

**NORTH HERTFORDSHIRE DISTRICT COUNCIL**



31 January 2025

Our Ref    Cabinet Tuesday, 11 February 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, GERON  
ROAD, LETCHWORTH, HERTS, SG6 3JF**

on

**TUESDAY, 11TH FEBRUARY, 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**

<b>Item</b>		<b>Page</b>
<b>1.</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>2.</b>	<b>MINUTES - 14 JANUARY 2025</b> To take as read and approve as a true record the minutes of the meeting of the Committee held on the 14 January 2025.	(Pages 5 - 20)
<b>3.</b>	<b>NOTIFICATION OF OTHER BUSINESS</b> Members should notify the Chair of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency.  The Chair will decide whether any item(s) raised will be considered.	
<b>4.</b>	<b>CHAIR'S ANNOUNCEMENTS</b> <u>Climate Emergency</u> The Council has declared a climate emergency and is committed to achieving a target of zero carbon emissions by 2030 and helping local people and businesses to reduce their own carbon emissions.  A Cabinet Panel on the Environment has been established to engage with local people on matters relating to the climate emergency and advise the council on how to achieve these climate change objectives. A Climate Change Implementation group of councillors and council officers meets regularly to produce plans and monitor progress. Actions taken or currently underway include switching to green energy, incentives for low emission taxis, expanding tree planting and working to cut food waste.  In addition the council is a member of the Hertfordshire Climate Change and Sustainability Partnership, working with other councils across Hertfordshire to reduce the county's carbon emissions and climate impact.  The Council's dedicated webpage on Climate Change includes details of the council's climate change strategy, the work of the Cabinet Panel on the Environment and a monthly briefing on progress.  <u>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. HOMELESSNESS PREVENTION GRANT ALLOCATIONS AND UPDATE** (Pages 21 - 32) **REPORT OF THE SERVICE DIRECTOR – HOUSING AND ENVIRONMENTAL HEALTH**

The Council has received ring-fenced grant funding from the Ministry of Housing, Communities and Local Government to help it meet its legal housing duties and this report details proposals for the allocation of this funding for specialist homelessness services for local people.

#### **8. PROPOSED PARKING TARIFFS FOR 2025/26** (Pages 33 - 60) **REPORT OF THE SERVICE DIRECTOR – REGULATORY**

Proposals to increase parking tariffs for 2025/26 in the Council's off-street car parks and on-street charging bays in Royston town centre.

#### **9. BUDGET 2025/26 (REVENUE BUDGET AND INVESTMENT STRATEGY)** (Pages 61 - 150) **REPORT OF THE SERVICE DIRECTOR – RESOURCES**

Cabinet recommends a budget for 2025/26 to Council for their consideration and approval.

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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, 14TH JANUARY, 2025 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:** *Anne Banner (Benefits Manager), Deborah Coates (Principal Strategic Planning Officer), Ian Couper (Service Director - Resources), Jo Doggett (Service Director - Housing & Environmental Health), Jo Dufficy (Service Director - Customers), Ian Fullstone (Service Director - Regulatory), Geraldine Goodwin (Revenues Manager and Data Protection Officer), Scott Grant (Environmental Health Approver), Frank Harrison (Environmental Health Manager), Sarah Kingsley (Service Director - Place), Susan Le Dain (Committee, Member and Scrutiny Officer), James Lovegrove (Committee, Member and Scrutiny Manager), Anthony Roche (Managing Director) and Jeanette Thompson (Service Director - Legal and Community).*

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

*Councillor Sean Nolan was in attendance as Chair of the Finance, Audit and Risk Committee.*

*Jamie Trowers, Legal Adviser at Trowers and Hamlin was also present.*

#### 80 APOLOGIES FOR ABSENCE

*Audio recording – 1 minutes 34 seconds*

There were no apologies for absence received.

#### 81 MINUTES - 19 NOVEMBER AND 26 NOVEMBER 2024

*Audio Recording – 1 minute 40 seconds*

Councillor Daniel Allen, as Chair proposed and Councillor Mick Debenham seconded and, following a vote it was:

**RESOLVED:** That the Minutes of the Meeting of the Committee held on 19 November and 26 November 2024 be approved as a true record of the proceedings and be signed by the Chair.

#### 82 NOTIFICATION OF OTHER BUSINESS

*Audio recording – 2 minutes 25 seconds*

There was no other business notified.

### 83 CHAIR'S ANNOUNCEMENTS

*Audio recording – 2 minutes 29 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.
- (5) The Chair advised of a change in the order of the agenda. Agenda Item 17 would be considered after Agenda Item 21.
- (6) The Chair advised that a supplementary document has been published for Agenda Item 21, 'Decarbonisation of Leisure Centres Update', with a cover report which supersedes the cover report in the main agenda pack.

### 84 PUBLIC PARTICIPATION

*Audio recording – 4 minutes 10 seconds*

There was no public participation at the meeting.

### 85 ITEMS REFERRED FROM OTHER COMMITTEES

*Audio recording – 4 minutes 14 seconds*

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

### 86 EXCLUSION OF PRESS AND PUBLIC

*Audio recording – 5 minutes 40 seconds*

Councillor Daniel Allen proposed and Councillor Val Bryant 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).

### 87 LEISURE AND ACTIVE COMMUNITIES AGENCY MODEL - PART 2

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

Councillor Mick Debenham, as Executive Member for Environment and Leisure, presented the report entitled 'Leisure and Active Communities Agency Model – Part 2'.

Councillor Mick Debenham proposed and Councillor Dave Winstanley seconded and, following a vote, it was:

**RESOLVED:** That Cabinet:

- (1) Agreed in principle to entering into an Agency Agreement with SLM (Everyone Active) for the operation of our leisure facilities and varying the Contract in accordance with the external Part 2 Appendix C legal advice and Part 2 legal implications.
- (2) Delegated the final decision on entering into the Agency Agreement to the Service Director – Place, in consultation with the Executive Member for Leisure, Environment and Green Spaces and the Executive Member for Finance and IT and Service Directors – Resources and Legal & Community.

**REASON FOR DECISION:** To ensure the maximum financial sustainability of our leisure services, in line with our council priorities.

