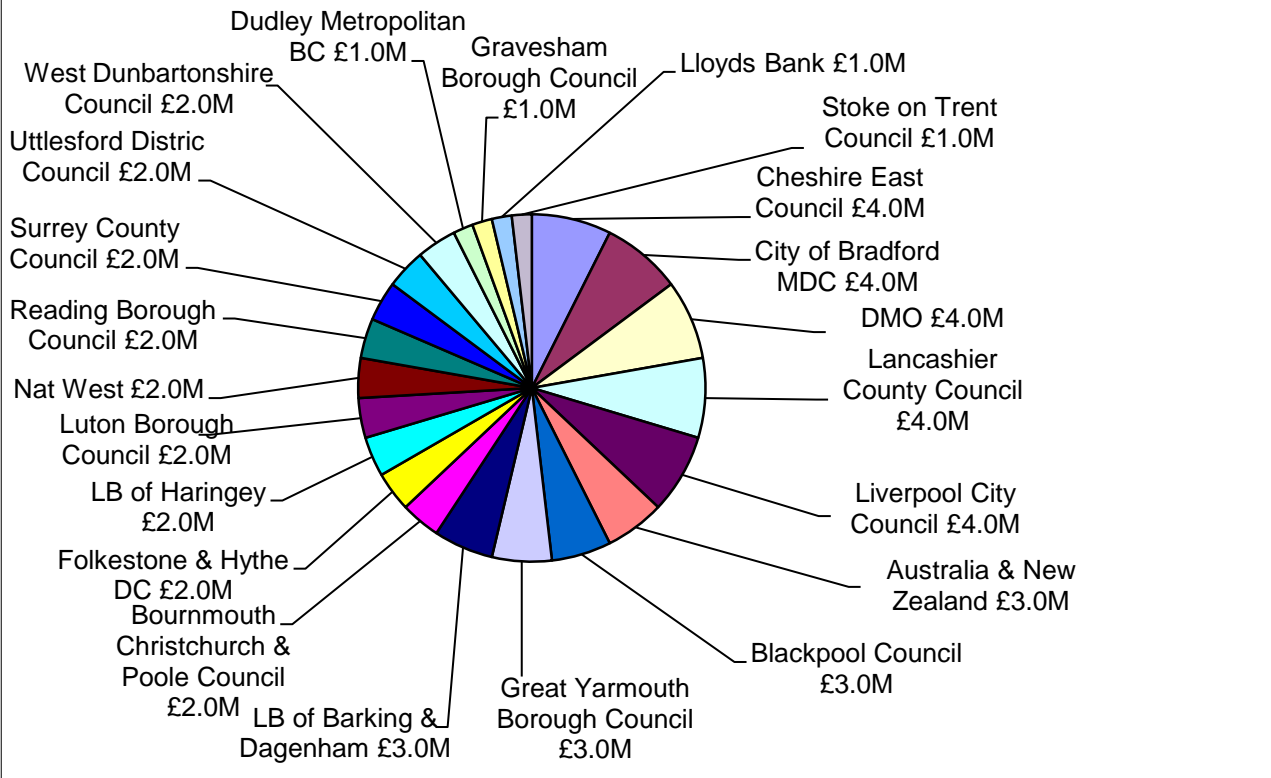
In percentage terms, this equates to:

	Percentage
Government	7
Banks	11
Local Authorities	82
Building Societies	0

The approved 24/25 strategy is that no more than 60% of investments should be placed with Building Societies and Property Funds with a maximum value of £25M. The value at 30 September was £0M.

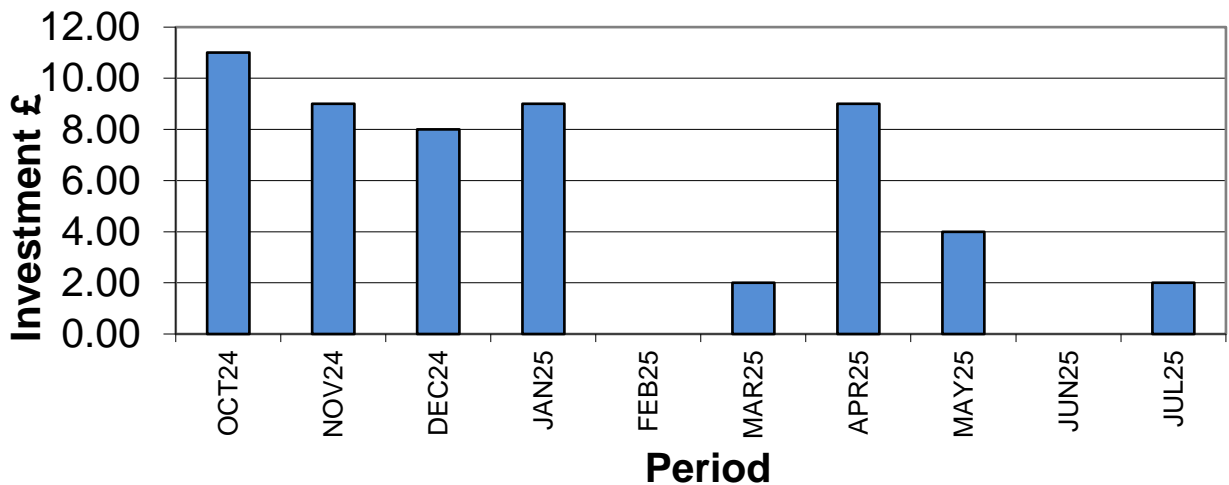
The pie chart below shows the spread of investment balances as at 30 September 2024. This is a snapshot in time that demonstrates the diversification of investments.

Placement of Investments 30th Sept 2024

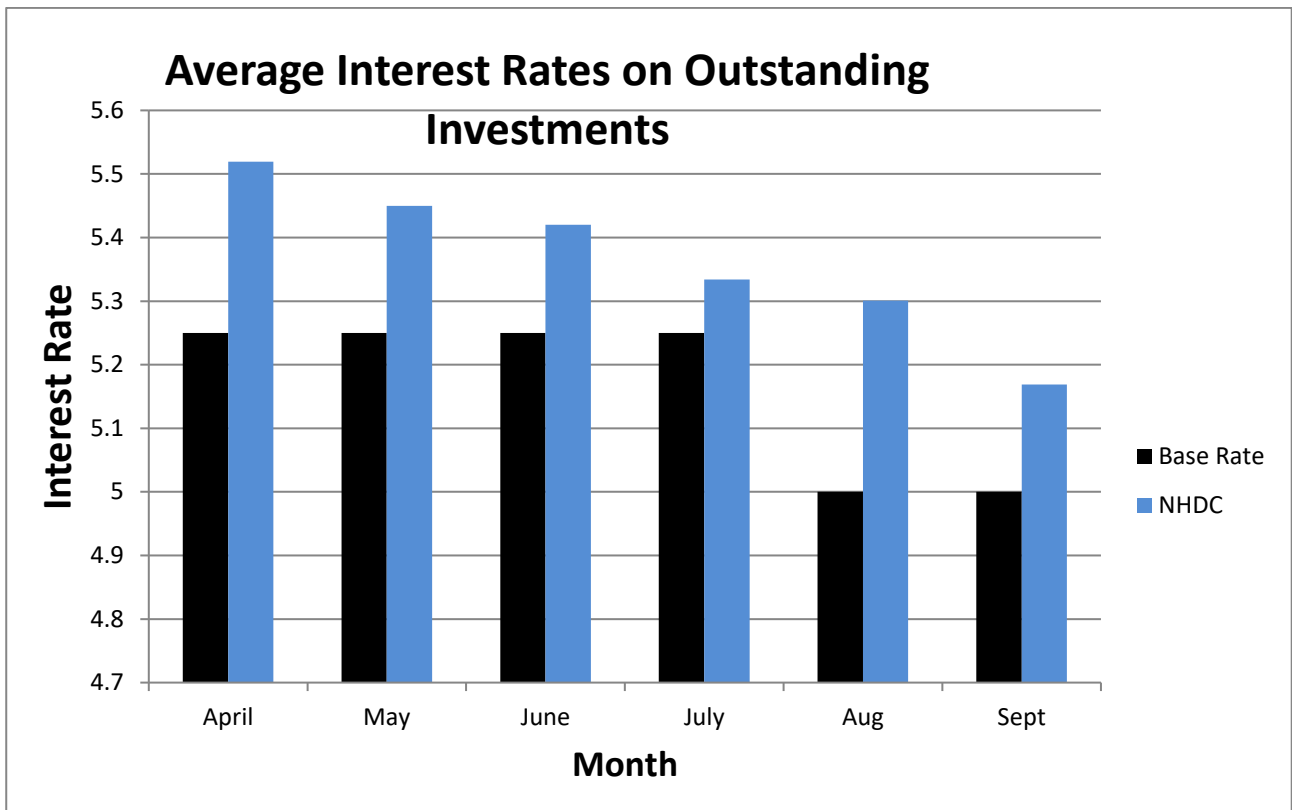


The chart below shows the Council's investment maturity profile.

Investment Maturity 30th Sept 2024



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



Approved limits

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2024.

CABINET

14 JANUARY 2025

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: REVENUE AND CAPITAL BUDGETS FOR 2025/26 ONWARDS

REPORT OF: *SERVICE DIRECTOR: RESOURCES*

EXECUTIVE MEMBER: *FINANCE AND IT*

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

The Council's budget setting process starts with proposals that are developed by Officers and Executive Members. These proposals are considered by the Political Liaison Board, in the context of the Council's forecast overall financial position. The selected proposals are then taken to the two budget workshops (administration group and opposition groups). Feedback from those workshops is considered by Cabinet in this report to determine those proposals that should be taken forward to set the 2025/26 budget.

On 28 November, Government published a Local Government Finance policy statement. On the same day the funding allocations for Extended Producer Responsibility (ERP) were announced. The allocation of £1.4 million of funding for ERP for 2025/26 was positive, as this will be guaranteed and be in addition to Core Spending Power. The remainder of the policy statement was less positive as it highlighted that future funding would be focused on deprivation and those areas with a low Council tax base.

On 14 December, Government announced the provisional Local Government finance settlement. The Council's Core Spending Power for 2025/26 will be £18.323 million (a 0% change from 2024/25). It is forecast that the Council's overall funding for 2025/26 will be £19.721 million (7.9% more than 2024/25). This increase will help reduce the use of reserves to balance the 2025/26 budget.

2. RECOMMENDATIONS

- 2.1. That Cabinet notes the Council's expected funding for 2025/26.
- 2.2. That Cabinet confirms (in line with the Medium-Term Financial Strategy) that budget forecasts should be based on increasing Council Tax by 2.99% (the maximum amount allowable without a local referendum). Noting that Government have assumed Council Tax will increase by the maximum allowed in calculating Core Spending Power.
- 2.3. That Cabinet notes that the Council may see real-term reductions in its funding in future years.
- 2.4. That, in the context of the above, Cabinet agree which proposals (revenue and capital) should be taken forward as part of the budget-setting process for 2025/26.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that all relevant factors are considered in arriving at a proposed budget, Investment Strategy and Council Tax level for 2025/26, to be considered by Full Council on 27 February 2025.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Council's Medium Term Financial Strategy (2025-30) sets out a plan for the 2025/26 budget that would not require any substantial savings, but that any pressures should be off-set by reductions in spend/ increases in income. The proposals in this report include significant pressures that are not currently matched by savings. This is mitigated by the funding that is provided by ERP, but will still require a use of reserves. There could be a decision to push forward more quickly with the identification and delivery of savings proposals. This would help reduce the spend against reserves.
- 4.2 Officers have already been asked for their savings proposals and these are included within this report. There will be other proposals (e.g. ones that require changes to service provision) that may need to be taken forward as part of future budgets to help achieve a balance of in-year net spend and funding.
- 4.3 Political groups were asked for budget ideas (especially spend reduction and income generation) at the budget workshops. No ideas have been provided. If they are put forward then they would be considered.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1. The Medium-Term Financial Strategy (MTFS), which provides the financial background for the Corporate Business Planning Process, was approved by Full Council in September following recommendation by Cabinet. The budget estimates within the MTFS included several assumptions. These will be updated as better information becomes available and further updates will be made prior to the presentation of the budget to Cabinet in February. The final budget recommended to Council in February will still contain some assumptions, hence monitoring reports are provided to Cabinet on a quarterly basis.
- 7.2. The MTFS set target net savings for the next 5 years. This is to ensure progress is made towards balancing the Council's budget, with the aim of achieving a substantially balanced budget (net expenditure = funding) by 2027/28. In the shorter term the budget will be balanced using reserves. The phasing of the delivery of savings also ensures that the reserves are not diminished too much and remain above the minimum recommended level. Where there is a sufficient buffer between actual and minimum General Fund reserve levels, and a balanced budget can be achieved on an ongoing basis, then that could provide scope for one-off investments in the District.
- 7.3. The target savings for 2025/26 was a net zero ongoing budget impact. That means no savings needed to be identified, but any growth in spend should be off-set by corresponding savings.

8. RELEVANT CONSIDERATIONS

Budget Workshops

- 8.1 The Council's budget setting process starts with proposals that are developed by Officers and Executive Members. These proposals are considered by the Political Liaison Board, in the context of the Council's forecast overall financial position. The selected proposals are then taken to the two budget workshops (administration group and opposition groups) which took place at the beginning of November. The items that were presented are detailed in Appendix A (revenue proposals) and Appendix B (capital proposals).
- 8.2 At both workshops there were questions and discussion about the proposals that were presented. There were no additional saving ideas put forward. There was no formal feedback from either of the opposition groups.
- 8.3 The administration group provided the following feedback (references relate to the Appendices):

Revenue budget proposals

- E6. Agreed to the principle of charging for all car parks on Sundays and in the evening (subject to consultation), to help manage demand and seems equitable. Any assumed financial impact in 25/26 should be assumed to be small as there would be implementation costs and would take some time to consider and implement an appropriate charging structure.
- E7. Agreed to an increase in the charge for garden waste (with concessionary discounts) to reflect increases in costs from May 2025, reflecting charges by other Councils and continuing to encourage home composting. It was noted that the

charge would need to be agreed ahead of the budget process (i.e. at January Cabinet) as it was necessary to enable new sign-ups from February.

- R4-R11. Requested whether there could be a scaled back option for the staffing investment in Environmental Health, whilst also noting the importance of this statutory service.
- R14. Civic Secretary to Chair of Council- felt that the work should be carried out by the Chair themselves and could not justify this expense in the context of the overall pressures on Council funding.
- R16. Central Grants pot- felt that the amount was not sufficient to cover all the requests that came to multiple Community Forums and also did not want to lose the local involvement in grant decisions.
- R18. Additional Service Director capacity- supported the principle, but queried whether there were any unfilled posts that could be released to provide some of the funding. Or alternatively whether it would be possible to extend the vacancy factor (currently a 3% top-slice on pay budgets that reflects that overall, there will always be some gaps in staffing).

Capital Budget proposals

- NCP2 (25 machines outside the Windows environment) – noted that this may be removed if an alternative approach can be identified (e.g. purchase or rental only if needed).
- ECP29 (Museum storage)- to be kept at £4m profiled across 25/26 (some) and 26/27 (majority) but noted that the cost would change depending on the option selected (subject to later Cabinet report).
- NCP6 (Air Con at Hitchin Town Hall)- also still investigating alternatives that provide cooling through ventilation. Also to make sure that links in with potential decarbonisation works.
- ECP6 (Walsworth Common Pavilion)- noted that the cost was likely to be a lot higher (£500k-£600k). Desire to progress with this even if requires a Council contribution, but to fully assess the potential for grants and contributions.
- ECP23 (interactive water feature)- supported removal from the capital programme.
- ECP22 and ECP24 (wet change and flume)- supported being brought forward to 25/26 so that it happens at the same time as the closure due to decarbonisation works. Noted that a decision on this would form part of the 2024/25 Q2 Investment Strategy review as needed to confirm this sooner than the budget process, so that it could feed in to the works programme.
- NCP9 (Phase 2 Decarbonisation)- noted that a grant bid had been made for the District Council Offices, Hitchin Town Hall and District Museum and North Herts Leisure Centre Learner Pool. The proposed capital allocation would reflect total costs of just over £3 million, with a Council contribution of just under £2 million.
- Royston Learner Pool (in the 24/25 capital programme)- agreed that still an aspiration and would still try and identify funding but would be removed from the capital programme until a defined viable plan was available.

- 8.4 The Service Director for Housing and Environmental Health has reviewed the staffing investments in Environmental Health and has determined that the following proposals are a lower priority than the others: Empty Homes Officer and Air Quality Officer (R4), Private Water Supply Officer (R5), Senior Food Officer (R7) and the year 4 funding for the apprentice post (R9). These were lower priority as they were not directly related to statutory services or could be delivered within the revised team structure. Their removal

would mean that there would be minimal opportunity for the team to deliver discretionary services and it would impact on the resilience of the team, but that this reflects the need to make difficult decisions to achieve a balanced budget. The overall impact of removing these requests is an ongoing spend reduction (compared with the original list) of £77k, and a reduction in spend over the next 5 years of £676k.