## 88 LEISURE AND ACTIVE COMMUNITIES AGENCY MODEL - PART 1

*Audio recording – 21 minutes 14 seconds*

Councillor Mick Debenham, as Executive Member for Environment and Leisure, presented the referral on this item from Overview and Scrutiny Committee and the report entitled 'Leisure and Active Communities Agency Model – Part 1' and advised that:

- There had been a discussion at Overview and Scrutiny around any potential risks involved.
- In March 2023 changes to VAT were announced by HMRC applicable to leisure services delivered by Councils which meant that VAT no longer had to be charged on the sale of leisure services, for example a gym membership.
- That Councils were also able to recover any VAT they incurred in providing leisure services.
- In September 2024 SLM (Everyone Active) sent a proposal to North Herts District Council whereby they would act as the agent of the Council and the Council would be the principal.

Councillor Mick Debenham proposed and Councillor Dave Winstanley seconded and, following a vote, it was:

**RESOLVED:** That Cabinet:

- (1) Agreed in principle to entering into an Agency Agreement with SLM (Everyone Active) for the operation of our leisure facilities and varying the Contract in accordance with the external Part 2 Appendix C legal advice and Part 2 legal implications.
- (2) Delegated the final decision on entering into the Agency Agreement to the Service Director – Place, in consultation with the Executive Member for Leisure, Environment and Green Spaces and the Executive Member for Finance and IT and Service Directors – Resources and Legal & Community.

**REASON FOR DECISION:** To ensure the maximum financial sustainability of our leisure services, in line with our council priorities.

89 CORPORATE PEER CHALLENGE REPORT

*Audio recording – 25 minutes 12 seconds*

Councillor Daniel Allen, as Leader of the Council, advised that the Council had recently undertaken a Corporate Peer Challenge (CPC) between 4 and 7 November 2024 and invited the Managing Director to present the feedback report.

The Managing Director presented the reported entitled 'Corporate Peer Challenge Report' and advised that:

- The Council had been visited by a peer team supported by the Local Government Association (LGA) in November 2024 and produced a feedback report which was attached at Appendix A.
- The feedback report highlighted areas where the Council performed well and areas where there could be improvement.
- It had been useful to receive this outside perspective of the Council.
- This report was required to be published within three months and no later than 7 February 2025.
- A website page would be created with the background document produced for the peer team, the feedback report and the action plan when it had been compiled.
- The Council was required to produce an action plan with recommendations for improvement within 5 months and no later than 4 April 2025.
- Approval for development of this action plan was being requested between the Managing Director, the Leader and the Deputy Leader of the Council, reporting back to Cabinet in March 2025.
- Then the LGA would meet with the Council for a progress review where some of the peer team would come back for a meeting at a date to be confirmed.

The following Members took part in the debate:

- Councillor Ian Albert
- Councillor Daniel Allen

Points raised during the debate included:

- How useful the discussion sessions within departments had been and were a valuable way of exploring thoughts and of ideas.
- There was positive feedback in the report of the services provided by the Council to residents and this reflected a happy and supported workforce.
- The need to ensure the right balance between the Council Delivery Plan and the financial capability of the Council.
- The importance having correct project management in place.
- Appreciation for all the work of the peer team and all staff.

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

**RESOLVED:** That Cabinet:

- (1) Noted the content of the Corporate Peer Challenge report and its recommendations.
- (2) Requested that the Managing Director, Leader of the Council and Deputy Leader develop an action plan responding to the recommendations in the Corporate Peer Challenge report, to be reported to Cabinet on 18 March 2025.



**REASON FOR DECISIONS:** To ensure that the Council responds to the matters identified within the CPC report, ensuring that the benefits of the CPC process are realised.

**90 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)**

*Audio recording 32 minutes 26 seconds*

The Monitoring Officer presented the report entitled '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)' and advised that:

- The Monitoring Officer was required to present this report as detailed in the legal implications section of the report.
- The full LGO report was included at Appendix A.
- The recommendations made by the LGO were set out in paragraphs 7.2 and 7.3 of the report.
- The compliance information was detailed in paragraph 7.3.
- A review of the Comments, Compliments and Complaints policy of the Council would commence in March or April this year and would then be presented at the Overview and Scrutiny Committee and/or Cabinet in June or July depending on the schedule of meetings.

The following Members took part in the debate:

- Councillor Dave Winstanley
- Councillor Mick Debenham

Points raised during the debate included:

- Members accepted the findings in the report.
- Lessons had been learnt and this would be of benefit to the Council in the future.

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

**RESOLVED:** That Cabinet:

- (1) Considered the LGO report.
- (2) Noted the LGO recommended action compliance information as in para 7.2 – 7.3 below.
- (3) Considered the measures that the Environmental Health Service has put / will put in place to prevent the recurrence of the failings.
- (4) Noted 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.

**RECOMMENDED 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 [extract as follows deletion/amendment underlined]

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)"**

#### **REASONS FOR RECOMMENDATION:**

- (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.
- (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.

#### **91 LOCAL DEVELOPMENT SCHEME**

*Audio recording – 37 minutes 4 seconds*

Councillor Daniel Allen, as the Interim Executive Member for Planning and Transport, presented the report entitled 'Local Plan – Local Development Scheme' and advised that:

- The Council agreed to proceed with a full review and update of the North Herts Local Plan (NHLP) in January 2024.
- The Local Development Scheme (LDS) was a statutory document detailing the timetable set by the Council for Preparing the Local Plan in accordance with Section 15 of the Planning and Compulsory Purchase Act 2004 as amended.
- The Strategic Planning Project Board were consulted and endorsed the LDS in November 2024.
- The proposed reforms to the plan-making system have not yet been published or therefore implemented following a change in the government.
- In the meantime, the Strategic Planning Team have begun to undertake updates to evidence and policy documents which will support and inform the Local Plan.
- The Sustainability SPD was adopted by the Council in September 2024.

The following Members took part in the debate:

- Councillor Daniel Allen
- Councillor Ian Albert

Points raised in the debate included:

- The Sustainability SPD was an excellent document and had received positive feedback from developers and other stakeholders.
- A need to understand next steps and how to communicate the benefits to the residents.