- 8.5 The finance team have compiled a list of posts that have been vacant for more than a year. These have been reviewed by Leadership Team and in all cases there is a need to recruit to these posts to deliver the current levels of service. They relate to posts that are difficult to recruit to, and in a number of cases there has been a need to use agency staff instead. Any agency staff will cost significantly more than a permanent appointment. The finance team have also reviewed whether it would be prudent to extend the vacancy factor. Whereas in previous years there would often be staffing underspends from vacant posts, there is now often a need to cover vacancies with agency staff. As at Q2 there are no staffing underspends to be reported. This will be further reviewed as part of detailed budget setting.

Local Government Finance Policy Statement and ERP

- 8.6 On 28 November, Government published a Local Government Finance policy statement. On the same day the funding allocations for Extended Producer Responsibility (ERP) were announced.
- 8.7 The policy statement provided some limited indications of funding for 2025/26, but these have generally been superseded by the provisional settlement announcement. Points to note for 2025/26 were:
- No Council would see a decrease in Core Spending Power in cash terms, but that wouldn't provide any funding for inflation. Although most Councils will see a real terms increase in Core Spending Power.
 - Core Spending Power guarantees would be calculated after an assumed increase in the amount of Council Tax charged. This is less generous than previous Core Spending Power guarantees which (for the relevant year) have been calculated before any increase in Council Tax rate.
 - There was a commitment to fund additional employer National Insurance costs for directly employed staff, but not where there are impacts on costs for contracted out services.
 - Funding would be focused on Social Care, those areas with the highest deprivation and those areas least able to raise funding through Council Tax.
 - The referendum limit for Council Tax increases would be set at 3%. In line with our Medium Term Financial Strategy, recommendation 2.2 therefore asks Cabinet to confirm that the budget should assume a Council Tax increase of 2.99%.
 - Allocations of ERP funding for 2024/25 would be guaranteed and would be in addition to Core Spending Power. The ERP announcement stated that our allocation would be £1.4 million. The ERP funding seems to be providing inflationary growth for District and Borough Councils.

8.8 In terms of future funding (beyond 25/26) the following points were made:

- There would be a 3-year settlement for the period 26/27 to 28/29. Not clear whether that would become a rolling 3 year settlement to provide ongoing future funding certainty. However the potential for Local Government reorganisation (as per the White Paper published on 16 December) may make any longer term funding irrelevant.
- There would be a new funding formula that would prioritise funding towards areas of deprivation and provide Social Care funding. Government grant funding would also be prioritised for those areas that were less able to generate funding through Council Tax.
- There would be some transitional protection, although not clear what the scope of that would be.
- Consultation on the above to start alongside the Local Government settlement for 25/26 and continue in to Spring 2025.
- No guarantees in relation to ongoing EPR funding.
- There would be a reset of Business Rate funding.

8.9 The implications for North Herts are that we are unlikely to be a priority area for funding (e.g. low overall deprivation, high Council Tax base). The Business Rates reset will mean that we lose the current additional funding that we get from that, although not part of our ongoing budget assumptions. The approach in relation to ERP funding could be significant in determining any budget growth, including any inflationary growth.

Local Government Provisional Settlement

8.10 On 18 December, Government provided the Local Government Provisional Settlement for 2025/26. The provisional settlement matched what was expected from the policy statement, i.e. the Council's Core Spending Power has remained at the same cash level as 24/25. All the funding growth has come from EPR funding. We will also receive additional funding as compensation for Employer National Insurance Contribution increases, but this will not be announced until the final settlement in January.

8.11 The table below shows a comparison of Core Spending Power (CSP) between 24/25 and 25/26, as well as how our latest funding estimates compare with what was included in the MTFS.

Funding source	Final Settlement (CSP) 24/25	Draft Settlement (CSP) 25/26	Change		Draft Settlement (Council latest estimates) 25/26	MTFS (Council Estimates) 25/26	Difference (latest estimate versus MTFS)
Council Tax	13,147	13,580	433 3.3%		13,609	Not split out due to uncertainty over how funding would be structured	
Business Rates	3,686	3,766	80 2.2%		3,766		
General Grant funding including New Homes Bonus	1,490	977	(513) (34.4%)		977		

and funding guarantees							
Total (CSP)	18,323	18,323	0		18,352	18,409	(84) (0.5%)
Other- Parish support for CTRS	(37)	(37)	0		(39)	(39)	0
EPR	n/a	1,435	n/a		1,435	Unknown	1,435
Total (after other items)	18,286	19,721	1,435 7.9%		19,748	18,370	1,378 7.5%

8.12 The ERP funding will reduce the required use of reserves in 25/26. The MTFS assumed that we would need to use £1.2 million of General Fund reserves as well as releasing £2.4 million of the retained Business Rates reserve. The future is very uncertain as we don't know what will happen with ERP funding beyond 25/26 and CSP has not increased.

8.13 The Council has also been notified of its allocation of UK Shared Prosperity Fund money for 25/26. This will be £91k of capital funding and £400k of revenue funding. Whilst this is not general funding, the grant terms are fairly broad.

General Reserve balances and summary

8.14 The Medium-Term Financial Strategy was set based on a General Fund balance at the end of 2024/25 (start of 2025/26) of £13.851 million. The Quarter 2 budget monitor estimates that this will now be around £14.401 million. However, the Quarter 2 monitor also includes £317k of additional carry-forward spend (in to 25/26) The net value of the budget proposals is also significant, compared to the assumption that there would be net nil growth. Cabinet can choose to progress with the budget proposals set out in this report but needs to be mindful of the future implications. The implications are that the Council may need to identify and deliver savings of over £3 million in the next 2-3 years.

9. LEGAL IMPLICATIONS

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

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

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

10. FINANCIAL IMPLICATIONS

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

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

- 10.3 The Council is now in a position where its available and forecast capital reserves will not be sufficient to fund the capital programme, so it will need to borrow to fund its capital spend. Guidance from CIPFA (the Chartered Institute of Public Finance and Accountancy) strongly encourages Councils to borrow internally where possible. This involves using the available cash from revenue reserves and provisions to fund the capital spend, rather than bringing in additional cash from external borrowing. The cost of this will be made up of the lost interest from investing that cash and a charge known as a Minimum Revenue Provision (MRP).
- 10.4 Where a Council is in a position where it needs to borrow (technically known as having a positive Capital Financing Requirement) then it must include a MRP charge to its revenue budget. In simple terms this creates an amount over the life of the asset being borrowed for to repay the borrowing.
- 10.5 When Government provides details of funding to Local Government it uses Core Spending Power (CSP). This is a measure of the total resources available to the Council and includes Council Tax, Business Rates and other general Government funding. There are assumptions made in calculating CSP (e.g. Council Tax base) so the actual funding available to the Council is likely to be different.

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's MTFS set out several risks that will need to be considered when setting a budget for 2025/26 and beyond. The next iteration of this report will be presented to Cabinet in early February, and this version will include a full review of the adequacy of estimates that have been made and of reserve balances. This includes a view from the Service Director- Resources (as the Council's Chief Finance Officer) of the minimum level of General Fund reserves. This is a section 25 report in accordance with the Local Government Act 2003. The margin between actual and the minimum General Fund reserve levels provides a proxy for the level of financial risk that the Council faces, and its ability to deal with changes.
- 11.3 Potential Local Government reorganisation (as set out in the White Paper published on 16 December) may create uncertainty over future budget planning and management of reserves. It may also impact on the capacity to deliver savings proposals. This will need to be kept under review as part of the ongoing budget planning processes.

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

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

14.2. For any individual proposal that is likely to have significant impacts on the environment, an environmental impact assessment will be carried out, or has already taken place, where necessary.

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 - Revenue budget proposals

16.2. Appendix B - Capital programme 2025-30

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18. BACKGROUND PAPERS

18.1. *Medium Term Financial Strategy* <https://democracy.north-herts.gov.uk/documents/s26095/Appendix%20A%20MTFS%202025-30.pdf>

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REVENUE BUDGET SAVINGS AND INVESTMENTS

New Revenue Efficiency Proposals and Savings Identified

Ref No	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
E1	Customers	Careline service income. Due to variations in health services and political boundaries, Careline's alarm monitoring and reassurance services outside of Hertfordshire are experiencing steady growth. Currently, referrals are bringing in approximately three new clients per week. A business case is in development, and should Careline choose to actively promote and expand this service, both the client base and potential income could see substantial growth. However, this would also entail a proportionate increase in associated costs.	(35)	(35)	(35)	(35)	(35)
E2	Enterprise	Rental income associated with the letting of the former meltax office and WC's in Royston. Achievement of the efficiency is subject to the approval of the corresponding capital investment proposal. Efficiency value allows for initial rent free period and stepped rent, with the ongoing annual rent of £5,000 pa subject to upward only rent reviews.	-	-	-	(3)	(5)
E3	Enterprise	Premises cost savings from the early surrender of the lease for Brotherhood Hall, Letchworth. This property is leased from Letchworth Garden City Heritage Foundation under a 99 year full repairing lease which ends June 2027. A decision has been taken, in principal, not to renew the lease and potentially to agree an early surrender with LGCHF, subject to terms and dilapidations, and LGCHF securing a suitable tenant. Value for 25/26 includes estimated cost of a financial settlement with landlord for dilapidations, a schedule of which the landlord's surveyor is currently preparing.	25	(11)	(11)	(11)	(11)
E4	Housing & Environmental Health	Environmental Health Commercial Team income. Estimated additional income from an increase in Environmental Health Commercial Team fees to bring them into line with fees charged by neighbouring authorities.	(6)	(6)	(6)	(6)	(6)
E5	Place	Recycling credit income from Herts County Council. Increase in eligible credit income is anticipated following the waste and recycling service changes from August 2025. Additional income value based on the collection of an additional 300 tonnes of soft plastic and 200 tonnes of additional recycling.	(48)	(48)	(48)	(48)	(48)
E6	Regulatory	Car Parking income. Review the opportunities with regard to parking charges, for example evening / weekend / Sunday / Bank Holiday charging, on-street charging and issuing special permits. To ensure that all users pay towards the cost of provision and to manage demand.	TBC	TBC	TBC	TBC	TBC
E7	Place	Garden waste income. Increase in charges to reflect charges by other Local Councils and increase in costs under the new contract.	TBC	TBC	TBC	TBC	TBC
E8	Place	Solar for Business. The income generated will at least off-set the cost of capital but may be higher depending what is negotiated with the businesses.	TBC	TBC	TBC	TBC	TBC
E9	Place	Proposal that our leisure provider moves to acting as our agent in running our leisure centres. This is expected to allow more VAT on expenditure to be recovered, which lowers the overall running costs. The benefit of this would be shared.	TBC	TBC	TBC	TBC	TBC
Total Net Budget Reduction from new efficiency proposals			(64)	(100)	(100)	(103)	(105)

New Revenue Pressures and Investment Proposals

Ref No	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
R1	Customers	Careline Service staffing costs. Increase in management and administrative capacity through the replacement of provision for two admin officer roles with provision for two senior administrator posts. The investment will both enhance business resilience and facilitate the expansion of the service as it takes on new clients from outside of Hertfordshire, with the associated additional administration involved.	16	16	16	16	16
R2	Customers	Maintenance and support costs associated with the capital proposal to purchase 25 laptops that are outside of the Windows environment for disaster recovery (DR) purposes. This may be replaced by an option to lease the equipment if a DR event that affects IT access takes place.	11	11	11	11	11
R3	Enterprise	Economic Development Officer. Budget is requested for the shared post with East Herts District Council to continue in 2025/26 to deliver work associated with the new Commercial Strategy, which aims to support economic growth and engagement across the District, and the oversight of the Shared Prosperity Funding stream.	27	-	-	-	-
R4	Housing & Environmental Health	Reinstatement of the part time posts of Empty Homes Officer (0.5 FTE) and Housing Grants Officer (0.5FTE) and the full time Air Quality Officer position to the Council's permanent staffing establishment. These posts were deleted as part of a restructure in 2023/24 to release resource to meet other urgent staffing priorities. The requested reinstatement of these roles will enable the delivery of essential work to address empty homes in the district and to develop and support an air quality strategy in line with our climate emergency and the upcoming challenges to be faced regarding the proposed Luton Airport expansion.	77	77	77	77	77
R5	Housing & Environmental Health	Creation of a part-time (0.5 FTE) Private Water Supply Officer (PWSO) post for the Environmental Health Commercial Team. The PWSO would support the existing Private Water Supply Scientific Officer in delivering the increased workload caused by the imposed changes to statutory guidance and water quality requirements and would also increase service resilience in this area.	26	26	26	26	26

Ref No	Service Directorate	Description of Proposal	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000
R6	Housing & Environmental Health	Recruitment of an additional fully qualified Environmental Health Regulatory Officer into the Environmental Protection & Housing Team on a 4 year fixed-term contract to provide senior experience and higher competency whilst the technical officers progress through their training. The post will also provide cover/resilience for the other Senior Officer in this service in the event of unplanned additional work, as has been the case with the Baldock Industrial Estate fire, funeral homes inspections, and health and safety accidents/incidents.	64	64	64	64	-
R7	Housing & Environmental Health	Recruitment of an additional Senior Environmental Health / Food Officer in the Commercial Team, on a 4 year fixed-term contract, to accommodate the increased pro and reactive workload, including the additional food inspections required, and the additional Health & Safety interventions necessary for the service to achieve and maintain this legally required competency.	64	64	64	64	-
R8	Housing & Environmental Health	Permanent budget provision for an additional Environmental Health Regulatory Officer in the Commercial Team, initially at a junior level to support the senior officers in undertaking essential roles, including the food sampling programme and the assessment of those food businesses classed as lower concern. The officer would also provide advice to new businesses following the increase in new food registrations seen over recent years.	51	51	51	58	64
R9	Housing & Environmental Health	Year 4 funding for the Environmental Health Apprentice, which is a fixed term four-year post. Unspent salary budget (due to grant funding received) of £100k was identified at the end of 2023/24 and earmarked to cover the costs of the first three years of the apprenticeship. This request is for year 4 funding for the apprentice to complete the four year course.	-	-	-	35	-
R10	Housing & Environmental Health	Environmental Health service staffing costs. In light of recruitment issues in this service area and to facilitate the strategy agreed earlier this year, it is proposed to standardise the six existing technical officer posts to a career graded Environmental Health Regulatory Officer job profile. The plan is to recruit unqualified individuals and develop them into fully qualified officers over time. The additional investment reflects the higher than existing pay grades officers can progress through to as they complete their training and gain professional accreditation. While the maximum additional annual cost from this proposal is estimated at £86k, investment values reflect the anticipated additional cost over the next five years based on the current staffing position.	-	7	17	23	56
R11	Housing & Environmental Health	Environmental Health service training costs. To support the development of the proposed Environmental Health Regulatory Officers, the provision of additional dedicated training and development budget. The budget will cover annual training costs of approximately £3,000 per officer.	18	18	18	18	18
R12	Housing & Environmental Health	Housing Service staffing expenditure. Replacement of the existing fixed term contract for the Housing Register and Accommodation Officer (Refugee Support) with a permanent contract of employment, with the post added to the permanent staffing establishment. The balance held in the refugee project earmarked reserve can support this post for at least the next seven years, at which point the housing team structure will be reviewed. In the meantime this proposal will offer more security to both the employee and the housing team.	-	-	-	-	-
R13	Housing & Environmental Health	Community safety expenditure. Introduction of a crime prevention budget to contribute to, and attract, matched funding from community safety partnership partners such as the police, housing providers and the county council. It is anticipated that the resource will allow small scale, upstream interventions to prevent antisocial behaviour and crime from escalating.	10	10	10	10	10
R14	Legal & Community	Democratic Services staffing expenditure. Creation of permanent part-time (19 hours pw) post of Civic Secretary to Chair of the Council to provide a dedicated support to the Chair of Council (and Vice Chair when deputising) to enable the Chair to be more proactive. The role would be comparable to how some other neighbouring authorities provide this service. Central Bedfordshire Council has a part-time Chair's PA and Business Support Officer; Welwyn Hatfield has a PA and Mayor Support Officer; Stevenage Borough Council have 1.5 staff providing support to the Mayor and Councillors; Broxbourne has an Elections Officer/Mayor's Secretary; Hertsmere provides support as part of another post, St Albans has a Civic Officer, County Council has a full time officer providing support for the Lieutenancy and Councillors.	20	20	20	20	20
R15	Legal & Community	Healthy Hub project expenditure. Budget is requested to cover the shortfall on the salary cost of the Health & Wellbeing Hub Coordinator in 2025/26 and 2026/27 and to ensure effective community wellbeing interventions continue to be delivered across the district tackling food poverty, poor emotional wellbeing, low levels of physical activity, social isolation and loneliness. Herts County Council have part funded the North Herts Healthy Hub since 2019. The current MOU ends in March 2025 and HCC have announced £35k of funding for 25/26 and 26/27.	12	12	-	-	-
R16	Legal & Community	Introduction of a district wide grant budget. This budget would cover those grant applications that cut across all community forums and not solely focus on one geographic area. The centralised funding pot will reduce the resource implications for the applying organisations and for officers reviewing and approving for member consideration. This could allow for greater impact of and effectiveness of community forum grants to voluntary organisations to support the needs of NH residents. This could be considered as a pilot for 2025/26 with regular reviews to assess the effectiveness of this proposal.	10	-	-	-	-