In response to points raised in the debate, the Principal Strategic Planning Officer advised that:

- The strategic sites would progress as expected under the current Local Plan.
- Discussions were taking place of the best way to communicate with the community and the Council was working with neighbouring local authorities on joint evidence bases.
- The Council was working to a timeline and were still waiting for regulations to be published.
- Cabinet would be kept updated of progress.

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

**RESOLVED:** That Cabinet approved the Local Development Scheme, attached at Appendix A.

**REASONS FOR RECOMMENDATION:** 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.

## 92 STRATEGIC PLANNING MATTERS

*Audio recording – 43 minutes 0 seconds*

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

- This report identified the latest position on key planning and transport issues.
- Cabinet was last updated in September 2024.
- Government issued a new version of the National Planning Policy Framework (NPPF) in December 2024.
- The Council could no longer demonstrate a five-year land supply under the new rules and would have to consider all relevant planning applications.
- The new government definition of 'grey belt' (land in the Green Belt meeting certain criteria) could affect more land the North Herts District Council than original thought.
- A decision on Luton Airport had been delayed to April 2025.
- Neighbouring authorities were consulting on updating their Local Plans and details could be found in the Appendix.

The following Members asked questions:

- Councillor Amy Allen
- Councillor Ian Albert

In response to questions, the Service Director – Regulatory, advised that:

- Detailed works for the Town Centre Strategies was presented to the Project Board before Christmas.
- It was now planned to complete the strategies on all the Town Centres at the same time as opposed to the original timetable of stepped approach, unfortunately this had slowed down progress.
- Public consultations would be carried out and discussions would be held with the relevant Area Forums.

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

- Reg 18 referred to public consultation issues and options that Luton were considering as detailed in paragraph 8.18 of the report.
- Reg 19 was a more formal consultation and would be a final submission document.

Councillor Daniel Allen advised that what Luton considered did not affect the Local Plan.

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

**RESOLVED:** That Cabinet:

(1) Noted the report on strategic planning matters.

(2) Endorsed the documents at Appendices A – D.

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

### 93 COUNCIL TAX REDUCTION SCHEME 2025/2026

*Audio recording 54 minutes 32 seconds*

Councillor Ian Albert, as Executive Member for Finance and IT, presented the report entitled 'Council Tax Reduction Scheme 2025/26' and advised that:

- The Council was required to review its Council Tax Reduction Scheme (CTRS) every financial year.
- The introduction of a banded scheme in 2023/24 was now in its second year.
- The CTRS scheme had been reviewed and no significant changes were required.
- A small adjustment had been made to reflect the Consumer Price Index (CPI), to ensure the scheme continued to support those residents in most need.
- There was a recommendation for increase in bands in the coming financial year to align with the CPI for 2025/26. This increase would be 2.7% for three bands and 1.7% for all others.
- The CTRS was divided into two schemes, one for pension age applicants and one for working age applicants.
- The CTRS cost of 9.18 million was shared between Hertfordshire County Council, North Herts District Council and the Police and Crime Commissioner.
- The Discretionary Hardship Scheme was used to support cases of exceptional need when required.

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

**RESOLVED:** That Cabinet:

(1) Noted the cost of the scheme was currently £9.18m noting that this is not an actual cost but a reduction of the amount of council tax collected.

(2) Noted that the Discretionary Exceptional Hardship Scheme, previously agreed to provide additional transitional support would continue to be used to support cases of exceptional hardship.

**RECOMMENDED TO COUNCIL:** That 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.

**REASON FOR RECOMMENDATION:** 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.

#### 94 **REPORT ON RISK MANAGEMENT GOVERNANCE (MID-YEAR UPDATE)**

*Audio recording 59 minutes 13 seconds*

The Chair invited Councillor Sean Nolan, as Chair of the Finance, Audit and Risk Committee, to present the referral on this item. Councillor Nolan advised that there had been discussion around:

- The key corporate risks that affected multiple area of the Council.
- Points on emergency planning and the key risks to Members.
- Ensuring there was the correct risk management training for Officers and Members.

Councillor Ian Albert, as the Executive Member for Finance and IT, presented the report entitled 'Report on Risk Management Governance (Mid-Year Update)' and advised that:

- This report provided more detail in the executive summary and detailed the tracking of actions against any red corporate risks.
- It was important to ensure Risk Management reviews were regularly taking place.

In response to a question from Councillor Daniel Allen, the Service Director – Resources advised that the new risk concerning local government reorganisation would be included in the next quarterly update to Cabinet.

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

**RESOLVED:** That Cabinet:

- (1) Noted the mid-year Risk Management governance update.
- (2) Approved the changes to the Risk Management Framework.

**REASONS FOR DECISIONS:**

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

95 **SECOND QUARTER REVENUE BUDGET MONITORING 2024/25**

*Audio recording 1 hour 5 minutes 17 seconds*

The Chair invited Councillor Sean Nolan, as Chair of the Finance, Audit and Risk Committee, to present the referral on this item. Councillor Nolan advised that there had been discussion around understanding how the risks affected resourcing of the Council and a decrease in spending at this point had been noticed.

Councillor Ian Albert, as the Executive Member for Finance and IT, presented the report entitled 'Second Quarter Revenue Budget Monitoring 2024/25' and advised that:

- There were some timing issues of reports being presented to committees which needed to be addressed for the future.
- This report detailed the variances against the revenue budget that had been identified.
- There was a £550k decrease in net spend with a request for £317k to be carried forward as detailed in Table 3 of the report.
- The 2025/26 budget setting process would include a further review of spend in the current year to identify any ongoing impacts.

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

**RESOLVED:** That Cabinet:

- (1) Noted this report.
- (2) Approved the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a £550k decrease in net expenditure.
- (3) Noted 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.
- (4) Approved the debt write-offs detailed in paragraphs 8.16 and 8.17.

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

96 **SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2024/25**

*Audio recording 2 hours 2 minutes 8 seconds*

The Chair invited Councillor Sean Nolan, as Chair of the Finance, Audit and Risk Committee, to present the referral on this item. Councillor Nolan advised that there had been discussion around:

- Linking the moving of funding for the upgrade to the North Herts Leisure Centre to take part at the same time as the Decarbonisation of the Leisure Centre works.
- The importance of the museum storage item as this was a major facility that the Council required not only for its own items, but to be able to assist other areas and Councils with storage of their items.
- Looking at funds in the future and the risks around ensuring resources were in the right place.