Ref No	Service Directorate	Description of Proposal	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000
R17	Legal & Community	Introduction of a permanent career graded Policy and Strategy Officer post to replace the existing fixed term trainee role, which has to date been part funded from contributions from the Climate Change earmarked reserve. Grade progression would be dependent on completion of relevant training at first diploma and then degree level. The proposal will increase the scope, range, and ability of the Policy & Strategy team to support NHC officers, North Hertfordshire residents and district wide partnerships. The Team is becoming involved in more partnership work across the district (e.g., Herts Climate Change and Sustainability Partnership and associated subgroups, Equality and Diversity Networks) and corporate governance matters (the production of the Annual Governance Statement, associated Local Code of Governance and cumulative equality and environmental impact assessments). The permanence of this role will ensure that these obligations can be discharged to a consistent standard. Investment value reflects the maximum additional cost of this proposal and includes the removal of the budgeted contribution from reserve when the reserve balance reduces to zero.	7	11	16	16	16
R18	Managing Director	Leadership team restructure. Make permanent the seventh Service Director post, with realignment of responsibilities across the seven roles. This would be subject to consultation with affected staff and separate Full Council approval of the revised structure.	112	112	112	112	112
R19	Place	Permanent budget provision for the Climate Change and Sustainability Manager role, which is currently funded on a fixed term basis until September 2026. The post will be necessary to help the Council make progress on its sustainability priority and net zero targets in future years.	-	31	62	62	62
R20	Place	Swimming pool tiling repairs at North Herts Leisure Centre. Annual underwater pool surveys are carried out to identify repair works and ensure they meet current Health & Safety legislation. Recent surveys carried out by Everyone Active have identified extensive grout works within the pool tanks required to ensure they remain in good condition. Investment value reflects current estimated cost of repairs required.	17	-	-	-	-
R21	Place	Swimming pool tiling repairs at Hitchin Swim Centre. Annual underwater pool surveys are carried out to identify repair works and ensure they meet current Health & Safety legislation. Recent surveys carried out by Everyone Active have identified extensive grout works within the pool tanks required to ensure they remain in good condition. Investment value reflects current estimated cost of repairs required.	69	-	-	-	-
R22	Place	Swimming pool tiling repairs at Royston Leisure Centre. Annual underwater pool surveys are carried out to identify repair works and ensure they meet current Health & Safety legislation. Recent surveys carried out by Everyone Active have identified extensive grout works within the pool tanks required to ensure they remain in good condition. Investment value reflects current estimated cost of repairs required.	34	-	-	-	-
R23	Place	Repairs and maintenance at Ransoms Rec, Hitchin. Following receipt of a number of complaints about the lighting and condition of this busy footway, repairs to the lighting and footpaths are required to ensure continued public safety.	25	-	-	-	-
R24	Place	Repair and maintenance of Letchworth War Memorial. Current condition of the existing memorial is tired and in need of refurbishment.	15	-	-	-	-
R25	Place	Repair of the balancing pond at Purwell Meadows, Hitchin. The balancing pond on the local nature reserve is now silted up and does not function as it should.	20	-	-	-	-
R26	Place	Waste contract client team staffing expenditure. Net cost of recruitment of two temporary full-time Mobilisation Contract Officers (one of which will be funded by East Herts DC) to support the mobilisation of the new waste and recycling services for up to 6 months, as originally proposed in the report to Cabinet in October 2022.	16	-	-	-	-
R27	Place	Addition of a new part-time (0.5 FTE) Commercial Waste Officer post to the Council's permanent staffing establishment. As originally proposed in the report to Cabinet in October 2022, the new role would support the implementation of Commercial Food Waste Collections, commercial clinical waste collections and evolve and develop the Commercial Waste and Recycling business. Half of the cost of the post will be funded by East Herts, with the aim for this post to be self-funding within 3 years.	9	7	5	-	-
R28	Place	Net cost (after East Herts 50% contribution) of recruitment to a six month temporary full time post that will be responsible for fixing issues which arise with containers, as detailed in the report to Cabinet in December 2023. This staff member would be issued with a van and would assist with container swaps, delivery of ad hoc missing containers, stickering containers and resident run throughs to help residents adjusting to the change. Investment estimate includes box van vehicle hire costs for 4 months.	13	-	-	-	-
R29	Place	Provision of Hydrogenated Vegetable Oil (HVO) fuel for the waste, recycling and street cleansing service vehicles. Based on the annual requirement for 280,000 litres, the additional cost is anticipated to be 12% higher than diesel and this cost is outside the provision of the waste contract. The use of HVO reduces CO2 emissions by approximately 90% in comparison to diesel, thus significantly reducing the carbon impact of the service. Investment value is based on the provision of 100% HVO, but HVO can be blended in proportions of 10% increments with diesel and this provides directly proportionate cost impacts and carbon savings (e.g. opting for 50% HVO would halve both the investment value and the carbon emission saving).	40	40	40	40	40
R30	Place	Commissioning of a waste compositional analysis (WCA). The last was completed in 2021 and is periodically completed to inform the Council of the effectiveness of recycling services. WCA will be a requirement of the data provision from Extended Producer Responsibility Funding (EPR) and undertaking a composition in late 25/26 will allow us to assess the effectiveness of the new services in comparison to the previous composition in 2021. The Hertfordshire Waste Partnership will collectively procure on behalf of the districts and boroughs to provider a wider Hertfordshire analysis for comparison.	20	-	-	-	-

Ref No	Service Directorate	Description of Proposal	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000
R31	Place	Provision of a comprehensive communications plan to support the roll out of waste and recycling service changes, as detailed in the previous Cabinet report of 9 July 2024. Costs are estimates and will vary depending on the number of collection day changes and the confirmation of costs following procurement.	100	-	-	-	-
R32	Place	Provision of a mobile application for residents to support the waste and recycling service provision. The app would provide service and collection updates via push notifications to those residents subscribed to the app, as well as look up functionality regarding collection days and options for recycling. The additional 'reporting' functionality via the app would also support the CRM. The app would have capabilities to be expanded to a wider range of council services including planning.	25	20	20	20	20
R33	Place	Storage of wheeled bins during mobilisation of new waste and recycling services. This will be required for a period of around 3 months. Site security and or rental may be required during this period once a site has been identified.	5	-	-	-	-
R34	Regulatory	Permanent budget provision for the Principal Planning Officer and career graded planning officer posts. Fixed term budget provision of five years for these posts was previously approved by Council to lead and support work on the Local Plan review. Cabinet resolved in January 2024 that the review of the Local Plan should be undertaken and initial work is ongoing. A further report to Cabinet in January 2025 will set out a proposed timetable for the key stages. Following the change of Government there is uncertainty over the regulatory framework and timeframe over which the Review will be undertaken. It is already anticipated that it will extend beyond the period for which these posts are funded, with funding for the Principle Planning officer ending in June 2027 and the funding for the Planning Officer post ending in July 2028. These posts are also involved in delivering a range of other planning activities which will continue regardless of, and beyond, the Review programme including Neighbourhood Planning, monitoring, supporting strategies, the Chilterns National Landscape Review and joint strategic planning work with neighbouring authorities.	-	-	53	112	133
R35	Regulatory	Planning service staffing expenditure. Increase in management and oversight capacity through the uplifting of one existing post into a team leader role. There are currently 46 planning posts arranged under three service managers and five team leader / principal roles. Some team leaders are now responsible for a large number of staff working across a wide range of disciplines, complex professional projects and / or substantial case loads.	9	9	9	9	9
R36	Regulatory	Recruitment of an additional Transport Officer for a fixed term of five years to; assist the Senior Transport Officer with the delivery of various transport projects emerging from the adopted Local Plan, the Growth Transport Plan and the Local Cycling and Walking Infrastructure Plan; to assist with the review of transport policies relating to the Local Plan review; to allow the Senior Transport officer to lead and input on transport initiatives associated with masterplanning for strategic site allocations in the Local Plan and to focus on key strategic transport projects working together with Herts County Council.	56	56	56	56	56
R37	Regulatory	Planning Control IT expenditure. The procurement of Agile AI, an Artificial Intelligence Planning Validator System which operates as an interface between the national Planning Portal and Council IT systems to reduce the manual workload with the checking and validation of planning applications. It reduces validation timescales by up to 65% leaving officer time to concentrate on other matters and improve planning performance. County-wide procurement currently being investigated under the guidance of HIPP and the Growth Board. Costs may be recoverable through planning fees if there was the ability to set fees at a break-even level.	25	5	5	5	5
R38	Regulatory	Planning Control IT expenditure. The installation of Idox Insights, a Uniform add-on that allows real-time access to information that would enable the Development & Conservation Manager to view performance to ensure alignment with performance targets for applications and appeals and gain access to data to enable more reliable and insightful decision-making. It will enable Team Leaders to review in real time the caseload and capacity of officers, easily identify bottlenecks that require attention and thereby improve performance. It allows case officers to prioritise effectively and handle workload efficiently through reducing the burden of administration. Costs may be recoverable through planning fees if there was the ability to set fees at a break-even level.	20	5	5	5	5
R39	Regulatory	Additional budget provision for specialist planning advice. The planning service requires specialist, qualified technical advice on key disciplines to inform decisions, the assessment of heritage impacts of development relating to matters such as archaeology, scheduled monuments and other heritage assets as well as reviews of conservation areas. The advice might take the form of an additional establishment post and most of the funding would come from the overspend that has already been reported from increase in fees from HCC to undertake some of this work.	6	6	6	6	6
R40	Customers	Two factor authentication to allow access to Staff and Councillors to access our IT environment. Previously a capital cost but has been moved to revenue as amount is now much lower.	-	3	-	3	-
R41	Place	Mobilisation of the new waste contract. All tenders were asked to provide separate costs for the mobilisation of the contract and implementation of service changes. These were evaluated as part of the contract award. These costs will be met from the waste reserve, so no General Fund impact. The remainder of the reserve will be a contribution towards the vehicle costs.	-	-	-	-	-
R42	Place	The leisure centre decarbonisation project will require some closures during the works, which will mean a reduction in the magement fee that we receive.	TBC	-	-	-	-
Total Net Budget Increase from new pressures and investment proposals			1,049	681	763	868	762

APPENDIX B: CAPITAL PROGRAMME FOR 25/26 ONWARDS

Project Ref	Responsible Service Director	Description of Proposal	Total Project Investment 2025/26 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment in 2029/30	Proposed Investment 2030 - 2035	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP10	Service Director - Customers	Backup and Business Continuity Hardware	105	0	57	0	0	16	0	32	Hardware relating to Back Up and Disaster Recovery / Business Continuity. Items previously listed separately including: DR Hardware Refresh inc UPS Battery Pack for Unit 3 (DR site) - this includes, servers, switches and UPS at Unit 3 Back Up Diesel Generator at the DCO (to continue with diesel option due to cost of alternative and how infrequently it is used) . 3 x 40 UPS Device or Battery replacement - lifespan of these items is 3 years therefore ongoing replacement is required to ensure the UPS continues to work effectively.
ECP11	Service Director - Customers	Infrastructure Hardware	226	0	0	18	18	190	0	0	Physical hardware supporting the corporate IT infrastructure which require updating at regular intervals. Includes Items previously listed separately: Dell servers - upgrade and maintenance of servers at regular intervals New Blade Enclosures - an integral part of the servers, require updating at the same time as the servers Core Backbone Switch - links the virtual servers to the Storage Area Network Data Switch Upgrade - The main data switch within the IT Server estate is a critical piece of hardware that connects the data packets moving between the Network Servers, Data Storage and the fibre infrastructure. It is critical to ensure that these are updated regularly Cabinet Switches to ensure that traffic is routed immediately from the servers to the desktops / laptops. There will be costs for the period 2030-35, but all costs to be reviewed in 2027/28 as may be able to reduce spend if more software has moved to cloud based servers.
ECP12	Service Director - Customers	Laptops - Refresh Programme	1,056	0	319	79	35	40	349	234	All staff now have laptops instead of desktops. Laptops need refreshing current budget profile allows for 4 yearly bulk refreshes, warranties are for 3 years. Interim budgets allow for replacements as required. Members also have laptops to support them in their role. Previously treated as two separate refresh programmes, but the budget has now been combined.
ECP14	Service Director - Customers	Microsoft Enterprise Software Assurance	2,920	0	679	0	0	747	0	1,494	MS E5 licences required for all staff to work. Amount is linked to existing staffing levels. An allocation of £747k is earmarked in 2031/32 for the renewal of the three-year licenses.
ECP15	Service Director - Customers	PC Refresh Programme	41	0	7	8	5	8	5	8	Periodic refresh of desk-based PCs that are required in the Council and cannot be replaced with laptops (i.e. self-serve pcs in reception).
ECP16	Service Director - Customers	Security - Firewalls	90	0	0	18	0	18	0	54	Firewalls help protect against cyber threats and it is important these stay up to date and current. Firewalls need updating every 2 years to keep ahead of threats.
ECP17	Service Director - Customers	Tablets - Android Devices	40	0	10	10	4	4	4	8	Periodic replacement of tablet devices
ECP18	Service Director - Customers	WiFi Upgrade	40	0	40	0	0	0	0	0	Wi-Fi upgrade within District Council Offices, Hitchin Town Hall/ North Hertfordshire Museum and Buntingford Depot.