Councillor Ian Albert, as Executive Member for Finance and IT, presented the report entitled 'Second Quarter Investment Strategy (Capital and Treasury) Review 2024/25' and advised that:

- The focus of the capital review at Quarter 2 had been challenging what was expected to be spent this year.
- This review provided the Council with more certainty over balances available for investment at the end of the financial year.
- There had been a slippage and changes to the capital programme of £14 million.
- Details of further budgets had changes required or could be removed from the capital programme were set out in Table 3.
- An alternative site had been identified for the museum storage option and was being investigated. A reduction in the slippage to £650K from the budget was recommended to allow funds to be available to purchase this property before the end of March if required.
- The approval of funds was required from the capital budget to enable works at the North Herts Leisure Centre to happen at the same time as the decarbonisation works.
- The previous estimate for the refurbishment of the changing rooms at North Herts Leisure Centre of £250k was too low and the recommendation needed be changed to £330K.

The following Members asked questions:

- Councillor Daniel Allen
- Councillor Mick Debenham

In response to questions, the Service Director – Place advised a timescale for works to commence at the Norton Common Bowls Pavilion was not yet possible, but now that staffing was at fully capacity, it would be attempted to move this project forward in the next financial year.

In response to questions, the Service Director – Resources advised that slippage referred to when a capital scheme was not delivered in the current year and the funds were deferred to another year.

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

**RESOLVED:** That Cabinet:

- (1) Noted the forecast expenditure of £16.999M in 2024/25 on the capital programme, paragraph 8.3 refers as amended by the decision to reduce the slippage on museum storage.
- (2) Noted the position of the availability of capital resources, as detailed in table 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.

**RECOMMENDED TO COUNCIL:** That it:

- (1) Notes the position of Treasury Management activity as at the end of September 2024.
- (2) Approves capital budget in 2025/26 for a new flume (£300k) and a refurbishment of the pool changing rooms (£330k) at North Herts Leisure Centre, subject to the revised assessments following the decision by Cabinet regarding Public Sector Decarbonisation Scheme on 14 January 2025.

**REASONS FOR RECOMMENDATION:**

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

**97 REVENUE AND CAPITAL BUDGETS FOR 2025/26 ONWARDS**

*Audio recording 1 hour 11 minutes 19 seconds*

The Chair invited Councillor Sean Nolan, as Chair of the Finance, Audit and Risk Committee, to present the referral on this item. Councillor Nolan advised that there had been discussion around:

- The future mid-term financial health of the Council.
- The risk emerging from the local government reform and what this could mean for the Council.
- Meeting a balanced budget presently achieved by interest rates on savings and general fund reserves.
- The effect on the income stream from interest rates on investments which could end.
- The forthcoming budget for 2025/26, the proposals and the budget workshops.

Councillor Ian Albert, as Executive Member for Finance and IT, presented the report entitled 'Revenue and Capital Budgets for 2025/26 Onwards' and advised that:

- This was an important stage of the budget setting process.
- There would be difficult challenges ahead with devolution and the local government reorganisation.
- Hertfordshire County Council were proposing a Council Tax increase by 4.99% an increase of around £85.
- North Herts District proposed to increase Council Tax by 2.99% an increase of £7.77, which was the maximum amount allowed without a local referendum.
- Following a period of grant reductions, inflation and the pandemic implications, there had been a rise in demand for services, for example homelessness, which had added extra financial pressure.
- The Council needed to review what was discussed at the budget workshops and decide what to incorporate into the proposals for the 2025/26 budget.
- There would be a public consultation for the Sunday and evening car parking charge and the general car parking structure. Noting the introduction of new technology 'pay on exit' machines from next month.
- It was recommended from the workshops that the proposed Civic Secretary post in R14 of the Revenue Budget Appendix should be removed.
- The Service Director post in R18 of the Revenue Budget Appendix was an investment proposal that should be progressed and there was currently £58K savings available in the budget for this.
- The funds allocated in the capital proposal for the Walsworth Common Pavilion Changing Room refurbishment should not be changed.



- The interactive water feature proposal would be removed.
- There was uncertainty over the funding from Government for National Insurance increases.
- The Council should increase Council Tax by the maximum allowed to ensure continuation of delivering as many services as possible.

The Managing Director advised that increasing the leadership team capacity was a recommendation in the Corporate Peer Challenge Report and the leadership team proposal request was for one additional Service Director.

The following Members took part in the debate:

- Councillor Daniel Allen
- Councillor Ian Albert
- Councillor Amy Allen
- Councillor Tamsin Thomas

Points raised during the debate included:

- Funding for the Housing and Environmental Health Team as detailed in R4-R13 of the Appendix was important to bring the Directorate to where it needed to be and should go with the original proposal rather than the scaled back version.
- It was good to see the Museum Storage Option ECP29 and the Walsworth Common Pavilion Changing Room ECP6 projects in the Capital Budget programme.
- There would be a public consultation on changes to car parking charges and no decisions had yet been reached.

Councillor Ian Albert proposed as amended and Councillor Daniel Allen seconded and, following a vote, it was:

**RESOLVED:** That Cabinet:

- (1) Noted the Council's expected funding for 2025/26.
- (2) Confirmed (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.
- (3) Noted that the Council may see real-term reductions in its funding in future years.
- (4) Agreed. in context of the above, which proposals (revenue and capital) should be taken forward as part of the budget-setting process for 2025/26.