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Project Ref	Responsible Service Director	Description of Proposal	Total Project Investment 2025/26 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2025/26	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment in 2029/30	Proposed Investment 2030 - 2035	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP2	Service Director - Customers	An alternative set of 25 machines that are outside of the Windows Environment for Disaster Recovery	100	0	25	0	0	25	0	50	To aid recovery in the event of a successful cyber attack. To also look at options to lease equipment in the event that it is required.
			4,618	0	1,137	133	62	1,048	358	1,880	
ECP29	Service Director - Enterprise	Museum Storage Facility	2000	0	2000	0	0	0	0	0	The Museum Store in Burymead is no longer fit for purpose. Objects from the collection are being held in make shift storage units, garages and dilapidated structures. The original intention was that this would be a complete new build, and is still one of the options being considered. As the indicative costs that we received were much higher than we expected, we are now looking at alternative options. These options include refurbishment, smaller additions and new storage locations. An options appraisal has been undertaken and was approved by Cabinet in November 2024, officers are now progressing the options that were approved and are aiming to bring a final report back to Cabinet for approval in May/June 2025. The current total capital allocation is £4 million, £2m in 2024/25 and £2m in 2025/26.
Page 360 ECP30	Service Director - Enterprise	Hitchin Town Hall Kitchen Enhancement	25	0	0	25	0	0	0	0	Further enhancements to the HTH kitchen area to improve catering quality. This will namely involve laying new more hygienic flooring and the purchase and installation of a heated pass for events and functions, which will require bringing power through the floor to the centre of the kitchen area. May be brought forward to 2025/26 during the budget setting process, depending on capacity to carry out the work sooner.
NCP6	Service Director - Enterprise	Air conditioning at Hitchin Town Hall	100	0	100	0	0	0	0	0	Introduce Air conditioning or something similar into the Mountford Hall, Lucas Room, Learning Centre, Museum Office, and Museum Entrance Foyer & Café. This will improve comfort for visitors and team members and should also assist in increasing the number of events that can be held, which should also increase income that could be generated. Still need to consider the revenue implications for additional energy costs. To ensure that any works are aligned with any decarbonisation works, in terms of timing and outcomes.
NCP7	Service Director - Enterprise	Mel Tax Offices, Royston	25	0	25	0	0	0	0	0	This property has been vacant for a number of years. It has not been formally marketed to date but there have been enquiries from prospective tenants. It has potential to be used for an alternative use, similar to the successful conversion of similar properties (e.g. Kneesworth Street to a coffee shop- The Nest). To seek a pre-let based on the Council undertaking some main roof and structural works and the tenant fitting out, subject to suitable terms.
			2150	0	2125	25	0	0	0	0	
ECP2	Service Director - Housing and Env Health	S106 Projects - Funding for additional Social Housing	193	193	193	0	0	0	0	0	Payments are made in two tranches, 50% at start on site (made in 2023/24) and 50% at practical completion. The remaining £193K will be paid in December 2025/ January 2026. Total investment of £385k.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP3	Service Director - Housing and Env Health	Private Sector Grants	600	0	60	60	60	60	60	300	HRAGs are a discretionary form of assistance specifically designed to provide practical help through a grant for small-scale works. This grant provides cash limited assistance up to £5K within any three-year period, for minor works for owner / occupiers and private tenants who meet certain criteria. HRAG funding is also used to support the Warm Homes Fund project where homes without central heating are provided with central heating (either gas or zero carbon alternatives). HRAGs are means tested and help to eradicate CAT1 Hazards, such as excess cold.
			793	193	253	60	60	60	60	300	
ECP4	Service Director - Place	Playground Renovation District Wide	1,800	0	180	180	180	180	180	900	Moving forward from the previous policy to renovate a single play area annually to undertake a program of undertaking two locations each year. This ensures that each play area is renovated on an 18 year cycle, which still far exceeds manufacturer lifespan guidelines. To be looked at as part of the next Green Space Management Strategy review (in 2027). To develop a list of playgrounds with likely timings of need for renovations.
ECP6	Service Director - Place	Walsworth Common Pavilion - contribution to scheme	300	287	0	300	0	0	0	0	This is dependent on s106 funding. Moved back to 2026/27 to reflect more realistic timing. To review cost and how much could be funded from s106.
ECP7	Service Director - Place	Wilbury Hills Cemetery Footpaths	30	0	0	30	0	0	0	0	Due to high volumes of visitors the existing footpath network through the site are wearing out. This program will support an investment program over a period of time to maintain current standards.
ECP8	Service Director - Place	Howard Park Letchworth Path Resurfacing	20	0	0	10	10	0	0	0	Phased approach to resurfacing the pathways at Howard Park.
NCP3	Service Director - Place	Priory Gardens bandstand	50	0	50	0	0	0	0	0	Capital renovations to the existing bandstand due to poor condition of existing feature. Will also seek S106 contributions.
NCP4	Service Director - Place	Howard Gardens Play Area	75	0	75	0	0	0	0	0	Central piece of play equipment has failed due to major wooden supports rotting at ground level - this is to replace the existing item with a new item. Depending on other renovations required in 25/26, some of the cost may be covered by ECP4.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP5	Service Director - Place	Broadway Gardens resurfacing	250	0	250	0	0	0	0	0	Current york stone area is uneven and wil become unsafe and is breaking up due to use and frost. This project is to resurface this area with like for like but may be other alternatives. This will require confirmation by Planning due to the location being in a conservation area.
			2,525	287	555	520	190	180	180	900	
ECP20	Service Director - Place	HSC: Change Village Refurbishment	225	0	0	225	0	0	0	0	The Change village was last refurbished in 2014. To ensure customer satisfaction is maintained, refurbishment is programmed to take place on a 10-15 year cycle. To review in 2025/26 to see if it can be pushed back another year, and/or whether it could be a partial refurbishment.
ECP22	Service Director - Place	NHLC Male, Female and accessible wet change refurbishment	250	0	0	250	0	0	0	0	The wet side changing rooms were last refurbished in 2016. To ensure customer satisfaction is maintained refurbishment is programmed to take place on a 10-15 year cycle. Consideration will be given to reconfiguring area to accommodate a change village in line with HSC and RLC.
ECP23	Service Director - Place	NHLC: Interactive Water Feature	120	0	0	0	120	0	0	0	Proposal to transform the small pool into a highly interactive water play area for children of all age and ability groups. To be discussed with Everyone Active as to whether it would generate additional use, and may be removed.
ECP24	Service Director - Place	NHLC: Pool Flume Replacement	300	0	0	0	300	0	0	0	The pool flume was installed in 1992 and due to its age a proposal to replace the flume with a newer model is proposed. This will ensure continued customer satisfaction for users of the leisure pool. Brought forward from 2028/29 and estimated cost increased from £150k.
ECP25	Service Director - Place	Royston Leisure Centre Dry Side Toilet Refurbishment	30	0	30	0	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled dry side toilet areas is proposed.
ECP26	Service Director - Place	Royston Leisure Centre Café	20	0	20	0	0	0	0	0	The Council's new leisure provider put forward a proposal that if the Council provided capital funding for the capital investments within their bid, that they would provide additional management fee income. The additional management fee would be greater than the Council's cost of capital.
ECP27	Service Director - Place	RLC: Fitness Equipment Replacement	350	0	350	0	0	0	0	0	The Council's new leisure provider put forward a proposal that if the Council provided capital funding for the capital investments within their bid, that they would provide additional management fee income. The additional management fee would be greater than the Council's cost of capital.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP28	Service Director - Place	RLC: Fitness Facility Refurbishment	452	0	452	0	0	0	0	0	The Council's new leisure provider put forward a proposal that if the Council provided capital funding for the capital investments within their bid, that they would provide additional management fee income. The additional management fee would be greater than the Council's cost of capital.
			1,747	0	852	475	420	0	0	0	
ECP32	Service Director - Place	Refuse and Recycling Bins	900	0	90	90	90	90	90	450	Wheeled bins are considered to have on average a 10-12 year life. The bin replacement cycle for the purple residual waste bins means we are likely to see increased bin purchases over the coming years.
ECP33	Service Director - Place	Fibre Waste Bins	1,170	0	1,170	0	0	0	0	0	In line with the decision by Cabinet for a 3:3:3 waste collection schedule, a new blue lidded 240L bin will be issued to residents as the new 'paper and cardboard' bin, replacing the box. This is the estimated cost of purchasing and delivery of the additional bin to households.
ECP34	Service Director - Place	Vehicle fleet replacement program (Waste and Recycling)	11,770	2,300	5,270	0	0	0	0	5,500	We will be providing funding for the new vehicles required for the new cobntract in return for a reduction in the contract cost. The investment reflects the Council's expected share of the total cost of vehicles. It includes that all vehicles under 7.5 tonnes will be electric. Expected vehicle life is generally around 8 years so provision for replacement in around 2033.
ECP35	Service Director - Place	Waste depot facility co-located with a residual waste transfer facility	6,000	0	0	0	0	3,000	3,000	0	Herts County Council are planning to build a waste and recycling transfer station. There may be an option to co-locate a waste depot on the same site, to replace the current Letchworth depot. The current Letchworth depot is not of sufficient size to accommodate the additional vehicles that will come with population growth. A new depot would also be planned to include facilities to allow the decarbonisation of the waste fleet.

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			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP1	Service Director - Place	EV charging at the existing Letchworth depot	100	0	100	0	0	0	0	0	The installation of EV charging at the current depot for vehicles under 7.5 tonnes. Includes provision for increasing the overall supply to the site, which is likely to be required. Trying to obtain grant funding.
			19,940	2,300	6,630	90	90	3,090	3,090	5,950	
ECP1	Service Director - Resources	Capital maintenance to Council buildings	500	0	50	50	50	50	50	250	Condition surveys have been carried out on a substantial number of the Authority's premises (substantially consists of Community Centres and Pavilions). This bid relates to those premises which are not currently subject to separate plans or review. The surveys have identified necessary works within priority bands required to ensure the continued use of the premises and to maintain premises in a reasonable condition. Enhancement works of this nature will reduce reliance on reactive maintenance repairs.
ECP5	Service Director - Resources	Remote testing equipment - Emergency Lights and Water Temperature Monitoring	13	0	13	0	0	0	0	0	Provision of remote testing Emergency Lights and Water Temperature Monitoring at at least 4 small pavilion and cemetery sites.
ECP31	Service Director - Resources	Off Street Car Parks resurfacing and enhancement	139	0	19	43	77	0	0	0	Condition surveys have identified the need for a proactive programme of resurfacing for the council's off street car parking. Resurfacing, re-lining and enhancing the lighting enables the car parks to be used safely, reducing insurance claims for trips and falls, and allows the continued enforcement of the relevant traffic regulation orders. A. Planned maintenance programme should enable reduction in reactive repairs. B. No programme of repairs will require additional revenue maintenance funds for responsive repairs, and loss of income as Traffic regulation orders will become unenforceable. Updated assesment of condition includes works to Priory Gardens (25/26), King James Way (26/27), Bancroft (26/27 and 27/28) and the Warren (28/29). To be kept under review and will require further work in later years.
NCP8	Service Director - Resources	CCTV Control Room upgrade	45	0	45	0	0	0	0	45	Stevenage BC (who operate the control room on behalf of the partnership and company) have been notified that the core control room infrastructure is in need of an upgrade, as it will no longer be supported from the end of 24/25. The total cost is split between company and the partners. This is the estimated North Herts partnership (Council) share. May need to bring the spend forward to 24/25.
NCP9	Service Director - Resources	Public Sector Decarbonisation-phase 2	3,154	1,172	TBC	TBC	TBC	0	0	0	Consultants are looking at the decarbonisation options in relation to DCO, Hitchin Town Hall and District Museum and North Herts Learner Pool. This may lead to a successful decarbonisation fund bid, which would require a Council capital contribution.
			3,851	1,172	127	93	127	50	50	295	
TOTAL			35,623	3,952	11,678	1,396	949	4,428	3,738	9,325	

**CABINET
14 JANUARY 2025**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COUNCIL DELIVERY PLAN 2024-25 (QUARTER 2 UPDATE)

REPORT OF: REPORT OF THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND IT

COUNCIL PRIORITY: THRIVING COMMUNITIES / ACCESSIBLE SERVICES / RESPONSIBLE GROWTH / SUSTAINABILITY

1. EXECUTIVE SUMMARY

This report presents progress on delivering the Council Delivery Plan for 2024-25. This is a Quarter 2 update, but generally reflects progress up to the point that this report was prepared (early December). The report includes:

- For the projects identified by Cabinet in March 2024, it details milestones and progress against them.
- The risks in relation to the delivery of those projects, as well as the corporate risks that could impact the delivery of all our projects and services.
- Latest data for the performance indicators identified by Cabinet in June 2024.

There are 19 delayed milestones across 8 projects. Whilst there is not a specific theme, resourcing will be a significant component in the delays.

There is one red performance indicator relating to calls answered within 45 seconds. The actions to correct this are set out in paragraph 8.4.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the progress against Council projects as set out in the Council Delivery Plan, and approves the changes to the milestones (Appendix A)
- 2.2 That Cabinet notes the performance against the performance indicators and confirms the actions detailed in paragraph 8.4.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The Council Delivery Plan (CDP) monitoring reports provide Overview and Scrutiny Committee, 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 2 update was provided to Risk and Performance Management Group (RPMG) in November. 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 Q2 update. There were no specific issues raised by the group.
- 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 18 October 2024.

7. BACKGROUND

- 7.1 The CDP brings together projects, risks, and performance indicators together in one document. The projects to be included in the 2024/25 Council Delivery Plan were agreed by Cabinet in March 2024, following a project prioritisation exercise. The performance indicators that are included were determined by Cabinet in June 2024.

8. RELEVANT CONSIDERATIONS

- 8.1 Appendix A provides an update on the progress made in delivering the Council Delivery Plan 2024-25. Whilst it is labelled as a Quarter 2 update, it generally reflects the latest position at the time that the report was written (early December). Milestones are set as far ahead as possible, but are not included where there is too much uncertainty over the scope or timing of the milestone.

8.2 In previous years the report included a percentage completed. This has now been removed as it over-simplified the position. As there are now fewer projects on the Council Delivery Plan, the focus is on providing a description of the progress made. Projects are still rated on overall progress, i.e. shown as completed, on track, some delays, significant delays. Where there are delays, Cabinet will be asked to consider revisions to milestones. For this report:




- Eight projects have proposed delays to milestones which relate to 19 individual milestones.
- Four projects have new milestones which relate to 7 new individual milestones.
- Five projects have an amber status, and the other 6 are rated green.

There are various reasons for the delays in milestones being achieved. In many cases there is a link to available resourcing for the project.

8.3 Our performance indicators now reflect the overall performance of the Council. Performance levels are rated as either green (achieving or exceeding the target), amber (not achieving the target level and need to look at actions to get back on track) and red (urgent action needed to get back to the target performance). For this report:

- 11 indicators are rated green.
- 2 indicators are rated amber.
- 8 indicators do not have a target.
- 1 indicator is rated red.

8.4 For the indicators that are rated red or amber, the following actions are being taken:

-  Percentage of Customer Service Centre calls answered within 45 seconds (68% against a target of 80%, and a decline in performance from 74% at Quarter 1). During this period the CSC saw an increase in calls due to annual billing and the elections that took place. Additionally, the team faced staff shortages due to annual leave, sickness and leavers. However, the CSC have been running on an on-going recruitment process to fill vacancies. While these new team members are still completing their training and a couple of vacancies still to fill, we are confident that the attainment of this KPI will improve steadily. Importantly, the percentage of calls answered overall was a 94%.
-  Working days lost due to short-term absence per FTE (4.22 days against a target 4, and an improvement compared to 4.51 days at Q1). We will continue to develop ways to support employee health and wellbeing as part of our response to the staff survey. We have offered flu vaccines to help reduce winter absences. It should also be noted that there is a national trend for increasing levels of employee absence.
-  Percentage of household waste sent for reuse, recycling and composting (59.92% against a target of 60%). This is a profiled target and the annual target is lower than the Q2 target. The profiling reflects varying volumes of

garden waste over the year. This continues to be a very small shortfall so we will continue to keep it under review, especially as this is a provisional total and it might improve. Actions and initiatives to encourage more recycling by residents will continue.

- 8.5 The Council Delivery Plan is intended to be a live document. Councillors and Officers can access IdeaGen for the latest position. New projects can be added to the Plan, if they are a strategic priority and there are resources available to deliver them. Projects will be removed when they are completed, or if they are no longer a priority. As the new Council Plan has now been approved, Cabinet should consider whether this means that there should be any projects added to or removed from the Council Delivery Plan. Cabinet (following review by Overview and Scrutiny) will be asked to approve any changes to milestones.
- 8.6 Overview and Scrutiny can ask for more detail on any of the Council Delivery Plan projects. That can either be provided as a written update or can be included as part of the next quarterly update, to support discussion in the meeting.

Access to Ideagen (previously known as Pentana)

- 8.7 All the detail behind the projects, risks and performance indicators is available to view in Ideagen, the Councils 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.

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” (Section 5, paragraph 5.7.3).
- 9.2 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. Equalities analysis will have been completed for relevant projects referred to in this report.
- 12.3 As the Customer Service Centre are not meeting the target standard for call answering, there is a concern that this could have a negative impact on those who share a protected characteristic. The report sets out measures to address the current performance.

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 24-25 Q2 Monitoring Report

















17. CONTACT OFFICERS

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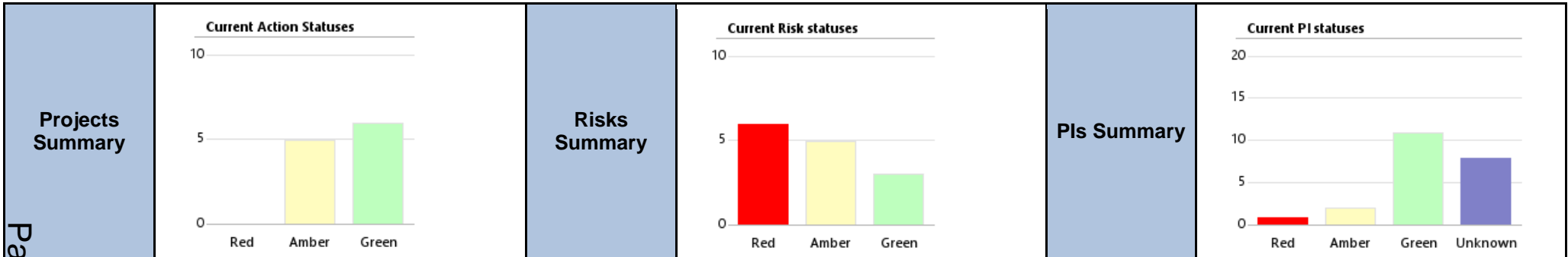
18. BACKGROUND PAPERSI

- 18.1 Council Delivery Plan projects for 2024-25 agreed by Cabinet (March 2024):
<https://democracy.north-herts.gov.uk/documents/s24602/Council%20Delivery%20Plan%20Q3%20update%20and%20projects%20for%202425.pdf>
- 18.2 Performance Indicators for 2024-25 agreed by Cabinet (June 2024):
<https://democracy.north-herts.gov.uk/documents/s25289/KEY%20PERFORMANCE%20INDICATORS%20202425.pdf>
- 18.3 Council Plan 2024-28 <https://www.north-herts.gov.uk/council-plan>

Council Delivery Plan – Status Key

Status	Description									
Projects										
	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.									
Risks										
	Assessed as a low risk.									
	Assessed as a medium risk.									
	Assessed as a high risk.									
<table border="1" data-bbox="1574 635 1729 758"> <tr> <td>4</td> <td>7</td> <td>9</td> </tr> <tr> <td>2</td> <td>5</td> <td>8</td> </tr> <tr> <td>1</td> <td>3</td> <td>6</td> </tr> </table>		4	7	9	2	5	8	1	3	6
4	7	9								
2	5	8								
1	3	6								
KPIs										
	Data value has met or exceeded the target figure. Performance is at an acceptable level.									
	Data value has not achieved the target figure. Need to consider appropriate action to return performance to an acceptable level.									
	Data value has not achieved the target figure. Urgent action required to return performance to an acceptable level.									
	Data value is reported for 'information only' and there is no requirement to set targets for the KPI.									
	Ideagen cannot calculate a status, as officers have not entered a target figure for the period.									
	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.									

Status Summaries













Key Performance Indicators (KPIs)


KPI	Latest Update	Value	Target	Status	Trend (Compared with the same time last year)
Percentage of council tax collected in year	October 2024	64.56% (year to date)	64%		↓ (69.31%)
Percentage of NNDR collected in year	October 2024	63.03% (year to date)	63%		↓ (67.05%)
Council's Scope 1-3 emissions (tonnes CO2e)	2023/24	3,147.76	N/A Data Only		↓ (3,133.95)
Number of Stage 1 complaints	Q2 2024/25	106 (year to date)	N/A Data Only		↓ (69)
Percentage of Stage 1 complaints resolved within 10 working days	Q2 2024/25	90% (year to date)	80%		↑ (80%)


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KPI	Latest Update	Value	Target	Status	Trend (Compared with the same time last year)
Percentage of Stage 2 complaints resolved within 20 working days	Q2 2024/25	73% (year to date)	70%		 (71%)
Total number of alarm calls in a given period	October 2024	222,670 (year to date)	N/A Data Only		 (228,840)
Percentage of non-urgent installations completed within 20 working days	September 2024	100% (year to date)	100%		 (N/A)
Rolling number of Careline service users supported under the HCC contract	November 2024	6,937	N/A Data Only		 (6,751)
Percentage of CSC calls answered	Q2 2024/25	95% (year to date)	90%		 (N/A)
Percentage of CSC calls answered within 45 seconds	Q2 2024/25	68% (year to date)	80%		 (N/A)
Sign-ups to the Digital Budget Hub	Q2 2024/25	235 (year to date)	N/A Data Only		 (N/A)
Average number of penalty points awarded per Grounds Maintenance contract monitoring inspection. (Lower numbers are good.)	September 2024	5.70 (year to date)	N/A Data Only		 (2.20)
Working days lost due to short-term sickness absence in the last 12 months per FTE employee	October 2024	4.22	4.00		 (4.23)
Working days lost due to long-term sickness absence in the last 12 months per FTE employee	October 2024	5.05	N/A Data Only		 (3.34)
Staff turnover - rolling 12-month percentage	October 2024	8.98%	15%		 (11.84%)
Percentage of advertised vacancies filled in first round	Q2 2024/25	75.8% (year to date)	75%		 (86.8%)


KPI	Latest Update	Value	Target	Status	Trend (Compared with the same time last year)
Number of visits to leisure facilities	October 2024	1,000,591 (year to date)	882,978		 (963,149)
Percentage of all planning applications determined within the relevant statutory or agreed time periods	Q2 2024/25	87.23% (year to date)	80%		 (85.36%)
Percentage of household waste sent for reuse, recycling and composting	Q2 2024/25	59.92% (year to date)	60%		 (60.76%)
Number of collections missed per 100,000 collections of domestic household waste	September 2024	55 (year to date)	N/A Data Only		 (65)
Performance against revenue budget (projection against original budget)	Q1 2024/25	-5.9%	0%		 (N/A)



Projects / Risks



	Engaging the community on our finances and how we spend our money, via the 'Prioritising our Pounds' Digital Budget Hub	Due Date	28-Feb-2026	Original Date	28-Feb-2026
Project Summary	To help the community understand how we set our budget, what affects the funding that we receive, why we have less funding than we used to and the implications of that. To engage the community on the choices that we will need to make to ensure that our spend matches our funding, so that we are financially sustainable, and to enable our community to be part of future budget conversations.				
Latest Update	14-Nov-2024 Now plan to launch mini survey and two-way conversations on the Digital Budget Hub in December 2024. This has been delayed due to Communications resources being focussed on other priorities. Following the Hub's launch in March 2024 and subsequent updates in August 2024, we now have 235 people signed-up. We expect sign-ups to increase once we market the mini survey. Engagement risk assessed level reduced, as we have received Government confirmation of a three-year settlement from 2026/27 onwards and have commenced engagement/consultation activities with more planned. However, risks to financial sustainability remain high, as reflected in the related corporate risk entry.				
Milestone	Due Date	Complete	Note		
Update the Digital Budget Hub content to highlight the funding pressures we face and likely implications.	31-Aug-2024	Yes	Updates: - Homepage copy amended to reflect current situation. - 'How we set our budget' graphic created and added (to show residents the process we go through). - 'Did you know' film created and promoted, showing what services residents' council tax helps to provide. Above promoted across our social media channels and ENewsletters.		
Approve our Medium Term Financial Strategy.	30-Sep-2024	Yes	Council agreed adoption of the MTFS 2025-30 on 19 September 2024.		
Launch mini survey and two-way conversations on the Digital Budget Hub, including thoughts on valued services and generating income through fees and charges.	31-Oct-2024	No	Due date to change to 31 December 2024. Due to focus on other priorities (e.g., new Council Plan and LGA CPC Position Statement) this milestone has been delayed. Upcoming activities: - MTFS going into design early December 2024. - Official publishing of the MTFS will be used as the vehicle to launch the mini survey and two-way conversations on the Hub. - Survey to run over December 2024 and January 2025.		
Update content (Digital Budget Hub and other communications) through process for setting the 2025/26 budget.	28-Feb-2025	No			
New milestone - Further update of Digital Budget Hub content to align with the start of the 2025/26 financial year.	18-Apr-2025	No			
Carry out detailed consultation on spend priorities and savings options (starting in May 2025).	31-Jul-2025	No			
Consider feedback in setting the revised Medium Term Financial Strategy and approve the Strategy.	30-Sep-2025	No			
Consider consultation feedback in forming budget proposals for the 2026/27 budget and approve the 2026/27 budget.	28-Feb-2026	No			
Risks			Risk Level	Original Score	Current Score
					Target Score

Risks: 1. Timing of Government announcements over future funding makes it difficult to engage residents in the scale of the budget gap and the savings that will be required. 2. Lack of engagement means that the consultation doesn't reflect a wide range of views. 3. The scale of the budget gap makes it feel like there are no choices. When making choices it then feels like not taking on board feedback.		8	5	2
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	Oughtonhead Common Weir	Due Date	31-Jul-2025	Original Date	30-Sep-2024		
Project Summary	Replace the collapsed weir. <i>Project carried over from the 2023/24 Council Delivery Plan.</i>						
Latest Update	22-Oct-2024 Fishtek Consulting to complete remaining CDM documents by the end of October 2024, at which point they will confirm the timeline for completing the design phase of the project, including completion of consenting. Fishtek continue to consult with the Environment Agency to progress obtaining the required permits. An indicative target date of 31 December 2024 is now proposed for obtaining the permits, although Fishtek still need to confirm actual timings. Timeframe for obtaining permits is also dependent on the Environment Agency progressing the matter in a timely manner and so is not completely within our control. We will not submit final designs to Planning until we have secured the permits. Further communication with the public regarding our plans will be undertaken prior to submitting the planning application and Countryside Management Service (CMS) have already shared design drawings with residents and offered to meet on site to discuss the plans. CMS will be responsible for managing the tender process but without required permits/permissions, we are unable to confirm precise timings for this stage and the subsequent delivery stage. We still anticipate completing works in Spring/Summer 2025, although at this stage there remains a risk that the project may be completed later than this. However, the impact of this is assessed as low, as pending replacement of the existing weir, any further deterioration is unlikely to result in significant environmental damage. In fact, water quality has actually improved since the damage to the existing weir occurred.						
Milestone	Due Date	Complete	Note				
01. Conduct the further modelling requested by the Environment Agency.	31-Aug-2024	Yes	Cost of completing further modelling circa £3k.				
02. Obtain required Environment Agency permits.	30-Sep-2024	No	Change of due date to 31 December 2024. Fishtek Consulting responsible for obtaining required Environment Agency permits. Fishtek to complete remaining CDM documents by the end of October 2024, at which point they will confirm the timeline for completing the design phase of the project, including completion of consenting. Originally envisaged timeframe for obtaining permits was too optimistic and we now anticipate permits being obtained by December 2024 rather than September 2024, although Fishtek still need to confirm actual timings. Timeframe for obtaining required permits is also dependent on the Environment Agency progressing the matter in a timely manner and so is not completely in our control.				
03. Undertake further communication with the public regarding plans.		No	Due date to be confirmed - timings to be confirmed once EA permits obtained. To take place prior to submitting planning application.				
04. Submit planning application.		No	Due date to be confirmed - timings to be confirmed once EA permits obtained. Fishtek Consulting responsible for submitting designs to Planning.				
05. Planning permission granted.		No	Due date to be confirmed - timings to be confirmed when we have a timetable for submitting designs to Planning. How quickly the application is determined rests with Planning.				
06. Commence tender process for undertaking required works.		No	Due date to be confirmed - CMS to prepare tender documentation and manage tender process.				
07. Appoint contractor(s) to undertake required works.		No	Due date to be confirmed.				
08. Successful contractor confirms project plan and timings.		No	Due date to be confirmed.				
09. Commence work on-site.		No	Due date to be confirmed.				
10. Works on-site completed.		No	Due date to be confirmed.				
Risks				Risk Level	Original Score	Current Score	Target Score



<p>Risks:</p> <ul style="list-style-type: none"> - External funding from HCC, EA and residents is not available leading to full allocated Capital budget being used. - Existing situation deteriorates prior to any works being undertaken requiring further urgent temporary solutions to manage an immediate changing situation. - Failure to obtain Environment Agency permits or planning permission. - Lack of contractor appetite to undertake works prolongs procurement process and delays project delivery. - Without securing required permits/permissions and without confirmed plans for the procurement process and project delivery, there is a risk that the project will not be completed in line with currently anticipated timescales. <p><i>Risk entry carried over from the 2023/24 Council Delivery Plan.</i></p>		4	2	1
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	Pay on Exit Parking	Due Date	31-Mar-2026	Original Date	31-Mar-2026		
Project Summary	Replace existing parking machines and update tariff boards to implement pay on exit in all our car parks. Capital budget approved to deliver the project over two years - 2024/25 and 2025/26. <i>Project carried over from the 2023/24 Council Delivery Plan.</i>						
Latest Update	12-Dec-2024 We appointed a supplier to replace existing tariff boards on 2 September 2024. A full implementation programme, with changes being phased on a town-by-town basis, is now due to be agreed by the end of December 2024. This is due to a contract variation. There is an 8 to 10-week lead in time for the new parking machines, and orders have been placed. The contractor has provided an initial implementation programme (based on expected delivery dates), and a meeting is scheduled for mid-December 2024 to agree timings. Once the full implementation programme has been agreed, further milestones will be added to the Council Delivery Plan to provide an overview of what will happen and when. The availability of new parking machines is dependent on the manufacturer, but our preference is for work to commence in mid-February 2025 to allow sufficient time to communicate the changes effectively. Updated TROs are progressing but are taking longer than originally planned due to the need to now include a cash payment option in the new Post Payment parking arrangements. Awaiting review by Legal and HCC prior to advertising the TROs. Updated TROs now expected to be completed mid-February 2025. Currently, still anticipate works being fully completed by March 2026 in line with approved Capital funding. Key risks are our ability to bring the separate project elements together and negative public reaction to changes and disruption during works, with the latter being managed in partnership with the contractor via a comprehensive communications plan. Overall, the project risk level continues to be assessed as 'low'.						
Milestone	Due Date	Complete	Note				
Procure supplier to replace tariff boards.	30-Aug-2024	Yes	Procurement complete. Supplier appointed on 2 September 2024.				
New Milestone - Draft implementation programme received from contractor.	30-Nov-2024	Yes					
Page 379	All implementation programme agreed with contractor.	30-Sep-2024	No	Due date to change to 31 December 2024. Contract variation completed on 14 October 2024. There is an 8 to 10-week lead in time for the new parking machines, and orders have been placed. Contractor has provided an initial implementation programme, and a meeting is scheduled for mid-December 2024 to agree timings. Therefore, we expect the full implementation programme to be agreed by the end of December 2024. The availability of new parking machines is dependent on the manufacturer, but our preference is for work to commence in mid-February 2025 to allow sufficient time to communicate the changes effectively. Once the full implementation programme has been agreed, further Council Delivery Plan milestones to be entered.			
	Update TROs.	15-Nov-2024	No	Due date to change to 14 February 2025. Updated TROs are progressing but are taking longer than originally planned due to the need to now include a cash payment option in the new Post Payment parking arrangements. Awaiting review by Legal and HCC prior to advertising the TROs. Updated TROs now expected to be completed mid-February 2025. Updated TROs required to accommodate new payment methods.			
Risks				Risk Level	Original Score	Current Score	Target Score
Risks: 1. Budget implications of selected scheme. 2. Inability to procure suppliers within approved budget (no longer a risk, as procured suppliers within budget). 3. Negative public reaction to changes and disruption during works. 4. Loss of income during associated works. 5. Failure to bring together separate project elements to achieve seamless project delivery. <i>Risk entry carried over from the 2023/24 Council Delivery Plan.</i>					1	1	1



	Resident/Public EV Charging in our Car Parks	Due Date	31-Mar-2025	Original Date	31-Mar-2025	
Project Summary	Finalise contract/leases with private sector partner and subsequently install new EV charging points in our outdoor surface car parks. OZEV grant secured to deliver the project, although the funding is only available until March 2025. <i>Project carried over from the 2023/24 Council Delivery Plan.</i>					
Latest Update	12-Dec-2024 Regarding the contract, no challenges were received to the publishing of the previously referenced VEAT Notice. However, the contract has still not been finalised, as it is now being amended to enable the OZEV ORCS funded project (installation of new EV charging points in our outdoor surface car parks) to progress in advance of the further project to replace existing charging points in our multi-storey car parks, which has been delayed by the need to satisfy the Council's property insurer regarding potential fire risks. In view of this, now anticipate contract being signed by the end of December 2024. Completion of related lease agreements is also nearing completion and CAD drawings for EV charging point bays in our surface car parks have been finalised. Although precise timings for the commencement of works is still to be agreed with the contractor, they have advised that the infrastructure and capacity is in place, ready to start installing charging points as soon as the contract is signed. Although works are likely to commence in January 2025 at the latest, NHC has started to promote the project. Now expect project to be delivered by the end of March 2025, which is still in accordance with OZEV grant requirements. However, this will be dependent on the contractor and Distribution Network Operators completing required tasks in a relatively short delivery timeframe. Regular reports are being submitted to the Energy Saving Trust to keep them informed of progress and utilisation of grant funding. In view of not yet having agreed the contract, lease arrangements and implementation programme, and the shortening delivery window, the overall project risk level continues to be assessed as 'medium'.					
Milestone	Due Date	Complete	Note			
NHC to start promoting project.	31-Oct-2024	Yes	Our investment in EV charging infrastructure was included in the Winter 2024 edition of Outlook magazine, which was published in early December 2024.			
Complete relevant leases with contractor for the length of the contract.	30-Sep-2024	No	Due date to change to 17 January 2025. Lease agreements are nearing completion and are now expected to be completed by mid-January 2025.			
Contract finalised with private sector partner.	30-Sep-2024	No	Due date to change to 31 December 2024. No challenges were received to the publishing of the previously referenced VEAT Notice. The contract is now being amended to enable the OZEV ORCS funded project (installation of new EV charging points in our outdoor surface car parks) to progress in advance of the further project to replace existing charging points in our multi-storey car parks, which has been delayed by the need to satisfy the Council's property insurer regarding potential fire risks. Now anticipate that the contract will be signed by the end of December 2024.			
Contractor to commence works.	31-Oct-2024	No	Due date to change to 17 January 2025. Commencement of works delayed due to the revised timings of previous milestones. We have started promoting the project. Precise timings for the commencement of contractor works still to be agreed, but they have advised they have the infrastructure and capacity ready to start installing charging points as soon as the contract is signed. Therefore, we now anticipate works commencing mid-January 2025.			
Installation of all new EV charging points completed.	31-Dec-2024	No	Due date to change to 31 March 2025. This is due to delays completing earlier milestones. However, still expect project to be delivered by the end of March 2025, in accordance with OZEV grant requirements. This will be dependent on the contractor and DNOs completing required tasks in a relatively short delivery timeframe.			
Risks			Risk Level	Original Score	Current Score	Target Score
Risks: 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



<p>6. Insurance requirements lead to changes to installation plans. 7. Unable to reach agreement with Garden Square Shopping Centre regarding the replacement of existing charging points in Letchworth multi-storey car park (outside scope of OZEV project). <i>Risk entry carried over from the 2023/24 Council Delivery Plan.</i></p>				
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	Town Centre Strategies	Due Date	31-Mar-2025	Original Date	31-Mar-2025		
Project Summary	Progress development of an overarching Town Centre Strategy, including guidance on developing strategic plans for individual town centres. <i>Project carried over from the 2023/24 Council Delivery Plan.</i>						
Latest Update	21-Nov-2024 Following the October 2024 Strategic Planning Project Board meeting, the consultants now need to further review some of the evidence base data (evidence base will be published when consulting on the draft Strategy). We will now report back to Project Board in January 2025, prior to submitting the Strategy to Cabinet. Aim to submit the Strategy to Cabinet as early as possible in 2025, although the exact meeting date is still to be confirmed. Timings will be dependent on adequate resourcing, however, expect this to be by the end of 2024/25 at the latest. The draft Strategy will include sections for each town, providing guidance on developing individual strategic plans. If Cabinet are happy with the report recommendations, we will then move on to the public consultation phase followed by formal adoption by Cabinet. However, precise timings of milestones following January 2025 Project Board are still to be confirmed. As there remains uncertainty regarding the outcomes from future Project Board/Cabinet meetings and there are potential resourcing issues relating to progressing the project, the overall project risk level continues to be assessed as 'medium'.						
Milestone	Due Date	Complete	Note				
Undertake work to complete evidence base.	31-Jul-2024	Yes	Consultants presented initial report on evidence base and stakeholder workshop held to review findings.				
Further review/refinement of evidence base and final sign-off.	31-Aug-2024	No	Due date to change to mid-December 2024, as following the October 2024 Project Board meeting, the consultants need to further review some of the data. To be published as supporting evidence base when consulting on the draft Town Centre Strategy.				
Development and finalisation of draft Strategy.	31-Oct-2024	No	Due date to change to January 2025. Following a request to undertake further work at the October 2024 Project Board meeting, we now intend to report back to Project Board in January 2025, prior to submitting the Strategy to Cabinet. January 2025 Project Board meeting date still to be confirmed.				
Present details of draft Strategy, including guidance sections for each town, to Cabinet.	19-Nov-2024	No	Due date to change to March 2025. Aim to submit the Strategy to Cabinet as early as possible in 2025, although the exact meeting date is still to be confirmed. Timings will be subject to resourcing, however, expect this to be by the end of 2024/25 at the latest.				
Consultation on draft Town Centre Strategy.	31-Jan-2025	No	To be confirmed, as dependent on outcome of Cabinet meeting in early 2025. Currently, likely to take place over April - May 2025 at the latest.				
Cabinet adopt Town Centre Strategy.	18-Mar-2025	No	To be confirmed. Exact timing dependent on Cabinet approval to proceed to consultation and findings of the consultation exercise.				
Risks				Risk Level	Original Score	Current Score	Target Score
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. <i>Risk entry carried over from the 2023/24 Council Delivery Plan.</i>					5	5	1