**REASON FOR DECISIONS:** 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.

*N.B. Following the conclusion of this item there was a short break in proceedings, and the meeting reconvened at 21.13.*

98 **COUNCIL DELIVERY PLAN 2024-25 (QUARTER 2 UPDATE)**

*Audio recording – 1 hour 43 minutes 1 second*

Councillor Ian Albert, as the Executive Member for Finance and IT, presented the referral from Overview and Scrutiny Committee on this item and the report entitled 'Council Delivery Plan 2024-25 (Quarter 2 Update)', and advised that:

- Discussion by the Overview and Scrutiny Committee was mainly in relation to the Decarbonisation of the Leisure Centre.
- The Council Delivery Plan (CDP) was a key document for Cabinet and the Overview and Scrutiny Committee.
- The report provided an update on key projects lists and performance indicators for the Council.
- There were two amber indicators and one red indicator this quarter and actions in place were outlined in the report.
- There were 19 delayed milestones across 8 projects.
- Details of individual projects were set out in Appendix A.

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

**RESOLVED:** That Cabinet:

- (1) Noted the progress against Council projects as set out in the Council Delivery Plan and approves the changes to the milestones (Appendix A).
- (2) Noted the performance against the performance indicators and confirms the actions detailed in paragraph 8.4.

**REASON FOR DECISIONS:** 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.

99 **GARDEN WASTE CHARGE**

*Audio recording – 1 hour 48 minutes 2 seconds*

Councillor Amy Allen, as the Executive Member for Recycling and Waste Management, presented the referral from Overview and Scrutiny Committee on this item and the report entitled 'Garden Waste Charge', and advised that:

- The new garden waste charge would be effective from 1 April 2025.
- Cabinet were being asked to agree to increase the charge to £55 per year.
- The 50% discount for households eligible for Council Tax reduction would continue.
- Under the new waste contract, the cost of garden waste collection would rise by 42%, with a further increase being applied at the start of the contract in May 2025.
- North Herts District Council had one of the lowest garden waste charges in Hertfordshire.

In response to a question from Councillor Val Byrant, Councillor Amy Allen advised that the garden waste collection would remain a fortnightly collection.

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

**RESOLVED:** That Cabinet approve the garden waste subscription charge for the period 1 April 2025 – 31 March 2026, at £55.

**REASON FOR DECISION:** 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.

## 100 DECARBONISATION OF LEISURE CENTRES UPDATE

*Audio recording 1 hour 53 minutes and 26 seconds*

Councillor Mick Debenham, as the Executive Member for Environment, Leisure and Green Spaces, presented the report entitled 'Decarbonisation of Leisure Centres Update' and advised that:

- Due to additional information becoming available a new cover report had been published as a supplementary document.
- The Council was at the detailed design stage of the project to significantly decarbonise the three leisure centres of the Council.
- This project had become possible due to a £7.74 million grant from the government alongside a capital contribution from the Council.
- Issues had been identified with the running costs and efficiency of the heat pumps originally specified to replace the boilers.
- There were larger, more efficient heat pumps available which were bespoke and on a longer lead time.
- The Council had received confirmation from Salix that the larger heat pumps could be paid for in advance of the 31 March 2025 budget deadline.
- There was a financial implication of both increased running costs and the capital costs involved with larger heat pumps.
- An M&E consultant had been employed to work alongside the quantity surveyor, to review the design of the heat pumps to ensure they were specified correctly.

In response to a question from Councillor Daniel Allen, Councillor Mick Debenham advised that the figures in the budget would cover all the decarbonisation works required.

The following Members took part in the debate:

- Councillor Amy Allen
- Councillor Ian Albert
- Councillor Dave Winstanley
- Councillor Mick Debenham

Points raised during the debate included:

- This was an excellent opportunity to decarbonise the leisure centres and the opportunity of a government grant may not always be available.
- Members agreed with proceeding with Option 4a to instruct Willmott Dixon to design and order larger, bespoke heat pumps.

Councillor Mick Debenham proposed and Councillor Tamsin Thomas seconded and, following a vote, it was:

**RESOLVED:** That Cabinet agreed in principle to proceed with Option 4a as detailed in paragraph 8.9.

**Tuesday, 14th January, 2025**

**RECOMMENDED TO COUNCIL:** To proceed with Option 4a and approve the additional forecast capital and ongoing revenue costs (including revenue costs of capital) and note the ongoing project risks.

**REASON FOR RECOMMENDATION:** 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.

The meeting closed at 9.49 pm

Chair

**PART 1 – PUBLIC DOCUMENT**

**HOMELESSNESS PREVENTION GRANT ALLOCATIONS AND UPDATE**

REPORT OF: Service Director - Housing and Environmental Health

EXECUTIVE MEMBER: Cllr Dave Winstanley, Executive Member for Housing and Environmental Health

COUNCIL PRIORITY: ACCESSIBLE SERVICES

**1. EXECUTIVE SUMMARY**

- 1.1. Demand for the Council's housing services remains high with the need to secure additional services for those threatened with, or experiencing homelessness.
- 1.2. The Council has received ring-fenced grant funding from the Ministry of Housing, Communities and Local Government to help it meet its legal housing duties and this report details proposals for the allocation of this funding for specialist homelessness services for local people.

**2. RECOMMENDATIONS**

- 2.1. That the Cabinet:
  - A) Approves the funding proposals for the in-year award of Homelessness Prevention Grant for 2024/25 as set out in Table 3 in paragraph 8.3
  - B) Approves the funding proposals for the allocation of part of the 2025/26 award of homelessness grants as outlined in Table 4 in paragraph 8.4

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. There is a need to secure additional services for homeless households in the district. Adopting the recommendations at 2.1A and 2.1B secures the provision of high-quality local services to help those in need, which is also consistent with the priorities set out in the Council's Housing Strategy (2024 – 2029).

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. Cabinet could decide against approving the proposed allocations of government funding, however the services highlighted in this report would not be delivered.

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

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

## 6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on 18 October 2024.

## 7. BACKGROUND

- 7.1. As a local housing authority, the Council has legal duties to assist households who are homeless or who are threatened with homelessness, and to provide accommodation for homeless households in 'priority need' – primarily families and vulnerable individuals. The Council no longer owns or manages any housing stock and it therefore works with housing providers (some with allied support services) to meet local needs.
- 7.2. Last year (2023/24), the Council owed a legal duty to 471 households to help prevent or relieve their homelessness and for the first three quarters of 2024/25, 331 households sought this assistance. The key reasons behind homelessness are consistently: ending of private rented sector tenancies (24% of cases in 2023/24); friends and family being unable or unwilling to accommodate (23%); ending of social rented tenancies (19%); and domestic abuse (12%). Ongoing cost of living challenges and scarcity of affordable housing in the district are underlying pressures as well. There is also increasing complexity of cases - in 23/24, 63% of households owed a prevention or relief duty had a support need and 41% had two or more support needs, including factors such as poor mental health, substance misuse and offending histories.
- 7.3 In addition to these prevention and relief duties, the Council also owed 130 'priority need' homeless households a main housing duty in 2023/24, meaning that we had a legal duty to provide suitable accommodation for these households – typically temporary accommodation until an offer of settled accommodation can be made. Table 1 below summarises these legal duties and Table 2 outlines temporary accommodation (TA) usage.