	Churchgate	Due Date	31-Mar-2025	Original Date	31-Mar-2025		
Project Summary	Progress the long-term regeneration of the shopping centre and surrounding areas. Project likely to span several years. <i>Project carried over from the 2023/24 Council Delivery Plan.</i>						
Latest Update	24-Oct-2024 Full engagement process commenced. In September 2024, workshops were held and the public consultation started. The consultation runs up to 3 November 2024 and we opened an in-person hub to increase engagement, which will be open on market days up to the end of the consultation period. This has created resource pressures to staff the hub during the week and at weekends. Initial analysis of the consultation findings will take place during November 2024, and this will be reported to Project Board on 4 December 2024. We will also share high-level findings at the appropriate time, as it is important for key stakeholders and the public to be kept up to date and involved throughout the project lifecycle. Alongside the consultation process, we continue to investigate the financial viability of options, and an update will also be presented to Project Board on 4 December 2024. Following the December 2024 Project Board meeting, we aim to finalise the detailed evaluation of consultation findings and the full assessment of the financial viability of options, leading to a Project Board decision on the high-level vision and preferred pathway. Precise timings for these activities are still to be confirmed. This work will inform the criteria and brief for the selection of a delivery partner, with the timings for the related procurement process being dependent on when earlier actions are completed. We anticipate that the procurement process is likely to commence in early 2025. Reported milestones will continue to be updated as the project progresses, and further stages/timings are agreed/confirmed. The risk level is still assessed as high due to the uncertainty around potential options and viability, but arrangements currently in place (such as regular Project Board meetings, the provision of consultants' expert advice, and an established engagement plan) help us to manage the associated risks.						
Milestone	Due Date	Complete	Note				
Start of engagement.	02-Sep-2024	Yes					
Run workshops.	16-Sep-2024	Yes	Hitchin Market Board workshop held 9 September 2024. Hitchin Forum workshop held 9 September 2024 (in the evening). Tenants workshop held 12 September 2024.				
Start public consultation.	17-Sep-2024	Yes					
Public consultation ends.	01-Oct-2024	Yes	The consultation period was extended to 3 November 2024 to take into account the leaflet drop to all North Hertfordshire households.				
New Milestone - Open 'in-person' Churchgate Regeneration Hub on market days, up to the end of the consultation period.	17-Oct-2024	Yes	Churchgate Regeneration Hub opened in an unused Churchgate unit.				
Feedback to Project Board.	29-Oct-2024	Yes	October 2024 Project Board meeting re-scheduled. Update on progress presented to Project Board on 14 October 2024.				
Feedback to Project Board.	26-Nov-2024	Yes	Project Board meeting re-scheduled to 4 December 2024. Consultation findings were presented to Project Board at this meeting.				
Procurement start.	05-Jan-2025	No	Change to due date. Revised target date to be confirmed. Procurement of a development partner to help deliver the regeneration project will follow the detailed evaluation of consultation findings, full assessment of the financial viability of options, and a Project Board decision on high-level vision and preferred pathway. Timings for these activities also to be confirmed, although likely to occur in early 2025.				
Risks				Risk Level	Original Score	Current Score	Target Score
Risks: 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. 3. Availability of specific funding for consultants beyond the three-year funding already agreed.					9	8	6



Risk entry carried over from the 2023/24 Council Delivery Plan.

	Digital Transformation	Due Date	28-Jul-2025	Original Date	31-Mar-2025		
Project Summary	Invest in and develop a low code digital platform that can be used to transform our services and applications. Programme to span a number of years, with the Council Delivery Plan project focussing on key activities planned during 2024/25.						
Latest Update	15-Nov-2024 The new Hitchin Town Hall booking system has been completed and handed over. Following the decision to proceed with the development of a burials application, this project is ongoing and expected to be delivered by the end of July 2025. A grants database is also being developed and is expected to be delivered by the end of March 2025. Following confirmation of the new waste contractor, we are now working with Veolia to develop the new waste services system and prepare for integration. Expect to deliver this project at the start of May 2025. However, we have recently been advised that data from Veolia's Echo system will not be available until mid-April 2025, which leaves a very limited timeframe for matching data with our platform and testing, ready for 'go live'. Resources are in place to deliver current projects and to continue delivering the programme over the coming years. The programme will also benefit from the Multiverse apprenticeship programme that NHC is participating in, which aims to develop the digital skills of the wider workforce. Engagement with stakeholders and NHC teams continues.						
Milestone	Due Date	Complete	Note				
Scope and investigate replacement of Burials system.	30-Jun-2024	Yes	Initial scoping for the replacement of the current in-house database completed. Decision made to provide a replacement system via the new digital platform.				
Integrate Netcall into Microsoft Azure for wider integration capabilities.	30-Sep-2024	Yes	The Azure tenancy is ready to go and can facilitate single sign on for customers to sign in via MyAccount or for staff to sign into any applications created.				
Commence development of waste services processes and preparations for integration with new contractors' software.	01-Oct-2024	Yes	Work commenced and plans have now been agreed with Veolia.				
Hitchin Town Hall booking system developed.	31-Oct-2024	Yes	The Hitchin Town Hall application has been completed and handed over.				
New Milestone - Development and delivery of a Grants database.	28-Mar-2025	No					
New Milestone - Waste Services - integrations with contractors' software.	26-Apr-2025	No					
New Milestone - Waste Services - project delivery.	01-May-2025	No					
New Milestone - Develop and deliver a Burials application.	28-Jul-2025	No					
Risks				Risk Level	Original Score	Current Score	Target Score
Risks: 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. Data from Veolia's Echo system not being available until mid-April 2025 leaves a very limited timeframe for matching data with our platform and testing, ready for 'go live' at the start of May 2025.					6	6	3


	King George V Skate Park	Due Date	31-Mar-2025	Original Date	31-Mar-2025		
Project Summary	Following complications with the initial procurement exercise in 2023/24, complete a procurement exercise to appoint a contractor to replace the existing King George V skate park and oversee delivery of the completed project.						
Latest Update	21-Oct-2024 The procurement process has now commenced. This is being managed by Groundwork. Expect to award the contract in mid-December 2024 following the evaluation of tender responses. Precise timings for the on-site delivery of the project will need to be agreed with the successful contractor, although the procurement timetable gives an indicative on-site start date of mid-January 2025. Although on-site delivery timings are still to be agreed, we anticipate the new skate park being completed and open for use in this financial year, as a target delivery date of 31 March 2025 has been included in the procurement documentation. Due to not yet completing the procurement exercise or confirming the delivery plan, and the potential impact on project timescales due to the winter weather, there is a risk that project completion could be delayed. However, this is likely to only have a low impact should it materialise.						
Milestone	Due Date	Complete	Note				
01. Finalise formal SLA with Groundwork relating to the management of procurement processes.	12-Jul-2024	Yes					
02. NHC Legal to review relevant procurement documentation prior to Groundwork commencing tender process.	18-Aug-2024	Yes	Legal review of procurement documentation undertaken. This took slightly longer than originally envisaged and was completed in September 2024 rather than August 2024.				
03. Groundwork confirms procurement timetable.	11-Oct-2024	Yes	Timetable confirmed following Legal review of relevant procurement documentation.				
04. Commence tender process.	14-Oct-2024	Yes	ITT published on 14 October 2024.				
05. Award contract following evaluation of tender responses.	17-Dec-2024	No	Due date added. Procurement timetable has scheduled the confirmation of contract award for 17 December 2024. Deadline for receipt of tenders is 15 November 2024 and the evaluation of tenders is scheduled to be completed by the end of November 2024.				
06. Contractor confirms project plan and timings.	02-Jan-2025	No	Provisional due date added. Due date to be confirmed with the successful contractor. However, currently the procurement timetable has a contract and mobilisation start date of 2 January 2025, and so this date is being used to indicate when the project plan and timings are likely to be agreed.				
07. Contractor to commence on-site project delivery.	15-Jan-2025	No	Provisional due date added. Procurement timetable references a target commencement date of 15 January 2025. However, this will need to be confirmed by the successful contractor following contract award.				
08. Contractor to conduct further communication/consultation during the early stages of project delivery.		No	Due date to be confirmed - will be confirmed when the delivery plan is agreed with the selected contractor.				
09. Contractor completes on-site works.		No	Due date to be confirmed - will be confirmed when the delivery plan is agreed with the selected contractor.				
10. New skate park officially opened to the public.		No	Due date to be confirmed - will be confirmed when the delivery plan is agreed with the selected contractor.				
Risks				Risk Level	Original Score	Current Score	Target Score
Risks: - Until precise timings are confirmed, there is a risk that the project will not be completed by the end of March 2025. - As with all procurement processes, there is a risk that the outcome will be challenged.					2	2	1


	Leisure Centre Decarbonisation	Due Date	02-Feb-2026	Original Date	02-Feb-2026
Project Summary	Using a combination of external funding and NHC capital funding, deliver a project to decarbonise our three leisure centres. The main activities are replacing end of life gas boilers with Air Source Heat Pumps and installing Solar PV panels to enable on-site generation of electricity. Replacing 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.				
Latest Update	07-Nov-2024 We appointed an external Quantity Surveyor in September 2024 to provide expertise and oversee NHC's interests. Stage 3 design phase also commenced. This identified that additional work is required on Royston Leisure Centre roof to support Solar PV. Pre-applications have been submitted to Planning and Stage 3 designs have been sent to LGCHF (seeking their permission for external works at North Herts Leisure Centre), to ensure we can move confidently towards planning applications. Willmott Dixon Construction (WDC) have advised that programme durations have increased due to additional unforeseen works identified in the Stage 3 design phase (highlighted changes to milestone due dates reflect this) and that the project will involve closures/disruption at all sites. Following receipt of WDC's Stage 2 report, on 4 November 2024, Project Board approved a number of recommendations allowing the project to move into the next phase. The key ones were to (1) draw down Year 1 grant funding, placing early orders for Air Source Heat Pumps and Solar PV, prior to entering the construction contract, and (2) to proceed with a planning application, complete Stage 3 design, commence Stage 4 design and enter discussions with WDC on NEC contract clauses. This decision increases costs committed to the project to circa £1million and comes with a number of potentially significant risks, as well as additional project costs (e.g., storage of early procured materials). Until the final contract cost is known (January 2025), there is the potential for further cost increases due to design detail being further realised during each stage and the results of site surveys revealing issues not known in previous stages, which will need to be overcome.				
Milestone	Due Date	Complete	Note		
Council approves an increase in capital expenditure for the decarbonisation work and revenue expenditure for the termination and removal fees of gas CHPs.	11-Jul-2024	Yes			
Pre-Construction Services Agreement with Willmott Dixon signed.	29-Jul-2024	Yes	Agreed and signed on 2 August 2024.		
Appoint external Quantity Surveyor to oversee NHC's interests.	30-Aug-2024	Yes	Appointed Varsity Consulting to act as the Employers Agent for North Herts Council on the leisure decarbonisation project. This includes carrying out tasks of Quantity Surveyor, Cost Consultant and Contract Administrator. Decision taken 24 September 2024. Decision notified 27 September 2024.		
New milestone - Project Board - hold point to decide whether to continue the project.	04-Nov-2024	Yes	Project Board approved a number of recommendations allowing the project to move into the next phase.		
Complete Stage 3 design phases.	11-Nov-2024	Yes	Willmott Dixon's latest update shows that Stage 3 has been completed.		
New milestone - Willmott Dixon Construction submit contract offer.	21-Jan-2025	No	Until this point, there remains risks associated with project costs and potential budget implications.		
Planning permissions obtained.	07-Feb-2025	No	Due date to change to 13 February 2025 to reflect the revised project plan. Planning submissions for each site and subsequent determinations scheduled to take place between November 2024 and February 2025.		
Enter into construction contract with Willmott Dixon.	19-Feb-2025	No	Due date to change to 10 March 2025 to reflect the revised project plan.		
Commence de-carb works at Hitchin Swimming and Fitness Centre.	18-Mar-2025	No	Due date to change to 7 April 2025 to reflect the revised project plan.		
Commence de-carb works at Royston Leisure Centre.	24-Mar-2025	No	Due date to change to 2 May 2025 to reflect the revised project plan.		
Provide Salix with required project updates.	01-Apr-2025	No	Any changes to proposed energy savings, evidence relating to the size of radiators and heat distribution systems, and calculations supporting the size of selected heat pumps.		

Commence de-carb works at North Herts Leisure Centre.	15-Apr-2025	No	Due date to change to 28 April 2025 to reflect the revised project plan.			
Complete de-carb works at Royston Leisure Centre.	06-Aug-2025	No	Due date to change to 31 October 2025 to reflect the revised project plan.			
Complete de-carb works at Hitchin Swimming and Fitness Centre.	11-Aug-2025	No	Due date to change to 24 November 2025 to reflect the revised project plan.			
Complete de-carb works at North Herts Leisure Centre.	09-Sep-2025	No	Due date to change to 17 November 2025 to reflect the revised project plan.			
Provide Salix with finalised project data (including costs and energy values) and details of carbon savings monitoring and reporting arrangements.	02-Feb-2026	No				
Risks			Risk Level	Original Score	Current Score	Target Score
Risks: - NHC responsible for funding all project costs beyond agreed grant funding. - Unforeseen detailed survey findings require changes to project specifications and lead to additional financial costs. - Failure to obtain required planning permissions. - Delays obtaining required Distribution Network Operator/Planning approvals lead to delays in commissioning/completing project works. - Failure to deliver project in line with agreed grant conditions leads to loss of grant funding. - Short programme delivery timeframes impact the ability to drawdown Year 1 2024/25 Salix grant funding within the agreed financial year leading to loss of funding. - Disruption to day-to-day operations during works leads to customer dissatisfaction.				8	8	6

	Local Plan Review	Due Date	31-Dec-2027	Original Date	31-Dec-2027	
Project Summary	To undertake a review and update of the Council's statutory Local Plan as agreed in principle by Cabinet in January 2024.					
Latest Update	06-Nov-2024 Central Government consulted on an updated National Planning Policy Framework (NPPF) in Summer 2024, and we are awaiting the outcomes of this consultation. The constant flux in the planning system currently is making it difficult to pin down the expectations of what we should be delivering and the associated timescales. An initial Local Development Scheme (LDS) has been drafted and will be presented to Project Board later in November 2024 and Cabinet in January 2025. The Strategic Planning Team continue to update evidence studies and prepare in the meantime.					
Milestone	Due Date	Complete	Note			
01. In principle approval that Local Plan review is undertaken.	16-Jan-2024	Yes	Approved by Cabinet in January 2024.			
02. Approval of Local Development Scheme.	31-Dec-2024	No	Proposal to change due date to 14 January 2025. Initial LDS has been drafted and will be presented to Project Board in November 2024 and Cabinet in January 2025.			
03. Notice of start of plan-making given to Secretary of State.		No	Due date to be confirmed - currently, only a general estimate for completion is available (Spring 2025).			
04. Complete 'Gateway 1' advisory assessment.		No	Due date to be confirmed - currently, only an estimate for completion is available (September 2025).			
05. Complete first mandatory public consultation.		No	Due date to be confirmed - currently, only a general estimate for completion is available (October - November 2025).			
06. Complete 'Gateway 2' advisory assessment.		No	Due date to be confirmed - currently, only an estimate for completion is available (September 2026).			
07. Complete second mandatory public consultation.		No	Due date to be confirmed - currently, only a general estimate for completion is available (October - November 2026).			
08. Complete 'Gateway 3' assessment and submit for examination.		No	Due date to be confirmed - currently, only an estimate for completion is available (February 2027).			
09. Receipt of examination outcome.		No	Due date to be confirmed - currently, only an estimate for completion is available (November 2027).			
10. Finalisation and adoption of digital plan.		No	Due date to be confirmed - currently, only an estimate for completion is available (December 2027).			
Risks			Risk Level	Original Score	Current Score	Target Score
Risks: - Government fails to provide regulations and guidance in a timely fashion. - Government introduces different or new or substantive reforms to the planning system and / or national policy. - Failure to retain/recruit sufficiently experienced officers to implement required programme of work. - Failure to secure funding to resource the process. - Failure to obtain political and / or Government approval at key stages or gateways. - Government intervention if inadequate progress is made upon Local Plan Review.				5	5	3




<ul style="list-style-type: none"> - Inadequate guidance leads to scheme outcomes that do not appropriately respond to, or contribute towards, corporate objectives and priorities of climate change, environment, economy and place. - Poor scheme outcomes that do not appropriately respond to local character and context. - Adverse appeal findings on other/non-Local Plan sites if progress on the Local Plan Review is delayed or stalled. 				
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	Waste and Street Cleansing Contract	Due Date	31-Aug-2025	Original Date	31-Aug-2025
Project Summary	Complete procurement of the new Waste and Street Cleansing contract and commence mobilisation. Prepare to implement agreed service changes included in the contract.				
Latest Update	14-Nov-2024 Following completion of the intention to award contract phase, in September 2024 we publicised that the next joint waste, recycling and street cleansing contract will be awarded to Veolia, starting from May 2025. Formal contract award phase (finalisation and signing of contract) expected to be completed by the end of December 2024. Meetings have commenced with Veolia. Key activities over the coming months include commencing procurement of new fleet vehicles and finalising IT specifications. A Project Board has been established for mobilisation of the new contract, and a related project plan and risk log are in place. Risk likelihood score reduced to 'medium' to reflect that assignment of the Letchworth depots lease has been completed and the contract award phase is nearing completion. However, there remain numerous risks relating to this project including the delivery of required EV charging and IT infrastructure, and the assessed risk level remains 'high'.				
Milestone	Due Date	Complete	Note		
Evaluation of final tenders and production of Evaluation Report.	17-Jun-2024	Yes			
Project Board sign off of Evaluation Report and award recommendation.	21-Jun-2024	Yes			
Executive and Cabinet approval to award the contract to the preferred bidder.	09-Jul-2024	Yes	Cabinet agreed to award the contract to the preferred bidder, contingent upon the completion of the Letchworth depots lease assignment from the incumbent provider to the Council. The assignment of the Letchworth depots lease was subsequently completed.		
End of contract award standstill period.	12-Aug-2024	Yes			
First meetings held with preferred bidder.	15-Aug-2024	Yes			
Intention to award contract phase completed.	31-Aug-2024	Yes	Milestone completed and communicated in September 2024 that we will be re-establishing a partnership with Veolia.		
Press communication.	10-Sep-2024	Yes			
Commence procurement of new fleet vehicles.	15-Nov-2024	Yes	We have approved capital funding of £5.285 million (excluding VAT) for the purchase of waste and street cleansing vehicles for the new contract. This has allowed the procurement process for NHC vehicles to commence.		
Develop IT specifications.	30-Nov-2024	Yes	Due date entered. Full specifications for the garden waste platform and additional forms have been developed. We have also commenced relevant build processes. From a technical standpoint, we have the information we need to have scoped and planned the project and will soon know exactly what data we need to provide.		
Finalisation and signing of contract (formal contract award).	31-Dec-2024	No	Due date entered.		
Confirmation of final delivery plans and H&S arrangements.	04-Mar-2025	No	Due date entered. Delivery plans to be finalised in line with the finalisation of the contract. H&S arrangements to be confirmed two months prior to the mobilisation of the new contract.		
Finalise new service collection rounds.	01-Apr-2025	No	Due date entered. This relates to finalising collection rounds for the agreed service changes included in the contract.		

Condition surveys and demobilisation of depots.	03-May-2025	No	Due date entered.			
Commence mobilisation of new contract.	04-May-2025	No	Due date entered. New contract to start in May 2025.			
New bin and caddy deliveries.	04-Aug-2025	No	Due date entered. Bin and caddy deliveries expected to take place prior to and up to commencement of the new services.			
New services to commence.	04-Aug-2025	No	New services to commence in August 2025.			
Risks			Risk Level	Original Score	Current Score	Target Score
Risks: - Delay in completing the assignment of Letchworth depot lease delays contract award (no longer a risk, as lease assignment completed). - Insufficient resources/capacity to deliver mobilisation work in the shortened mobilisation timeframe. - Final Government Resources & Waste Strategy differs from contract specification (Government response to proposed statutory guidance consultation published May 2024). - Uncertainty over certain cost elements, including new MRF contract. - Delays cause mobilisation challenges e.g., a shortened window to procure new fleet vehicles for Day 1 of the contract. - Inability to develop online forms and integrate these with new systems (NHC income management system and preferred supplier systems). - EV charging infrastructure is not in place for start of contract. - Public confusion around contract mobilisation and service changes.				9	8	6

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Corporate Risks

Risks	Risk Level	Original Score	Current Score	Target Score
<p>Resourcing Risks: Ability to recruit and retain staff, as well as supporting new priorities and external pressures, affects delivery of the projects and actions in the Council Delivery Plan and service plans. This is particularly relevant for certain service areas where it is especially difficult to recruit and retain staff. Also, impacts of emergency planning events on staff resources.</p>		8	9	5
<p>Cyber Risks Risks: Prolonged widespread disruption to/failure of IT infrastructure/systems. Possible causes: - Deliberate and unauthorised breaches of security e.g., ransomware, denial of service. - Unintentional/accidental breaches of security e.g., action of individual staff/Members. - Weakness/failure of essential IT infrastructure e.g., loss of internet access. - Evolving risk appetite/profile associated with IT systems, as we pursue increased use of hosted systems and associated risks to individual systems are transferred to suppliers. Leading to: - Inability to deliver services/projects. - Unbudgeted costs to enable recovery. - Reputational damage.</p>		8	8	8
<p>Financial Sustainability Risks: - 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) as a result of inflationary increases. 5. Uncertainty over levels of pay inflation required.</p>		9	9	5

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CABINET

14 JANUARY 2025

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: GARDEN WASTE CHARGE 2025/2026

REPORT OF: Service Director – Place

EXECUTIVE MEMBER: Recycling and Waste Management

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

For Cabinet to agree the level of garden waste charge for the subscription period 1 April 2025 to 31 March 2026. The charge can be considered in relation to charges by other Local Authorities, increases in the cost of providing the service and encouraging home composting.

2. RECOMMENDATIONS

- 2.1. That Cabinet approve the garden waste subscription charge for the period 1 April 2025 – 31 March 2026, at £55.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To ensure the Council's garden waste service is financially sustainable, in line with the priorities of the Council and of the Shared waste service.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. To agree an alternative charge for the period, however this is not recommended.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Executive Member for Waste and Recycling has been consulted and the proposed level of charge was also discussed at budget workshops for both the administration and opposition groups in November 2024.

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 15 November 2024.

7. BACKGROUND

- 7.1. East Herts Council (EHC) and North Herts Council (North Herts) entered into a Shared Service arrangement in 2017 and a joint contract was let which commenced in May 2018.
- 7.2. The current service covers the requirements for the collection of waste and recycling from approximately 124,000 households and over 1,920 commercial customers as well as street cleansing services across East and North Hertfordshire.
- 7.3. North Herts Council introduced a subscription service for collection of garden waste in 2018. Unlike household waste and recycling, there is no legal requirement to collect garden waste and councils can charge for collections. Not all properties in North Herts require a garden waste collection service, as they either do not have a garden or compost their garden waste. Introducing a charge means that only households that choose to use the service will pay. Around two-thirds of local authorities in England and Wales charge for garden waste collection.
- 7.4. Approximately 32,000 households are signed up to the service. Garden waste customers have historically paid an annual charge for their subscription, however in February 2023, the Council agreed to a one-off charge of £49 for an 18 month period from October 2023 to March 2025. This was so that the council could bring its subscription renewal period back to when it was intended to start from, which is better aligned to the gardening seasons. It also brings it in line with East Herts Council, with both having a 1 April subscription renewal date from 2025.
- 7.5. The Council operates a half price concession for its garden waste subscription service to households in receipt of Council Tax Reduction, with the current charge being £24.50.
- 7.6. The new subscription year starts on 1 April 2025 and therefore the level of charge needs to be agreed by Cabinet in advance, (which has responsibility for setting fees and charges) so that households can start to sign up for the new subscription year from February.
- 7.7. Although the dates of the subscription periods are now aligned, both councils can act independently in setting their own garden waste charges.

8. RELEVANT CONSIDERATIONS

- 8.1. In Hertfordshire, currently only Stevenage and Hertsmere do not have a chargeable garden waste service, however Hertsmere are introducing one from April 2025. Stevenage cannot charge for garden waste collections as they currently collect food and garden waste together.
- 8.2. The North Herts current charge is amongst the lowest across Hertfordshire. The current charges for each authority can be found below. It is anticipated that several of these will see significant increases in 2025/26.

Broxbourne	£49
East Herts	£49
Dacorum	£50
North Herts	£49

St Albans	£63
Three Rivers	£65
Watford	£55
Welwyn Hatfield	£55

- 8.3 In July 2024, North and East Herts Councils awarded a new waste, recycling and street cleansing contract to Veolia, which commences in May 2025. As has been referenced in previous reports, contract costs will be higher than under the previous contract. The costs for the collection of garden waste will rise by around 42% based on current year prices, (with a further inflationary increase to be applied in May) and therefore this should be a key consideration when making a decision on the appropriate level of garden waste charge for 2025/26. The collection cost is just one component of the total cost of the service. There are also costs of collecting and reconciling payments, bin hangers managing the collection contract, communications about waste services and (over time) the cost of replacement and repairs to bins. The overhead costs linked to all the above will also be considered when setting a charge.
- 8.4 As we will also be providing a concessionary discount, overall the cost of that discount will be contributed to by those that are paying the full cost of the service.
- 8.5 As well as considering costs, the charge can also be set to encourage home composting. This has environmental benefits (e.g. avoiding the transporting of garden waste) over the garden waste collection service.

9. LEGAL IMPLICATIONS

- 9.1 Section 45(1) of the Environmental Protection Act 1990 imposes a duty on councils to arrange for the collection of household waste (save in prescribed circumstances). There is no obligation on councils to collect garden waste.
- 9.2 Section 45(3) of the Environmental Protection Act 1990 states “no charge shall be made for the collection of *household* waste except in cases prescribed in regulations made by the Secretary of State”. However, Section 45(4) of the Environmental Protection Act 1990, allows for councils to charge a reasonable charge for the collection and disposal of non-household waste, which would include garden waste.
- 9.3 Section 4 of Schedule 1 of the Controlled Waste (England and Wales) Regulations 2012 states that charges may be made for the collection of garden waste.

10. FINANCIAL IMPLICATIONS

- 10.1. The Council’s financial forecasts are currently based on an annual charge of £49 for 2025/26. Assuming the sign-up rate continues at 32,000 households, the additional income from increasing the charge by £6 (to £55) would be around £192,000. A small 2% drop-off in the sign-up rate would reduce the additional income to around £150k. This additional income will contribute towards the additional costs of the garden waste collection service (including collection costs, other direct costs and overheads).

- 10.2. The overall costs of the waste collection and street cleansing service will be reviewed as part of the 2025/26 budget setting process. The budget process for 2024/25 has already added a significant increase in costs, in relation to the revenue cost of capital for the investment in the new vehicles. With that addition, it is forecast that the costs will be broadly in line with the current projected budget.

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. Any increase in charges may have an impact on residents' ability or desire to pay for the garden waste service. This will affect the income generated and the contribution that this makes towards the costs of the service. Whilst some costs, (especially the collection costs paid to the contractor) will vary directly with the number of sign-ups, some are more fixed.

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. As the garden waste charge relates to a household rather than an individual, the Council has previously agreed to apply a concessionary rate to those households that qualify for the council tax reduction scheme. The concessionary discount will continue to apply, as a 50% reduction on any increase.

13. SOCIAL VALUE IMPLICATIONS

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

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. The collection of garden waste requires the use of non-electric large collection vehicles. Subject to cost, the intention is to minimise the environmental impact by using Hydrogenated Vegetable Oil (HVO) to replace some (or all) of the diesel usage. The charging for garden waste collection may encourage some residents to compost their garden waste which then reduces some of fuel emissions and has environmental benefits such as those relating to soil health.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There are no human resource implications as a result of this report.

16. APPENDICES

- 16.1 None

17. CONTACT OFFICERS

17.1 Sarah Kingsley, Service Director Place sarah.kingsley@north-herts.gov.uk Ext 4552

17.2 Ian Couper, Service Director Resources ian.couper@north-herts.gov.uk Ext 4243

17.3 Ellie Hollingsworth, Policy and Strategy Officer ellie.hollingsworth@north-herts.gov.uk
Ext 4220

17.4 Douglas Traill-Stevenson, Property Lawyer, douglas.traill-stevenson@north-herts.gov.uk Ext 4653

18. BACKGROUND PAPERS

18.1 None

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CABINET

14 JANUARY 2025

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: DECARBONISATION OF LEISURE CENTRES UPDATE

REPORT OF: Service Director Place

EXECUTIVE MEMBER: ,Environment, Leisure and Green Spaces

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

To provide an update on the project to decarbonise the Council's leisure centres, including predicted growth in ongoing revenue costs, due to revised modelling of the impact of installing air source heat pumps at the facilities.

2. RECOMMENDATIONS

- 2.1. That Cabinet indicates which of the options outlined within the report at paragraphs 8.6.1 – 8.6.4 should be approved.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To identify the most appropriate way forward for the leisure centre decarbonisation project, taking into account both the environmental benefits of the project and the impact on the Council's wider financial position.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. None. Four potential options are presented at paragraphs 8.6.1 – 8.6.4

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Executive Member for Environment, Leisure and Green Spaces has been consulted.
- 5.2 A project board has been established for consultation on the leisure decarbonisation project. The project board includes senior officers and the Executive Member for Environment, Leisure and Green Spaces, 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. An extraordinary meeting of the project board is due to take place after the papers for this meeting have been published (7 January) and a verbal update from that meeting will be provided to Cabinet.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision, which has not been notified to the public in the Forward Plan. It is not possible to defer consideration of this decision, because two of the options involve the need to order heat pumps by 15 January, to meet grant funding requirements. The Chairman of the Overview and Scrutiny Committee has been informed and notice of the recommendation has been available at the Council Offices in Gernon Road, Letchworth for three clear working days prior to the date of this meeting.

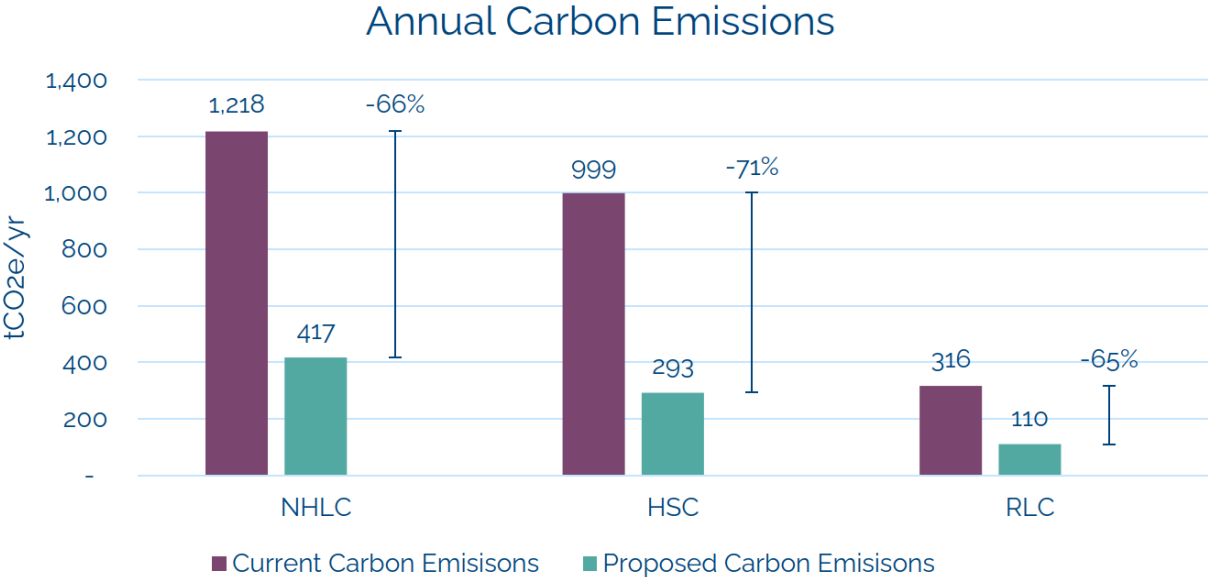
7. BACKGROUND

- 7.1 The Council's leisure centres are a significant source of the Council's operational carbon emissions. In 2022-23, gas use across the three leisure centres accounted for 1,428 tonnes CO₂e for gas use for three leisure centres - 45% of the Council's Scope 1-3 emissions.
- 7.2 In November 2023, the Council submitted an application for Phase 3c of the Public Sector Decarbonisation Scheme (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.
- 7.3 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).
- 7.4 In addition to the decarbonisation works, the project includes plans to build a gym extension at Royston leisure centre and refurbishment of the changing village at that site. The business case and capital budget for these works has already been approved.
- 7.5 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, such as preliminary costs were not incorporated into the application. 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 original total capital allocation for 2024/25 was £10,803,000 (including the grant).
- 7.6 During the detailed feasibility stage of the project, technical issues were identified, such as problems with insulating the underside of the roofs at the centres, resulting in additional costs being identified. Significant costs were also identified to terminate the agreements for the gas combined heat and power units (CHPs) which operate at NHLC and HSC. Therefore, at a meeting on 11 July 2024, Council resolved:
- (1) That Council approves 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) That Council approves 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.
- (3) That Council approves 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.