**Table 1. Homelessness duties owed**

	2019/20	2020/21	2021/22	2022/23	2023/24	Q1-Q3 2024/25
Households owed a prevention duty	275	229	196	175	204	135
Households owed a relief duty	219	385	281	241	267	196
Households owed a main housing duty	65	90	128	123	130	101
of which, single households	14	33	53	43	43	43

Source: MHCLG published [tables on homelessness](#) (2024/25 from NHC in-year analysis)

**Table 2. Households in temporary accommodation (snapshot at year end)**

	31/3/20	31/3/21	31/3/22	31/3/23	31/3/24	31/12/24
Households in TA	93	136	104	97	105	108
<i>Of which:</i>						
single households	33	72	46	32	26	39
hotel placements	19	58	15	13	19	23

Source: NHC analysis of homelessness case data

- 7.4 In addition, the Council consistently receives over 1,000 approaches for homelessness and housing advice each year, which are resolved without legal duties being owed and therefore do not feature in Table 1.
- 7.5 The Council receives allocations of Homelessness Prevention Grant (HPG) from the Ministry of Housing, Communities and Local Government (MHCLG), which is ring-fenced to support delivery of services to prevent and tackle homelessness. Traditionally, HPG is provided on an annual basis, however the most recent allocation from MHCLG was for two years, 2023/24 – 2024/25, to enable councils to better plan for services and improve stability of provision. In total, the Council received an allocation of £746k over the two-year period. The Council also received an additional allocation of HPG funding of £71k over 2023/24 – 2024/25 to help it meet its duties under the Domestic Abuse Act 2021.
- 7.6 The allocation of most of the above HPG funding was agreed at Cabinet on [27 June 2023](#). The majority of funding was allocated to support the continued provision of specialist accommodation and support services for single homeless people. There is £3,865 remaining of this initial allocation of HPG.
- 7.7 Subsequent to that decision, MHCLG announced further top-up amounts of HPG funding for 2024/25 to help local authorities to address ongoing homelessness pressures, with the Council receiving an additional £197,376 of HPG funding for 2024/25. Of this amount, allocations have already been made under delegated authority to increase housing team staffing hours for the final seven months of 2024/25 (£5,735), to Local Partnerships (for a temporary accommodation report £8,775), North Herts CAB (so they can expand their existing housing service £33,958) and Beam (for the provision of a specialist service to help local homeless people into private rented sector accommodation and hopefully employment too – up to £80,000) and there is currently £68,908 remaining of the in-year top-up. This means there is a total of £72,773 HPG remaining unallocated for the current financial year. The Council was also recently notified of another MHCLG award of £19,371 of Rough Sleeper Winter Pressures 2024/25 Funding to help to support people sleeping rough.
- 7.8 In addition, the Council received notification in December 2024 of funding for the next financial year 2025/26, from homelessness and rough sleeping grant funding programmes. This totals £986k, with its main constituents being £816k of HPG and £157k of Rough Sleeping Prevention and Recovery Grant. The Council has also received Domestic Abuse Safe Accommodation Grant of £36k for 2025/26 to help it meet its duties under the Domestic Abuse Act 2021. This report contains proposals for some initial allocations of this funding, with further proposals concerning the remaining funding to be put forward for Cabinet's consideration at a later date.

## **8. RELEVANT CONSIDERATIONS**

- 8.1 For 2025/26, a new ringfence has been introduced for the HPG, to maintain prevention activities during this period. At least 49% of HPG funding must be spent on prevention, relief and/or staffing activity and no more than 51% may be spent on temporary accommodation costs. The Rough Sleeping Prevention and Recovery Grant will also remain ring-fenced for 2025/26 to protect funding for rough sleeping services and LAs are being encouraged to prioritise delivery on prevention and targeting interventions depending on need, including focusing on support to long term and repeat rough sleepers.
- 8.2 MHCLG have announced that they will be launching a formal consultation early in 2025 on a new needs-based formula which will be used for allocations of HPG for

2026/27 and onwards. This is part of plans to develop a long-term approach to tackling homelessness and rough sleeping, which includes a new cross government homelessness and rough sleeping strategy due for publication in summer 2025. As the outcome of this exercise is yet to be known, the multi-year proposals for 2025/26 onwards in Table 4, below, seek to provide a reasonable amount of stability for these services through funding certainty which will hopefully assist providers with staff retention.

- 8.3 Table 3 outlines the proposals for the remaining HPG (£72,773) and the recently received Rough Sleeper Winter Pressures Funding for 2024/25 (£19,371), a total of £92,144. These proposals meet the MHCLG’s conditions for use of the grants.

**Table 3. Proposals for allocation of remaining grant funding for 2024/25**

Discretionary Housing Payments – to cover a projected overspend for the current year	This is managed by the Benefits Team, who consider additional payments for those claiming housing benefit who are experiencing housing difficulties	<b>Up to £20,000</b> (HPG)
Temporary Accommodation overspend for current year	This is primarily the net cost of hotels that are used as a last resort; the projected overspend is £81k for the current year	<b>At least £52,773</b> (HPG) although could be higher if above item requires less funding
Temporary Accommodation overspend for current year	To help to support people sleeping rough	<b>£19,371</b> (Rough Sleeper Winter Pressures Funding)
<b>Total</b>		<b>£92,144*</b>

\*There may be a small underspend in that the whole amount of £92,144 may not required to cover these costs; in this case, the remaining amount will be used to offset some staffing costs for 2024/25, with the corresponding amount being added to a homeless reserve for use in the next financial year

- 8.4 Table 4, below, outlines proposals for part of the grant allocation for 2025/26 of £986k (further proposals will be made in due course). Even though the vast majority of housing demands are met directly by the Council’s core housing service, each of these proposals complements this, providing high quality support/assistance in specialist areas. In addition, there are some benefits through increased engagement with service users who may be reluctant to approach the Council directly. All of these services are currently in place and these proposals seek to secure their continued provision for the next three years, April 2025 – March 2028 (again, these proposals meet the MHCLG’s conditions for use of the grant).