7.7 In August 2024, the Council signed a Pre-Construction Services Agreement with Willmott Dixon Construction Ltd, enabling the detailed design of the schemes to take place.

7.8 The annual carbon emissions before and after low-carbon interventions were 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 CO2e 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 in Phase 3C of PSDS, as they are not end of life (less than 10 years old). They have been included in our application for PSDS funding in the latest phase. 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:



7.9 During the feasibility stage it was calculated that once the works are complete, there would 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 at that time were low. The July report included analysis of the impact of future changes in electricity and gas prices, and how that would affect

the net cost of the project. This information has been attached as a Background paper – (Energy cost modelling provided to Full Council July 2024).

- 7.10 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.
- 7.11 The PSDS grant conditions requires the funding to be spent over two years shown in the table below. It is a Salix condition that the funding is spent in the correct year, there can be no carry forward into the next year. There are, however, no restrictions on what year the Council spends its own capital allocation for the match funding element.

Amount of Grant (Year 1) - 2024/25	£6,165,264.00
Amount of Grant (Year 2) - 2025/26	£1,577,960.00

Salix require evidence of spend in the correct year, in order to draw down payment of the grant. This is usually in the form of a vesting certificate. A vesting certificate is a legal document that confirms ownership of assets, such as plant, machinery, or materials, that have not yet been delivered to site. The purpose of a vesting certificate is to provide protection of ownership rights; security and safety; and compliance to regulations for the goods acquired. However, if a vesting certificate cannot be provided, the Council can provide the following documents to make a valid claim; purchase order, suppliers purchase order acceptance, latest delivery communication from supplier and an accompanying invoice or other evidence to show the costs have been incurred.

8. RELEVANT CONSIDERATIONS

- 8.1 During the detailed RIBA Stage 3 / Stage 4 design phase, a review of the proposed air source heat pumps (ASHP) at all three leisure centres highlighted significant additional running costs, compared to previous estimates at detailed feasibility stage. Table 1 and 2 below shows the estimated monthly running costs of the centres currently and with the ASHP and solar PV installed, as well as the impact on the carbon produced. The table confirms that the carbon impact of replacing gas heating with ASHPs and solar PV is significant with the most conservative estimate being a 75% reduction in carbon at Hitchin Swim Centre, to the most positive being a 90% reduction at Royston.
- 8.2 Table 1 is based on an efficiency (seasonal coefficient of performance - SCOP) of 2.66 which relies on manufacturer data of how the units should perform if the system is working to provide hot water at 70 degrees and the outside temperature does not fall below -5 degrees. Table 2 is based on a more conservative view of how the heat pumps will operate from Willmott Dixon’s MEP designers.
- 8.3 The impact on energy bills has been calculated based on the installation of the ASHP and solar PV as shown in both tables. The total combined additional cost of energy bills across all three sites ranges from £13k per month (£156k per year) (Table 1) to £27k (£322k per year) (Table 2). The actual performance relies on human behaviour in the building, outside temperature, hot water/heating demand, how the building is

performing thermally etc and therefore the utility costs will likely fall somewhere in between these figures, based on current design.

- 8.4 However, the figures quoted above do not currently take into account the substantial fabric improvements to the buildings which are taking place, which will have a positive financial impact on these figures (albeit an overall uplift in costs can still be expected across the three sites). At the time of writing the report we have the figures including fabric improvements for Royston only (as below), the NHLC and Hitchin figures are to follow. As demonstrated in table 2, once the thermal fabric improvements are included, both Table 1 and Table 2 show an overall reduction in energy bills at Royston by between £2k and £22k per year.

Table 1

ASHP SCOP at 2.66		Existing	ASHP + PV	ASHP + PV + Thermal Upgrades
Royston	Monthly Cost (£)	£4,977	£3,445 (-31%)	£3,076 (-38.19%)
	Annual Cost (£) (Change from existing (£))	£59,723 (n/a)	£41,342 (-£18,381)	£36,914 (-£22,809)
	Annual Carbon (kgCO ₂)	241,652	23,888 (-90%)	
North Herts	Monthly Cost (£)	£8,645	£16,461 (+90%)	To follow
	Annual Cost (£) (Change from existing (£))	£103,736 (n/a)	£197,532 (£93,796)	
	Annual Carbon (kgCO ₂)	667,752	117,264 (-82%)	
Hitchin	Monthly Cost (£)	£8,104	£14,800 (+83%)	To follow
	Annual Cost (£) (Change from existing (£))	£97,248 (n/a)	£177,600 (£80,352)	
	Annual Carbon (kgCO ₂)	592,295	105,506 (-82%)	

Table 2

ASHP SCOP at 2.00		Existing	ASHP + PV	ASHP + PV + Thermal Upgrades
Royston	Monthly Cost (£)	£4,977	£5,377 (+8%)	£4,801 (-3.5%)
	Annual Cost (£) (Change from existing (£))	£59,723 (n/a)	£64,524 (£4,801)	£57,612 (-£2,111)
	Annual Carbon (kgCO ₂)	241,652	37,762 (-84%)	
	Monthly Cost (£)	£8,645	£22,775 (+163%)	To follow

North Herts	Annual Cost (£) (Change from existing (£))	£103,736 (n/a)	£273,300 (£169,564)	
	Annual Carbon (kgCO ₂)	667,752	162,602 (-76%)	
Hitchin	Monthly Cost (£)	£8,104	£20,405 (+152%)	To follow
	Annual Cost (£) (Change from existing (£))	£97,248 (n/a)	£244,860 (£147,612)	
	Annual Carbon (kgCO ₂)	592,295	145,756 (-75%)	

8.5. Part of the reason for the increase in running costs is due to the need to order smaller, modular heat pumps, which can be bought off the shelf, as these are the only type we have been advised by Willmott Dixon, we can feasibly order within the timeframes to meet the 2024/25 spend and vesting requirements for our Salix grant, as per paragraph 7.11. The larger, bespoke heat pumps have a 26 week lead in time. It was not possible to order heat pumps any earlier in the year, due to the need to go through the design process and calculate the impact of the fabric improvements first, before calculating the load of the heat pumps. Unfortunately, the smaller heat pumps are between 15 and 20% less efficient than the larger bespoke units.

8.6 Given the information provided at paragraphs 8.1-8.4, Cabinet are asked to consider four options:

8.6.1 **Option 1: Continue with the scheme for all three leisure centres and accept the increased running costs of the buildings.** The benefit to this would be that the Council would benefit from £7.74 million of funding to help meet our net zero targets. Taking action to replace gas heating for our leisure centres with low carbon alternatives is the single most effective action we can take towards reducing carbon use. However, the financial impact on current estimates could be increased running costs of up to £314k per year (based on current energy prices), although a further update will follow once calculations have been received on the impact of the fabric improvements at the centres. The design is also not optimal in terms of the total energy use that could be achieved.

8.6.2 See the implications detailed in paragraph 9.1 which may inhibit Cabinet's ability to choose this option without onward referral to Full Council. In that scenario, the deadline for ordering the heat pumps could not be met.

8.6.2.1 **Option 2: Abandon the project (apart from the Royston Gym extension and change village) and aim to resubmit a bid to a future round of PSDS.** The benefit of this would be planning a programme which allowed more time to secure the appropriately sized heat pumps. In the meantime, the termination costs of the CHPs at NHL and Hitchin Swim Centre would continue to decrease each month, meaning a reduced revenue impact for the council. However, there are significant risks to this approach – firstly the boilers at all three leisure centres are end of life and are encountering regular maintenance issues. If we install new gas boilers at any of the sites (which may become a necessity if they fail), we will not be eligible for future rounds of PSDS funding. The council will also need to commit its own capital expenditure to install the air source heat pumps (or similar) at a later date. There is an option that the council could complete

scaled back energy efficiency works and install solar PV using its own capital and not change the heating source from gas, however this would not help the council in meeting its decarbonisation objectives.

8.6.2.2 If Cabinet took this decision, we would have to return all of our grant funding and pay for all of the works incurred to date. The total spent to date on pre-construction works at end of December was £770k, this is forecasted to increase to £902k by 15 January 2025. The Intellectual property on the designs belongs to the Council and therefore we would be able to re-use these details on a future scheme, however there is likely to be a significant element of costs which we cannot recoup if we were to revisit the scheme at a later date. The costs incurred would become a revenue cost as there would not be a capital scheme they could be applied to.

8.6.2.3 There is also no guarantee that we would receive future funding from PSDS, or similar schemes and the eligibility criteria (including capital contribution required from the applicant) can change from round to round of funding.

8.6.3 **Option 3: Proceed with the decarbonisation project at Royston Leisure Centre only.** The reason for this option is because as per Tables 1 and 2, even the more conservative estimate shows ongoing running costs reducing, compared to current monthly costs. There are also efficiencies on preliminary costs, due to the works already scheduled to take place to complete the gym extension and change village being scheduled for the same time as the decarbonisation works. However, Salix would have to agree to the change and therefore we would have to order the heat pumps at risk on 15 January to guarantee the necessary lead in time. Other equipment such as air handling units also needs to be ordered asap. Willmott Dixon have calculated what our likely grant value would be just for a Royston scheme and this would be £1.496m. However, this is only an indication and is based on the information from our original application and therefore would need updating as some of the scheme details have subsequently changed. The downside to this approach is that from a carbon perspective, Royston has the lowest emission of all three sites and therefore we would not be tackling our two sites with the highest emissions.

8.6.4.1 **Option 4: Instruct Willmott Dixon to design and order the larger, bespoke heat pumps.** This option has previously been discounted due to the timeframe involved in designing the heat pumps, as they are bespoke to the centres, vs the smaller modular heat pumps which are off the shelf. As per paragraph 7.11, Salix place strict conditions on payment of the grant funding, requiring evidence of spend in the correct year, usually in the form of a vesting certificate, as this shows proof of ownership of the asset. However, an option being tested with Salix is in the absence of a vesting certificate there is an option for the Council to pay up front for the heat pumps (but they would be delivered later), which Salix should accept as proof of ownership. This could enable further work on heat pump design to take place, to ensure we are maximising their efficiency and ensure that running cost increases are kept to a minimum. At the time of writing the report, Willmott Dixon are considering if we can incorporate this change into the programme, as there is a 26 week lead in time for the heat pumps (including design) and they would need to be ordered well in advance of 31 March 2025. An update will follow on this option.

8.6.4.2 The risks to the Council with this approach needs to be considered, due to paying up front approximately £3.59 million. For example, if Willmott Dixon Construction were to become insolvent prior to the Council receiving the heat pumps, there is a risk that we

would not be able to recoup the spend. However, officers have previously been issued with information on Willmott Dixon's financial position which would mean that the actual risk of this happening would be low. We would also look at ways to ensure that the assets would transfer to the Council. There is also a risk that the capital costs of the scheme may increase, due to the larger heat pumps being bespoke. However, the programme is currently within budget and there is also a tolerance on the overall capital budget of 5%.

8.6.4.3 The table below (Table 3) shows the impact of an alternative designed heat pump. There would still be an overall increase in monthly costs of just under £6,000 or around £69k per year (excluding fabric improvements), but this is much less significant than the increases shown in Table 1 and Table 2. Information on the impact of these figures when taking into account the fabric improvements of the buildings is to follow.

Table 3

ASHP SCOP at 3.2 (euroklimat R290)		Existing	ASHP + PV
Royston	Monthly Cost (£)	£4,976.88	£2,469 (-50%)
	Annual Carbon (kgCO ₂)	241,652	16,881 (-93%)
North Herts	Monthly Cost (£)	£8,644.66	£13,272.42 (+54%)
	Annual Carbon (kgCO ₂)	667,752	94,366 (-86%)
Hitchin	Monthly Cost (£)	£8,104.08	£11,969 (+48%)
	Annual Carbon (kgCO ₂)	592,295	85,118 (-86%)

9. LEGAL IMPLICATIONS

9.1. Cabinet's Terms of Reference (at paragraph 5.7.8) include "to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework". This means that Cabinet can agree (usually through the quarterly budget monitoring reports) to increases in forecast spend. Where these have an ongoing impact, these are then incorporated into budgets for future years. However, such decisions are required to be in the context of the budgetary framework and that must consider the degree to which there is an element of choice and the financial value. If Cabinet were minded to proceed with option 1 at the current forecast increases in costs, then that is clearly a choice that Cabinet could choose not to make. It is also significant in the context of the Council's financial position. Accordingly, and acknowledging the timing implications that this creates, the advice of the Service Director: Resources (as Chief Finance Officer) is that such a decision should be referred to Full Council for approval. This advice may change if the financial impact reduces.

10. FINANCIAL IMPLICATIONS

10.1. The current capital forecast for the project (excluding the gym extension) is £13.451 million. On current forecasts, it is not anticipated that there will be a need for an increase in the capital budget for the programme.

10.2. Cabinet should note the additional costs to the Council that were agreed in the July report. These arose from the additional capital spend creating a revenue cost of capital from interest costs and Minimum Revenue Provision. This was an additional annual cost budgeted at around £400k.

- 10.3. From the Medium-Term Financial Strategy and subsequent budget reports (including one on the agenda for this meeting), Cabinet will be aware of the financial pressures facing the Council. Increases in spend will mean that greater savings will need to be found from other services and budgets.
- 10.4. The Council has sufficient General Fund reserves for a decision that would see expenditure that was expected to be capital, now needing to be treated as revenue expenditure. This happens when a capital project is not completed and an asset is not created or enhanced. This means that options 2 and 3 are financially viable.

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 decisions contained within this report cannot be made solely on a financial basis, due to the capital costs involved and projected increase in running costs of the facilities. 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 potential need to replace the boilers) may not have access to any such funding in the future.
 - The work by Willmott Dixon and the Quantity Surveyor may identify capital cost savings, although as the project progresses this is less likely.
 - 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 or ongoing revenue 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.”

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 resulting from this report.

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. 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 7.8. Section 7.10 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, which may have a higher carbon cost.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 To ensure resource can be appropriately managed, a Project Manager has been appointed to support the project alongside a quantity surveyor to represent the Council’s interests.

16. APPENDICES

16.1 Appendix 1 – Energy cost modelling provided to Full Council July 2024.

17. CONTACT OFFICERS

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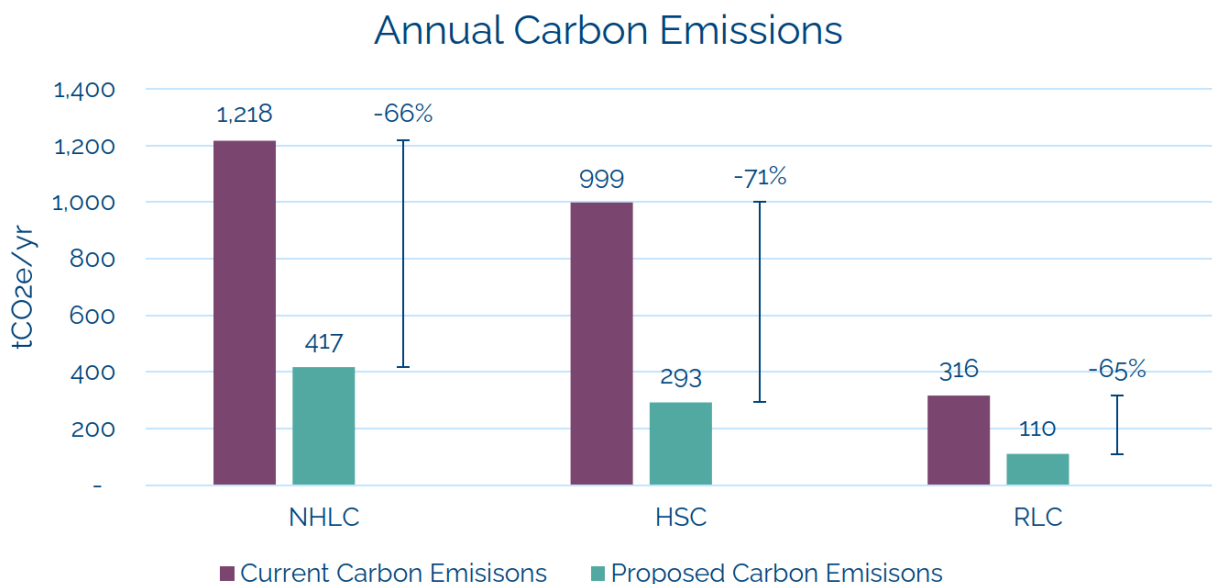
18. BACKGROUND PAPERS

18.1 None

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ENERGY COST MODELLING PROVIDED TO 11 JULY 2024 COUNCIL MEETING

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 CO₂e 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	

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