**Table 4. Proposals for homelessness grant allocations for 2025/26 onwards**

Survivors Against Domestic Abuse (SADA)	This locally based service provides specialist support for survivors of domestic abuse	2025/26 <b>£49,177</b> 2026/27 <b>£50,652</b> 2027/28 <b>£52,172</b>
North Herts CAB	This increase in capacity of the CAB’s housing advice service has been proposed due to the growing numbers of local people approaching them for help	2025/26 <b>£27,837</b> 2026/27 <b>£28,672</b> 2027/28 <b>£29,532</b>
Herts Young Homeless (HYH) – Education Project	HYH’s education sessions are run in local schools with the aim of preventing youth homelessness by helping young people to make informed life choices and encourage them to	2025/26 <b>£7,000</b> 2026/27 <b>£7,350</b> 2027/28 <b>£7,800</b>



	access help and support, before crisis	
One YMCA's Outreach Service	This service provides specialist support for people sleeping rough. Its aim to help people off the street in to settled accommodation	2025/26 <b>£45,150</b> 2026/27 <b>£47,408</b> 2027/28 <b>£49,778</b>
<b>Total</b>		<b>£402,528</b>

8.5 The Council agreed its latest Housing Strategy (2024-2029) in March 2024 and the proposals outlined in this report are consistent with the priorities highlighted in the Strategy.

## 9. LEGAL IMPLICATIONS

9.1. The Housing Act 1985 Section 1 (1) confirms that the District Council is the Local Housing Authority (LHA).

9.2 LHAs' homelessness duties are contained within the Housing Act 1996 Part VII, as amended by the Homelessness Reduction Act 2017 which placed significant new duties on English local housing authorities to prevent homelessness.

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

- homeless
- eligible for assistance, and
- in priority need

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

9.4 The LHA also holds the 'Relief Duty' which applies when a council is satisfied that an applicant is homeless and eligible for assistance; it requires the Council to take reasonable steps to help the applicant secure that suitable accommodation becomes available for the applicant's occupation for at least six months. This therefore requires the Council to work with the applicant to help them find and retain accommodation to meet this legal duty.

9.5 The Cabinet's Terms of Reference provides at paragraph 5.7.15; "To oversee the provision of all the Council's services other than those functions reserved to the Council".

9.6 When agreeing the Adoption of a new Housing Strategy (2024-2029) in March 2024, the Cabinet also resolved the following:

*For matters that are not reserved for Cabinet, delegated to the Director of Housing and Environmental Health in conjunction with the Executive Member for Housing and Environmental Health, the power to decide on the specific allocation of homelessness funding received from central government in order to meet homelessness priorities, for the duration of the Strategy.*

9.7 In approving the funding proposals the Cabinet would therefore be acting in accordance with its statutory requirements and in accordance with the Council's constitution.

9.8 Should the Cabinet agree the proposals in this report, appointment of the providers will be made in accordance with the Council's Contract Procurement Rules.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The Council received a Homelessness Prevention Grant top up of £197,376 for 2024/25 from MHCLG which is ring fenced for homelessness prevention and relief work.
- 10.2 The Council has also received confirmation of additional ring-fenced MHCLG homelessness grants of £986,463 for 2025/26.
- 10.3 Should the Cabinet agree the multi-year proposals for 2025/26 onwards (contained in table 4 in paragraph 8.4), should MHCLG spend conditions require actual expenditure to occur in the financial year 2025/26 only, the remaining grant amount for 2025/26 will be used for the housing service staffing costs incurred in 2025/26 and the resultant underspend on the salary budgets will be used to increase the homelessness reserve so that the various schemes can be funded in future years.

## **11. RISK IMPLICATIONS**

- 11.1 Although the MHCLG grant allocation for 2025/26 is to be welcomed, there is uncertainty as to the funding position from April 2026 onwards due to the MHCLG review of the formula that determines individual grant allocations for local authorities. Multi-year proposals have therefore been made on some key services for local people to secure their availability for the next three years.

## **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. An Equality Impact Assessment has been completed and is attached as Appendix 1. The assessment notes the potential positive impacts this decision will have for some of the most vulnerable members of the community in North Hertfordshire.

## **13. SOCIAL VALUE IMPLICATIONS**

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

## **14. ENVIRONMENTAL IMPLICATIONS**

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

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 No impact.

## **16. APPENDICES**

- 16.1 Appendix 1 – Equality Impact Assessment

## **17. CONTACT OFFICERS**

- 17.1 Jo Doggett, Service Director of housing and Environmental Health [jo.doggett@north-herts.gov.uk](mailto:jo.doggett@north-herts.gov.uk); ext 4470
- 17.2 Martin Lawrence, Strategic Housing Manager [martin.lawrence@north-herts.gov.uk](mailto:martin.lawrence@north-herts.gov.uk); ext 4250
- 17.3 Douglas Traill-Stevenson, Property Lawyer, acting Legal Manager and Deputy Monitoring Officer; [douglas.traill-stevenson@north-herts.gov.uk](mailto:douglas.traill-stevenson@north-herts.gov.uk); ext 4653
- 17.4 Reuben Ayavoo, Policy and Community Manager [reuben.ayavoo@north-herts.gov.uk](mailto:reuben.ayavoo@north-herts.gov.uk); ext 4212
- 17.5 Georgina Chapman, Policy and Strategy Team Leader, [georgina.chapman@north-herts.gov.uk](mailto:georgina.chapman@north-herts.gov.uk); ext 4121
- 17.6 Jodie Penfold, Group Accountant [jodie.penfold@north-herts.gov.uk](mailto:jodie.penfold@north-herts.gov.uk); ext 4332
- 17.7 Anne Banner, Benefits Manager [anne.banner@north-herts.gov.uk](mailto:anne.banner@north-herts.gov.uk); ext 4610

**18. BACKGROUND PAPERS**

- 18.1 DLUHC's Homelessness Prevention Grant allocations: [Homelessness Prevention Grant: 2023 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 18.2 MHCLG's HPG 2025/26: [Homelessness Prevention Grant allocations: 2025 to 2026 - GOV.UK](https://www.gov.uk)
- 18.3 MHCLG's Rough Sleeping Prevention and Recovery Grant allocations: [Rough Sleeping Prevention and Recovery Grant allocations 2025 to 2026 - GOV.UK](https://www.gov.uk)
- 18.4 MHCLG's Rough Sleepers Winter Pressures 2024/24 Funding Allocations: [Rough sleeping winter pressures 2024-25 funding allocations - GOV.UK](https://www.gov.uk)

## Appendix 1 – Equality Impact Assessment

1. Name of activity:	Homelessness Prevention Grant Allocations			
2. Main purpose of activity:	<p>To fund the continued provision of specialist homelessness services to help the Council meet its legal homelessness duties, including provision for the following groups:</p> <ul style="list-style-type: none"> <li>• support and accommodation services for victims of domestic abuse (provided by SADA)</li> <li>• general support with housing issues for local people (provided by CAB)</li> <li>• outreach support for rough sleepers (provided by OneYMCA)</li> <li>• education service for young people (provided by Herts Young Homeless)</li> </ul>			
3. List the information, data or evidence used in this assessment:	<p><a href="#">MHCLG homelessness statistics 2023/24</a>  <a href="#">Review of Homelessness in North Hertfordshire</a>            Shelter analysis <a href="#">homelessness and BAME community</a>            Centrepoint <a href="#">LGBTQplus safe spaces</a></p>			
4. Assessment				
Characteristics	Neutral (x)	Negative (x)	Positive (x)	<p>Describe the person you are assessing the impact on, including identifying: community member or employee, details of the characteristic if relevant, e.g. mobility problems/particular religion and why and how they might be <b>negatively or positively</b> affected.</p> <p><b>Negative: What are the risks?</b>  <b>Positive: What are the benefits?</b></p>
<p><b>Community considerations</b>            (i.e. applying across communities or associated with rural living or Human Rights)</p>	<input type="checkbox"/>	<input type="checkbox"/>	<b>x</b>	<p><b>Negative</b></p> <hr/> <p><b>Positive</b></p> <p>The Council's homelessness services provide support and accommodation for local people in need across the district. The proposals include funding for the continuation of the district's outreach service which pro-actively seeks to engage with rough sleepers, wherever they are identified across the district. The proposed continuation of the specialist domestic abuse service includes work in the community to improve engagement and awareness and works with partners including schools and police. Preventing and tackling homelessness has positive effects not just for the individual but also for the community as a whole, including reduced anti-social behaviour, reduced poverty and increased social cohesion as well as reduced burdens on public services such as health and social care.</p>
A person living with a disability	<input type="checkbox"/>	<input type="checkbox"/>	<b>x</b>	<p><b>Negative</b></p> <hr/> <p><b>Positive</b></p>

				<p>Almost two-thirds of households in the district owed a homelessness duty (because they are homeless or threatened with homelessness) have a support need, and 41% had two or more support needs in 2023/24. These include poor mental health (38% of households in 23/24), physical ill health (27%) and substance dependency (13%).</p> <p>The proposed funding for local homelessness services provides for continued support for such vulnerable households, including the provision of emergency accommodation (which includes hotel placements).</p>
A person of a particular race	<input type="checkbox"/>	<input type="checkbox"/>	x	<p><b>Negative</b></p> <p><b>Positive</b></p> <p>Minority ethnic groups are more likely to experience homelessness with black people in particular more than three times as likely to. Locally, 18% of applicants owed a homelessness duty in 2023/24 were of a minority ethnic group, despite comprising 12% of the North Herts population overall. The proposed additional funding for local homelessness services is therefore likely to benefit this group in particular (although absolutely numbers remain small).</p>
A person of a gay, lesbian or bisexual sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	x	<p><b>Negative</b></p> <p><b>Positive</b></p> <p>National evidence points to LGBTQ+ people being more at risk of homelessness, however local data suggests a very small number of LGBTQ+ people applying as homeless in the district (18 in 2023/24, although a significant proportion – 20% - of applicants chose not to provide this information).</p>
A person of a particular sex, male or female, including issues around pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	x	<p><b>Negative</b></p> <p><b>Positive</b></p> <p>Domestic abuse is a major cause of homelessness nationally and in North Herts. In 2023/24, 20% of homeless households were fleeing domestic abuse. The vast majority of victims of domestic abuse are women, many of whom will have children and with some forced to flee their home for fear of violence. The specialist domestic abuse service funded by the Council are open to both women and men but service users will be predominantly women.</p>

				Proposed extensions to the service will therefore particularly benefit this cohort.
A person of a particular religion or belief	x	<input type="checkbox"/>	<input type="checkbox"/>	<b>Negative</b>
				<b>Positive</b>
A person of a particular age	<input type="checkbox"/>	<input type="checkbox"/>	x	<b>Negative</b>
				<b>Positive</b>
				The proposed funding to extend the existing Herts Young Homeless education project will specifically benefit children of school age, to whom the intervention is targeted. The primary focus of this intervention is prevention.
Transgender	<input type="checkbox"/>	<input type="checkbox"/>	x	<b>Negative</b>
				<b>Positive</b>
				National evidence points to LGBTQ+ people being more at risk of homelessness, however local data suggests a very small number of people applying as homeless in the district are of a different gender to their sex at birth (2 in 2022/23 although non-response rate of over one-third).

### 5 Results

	Yes	No	
Were positive impacts identified?	x	<input type="checkbox"/>	Additional funding for specialist homelessness services in the district will stabilise provision locally, some for the next 3 years (including domestic abuse and outreach services). Service users include some of the most vulnerable people in the district who, without assistance, will continue to face ongoing barriers to positive life outcomes (including repeated homelessness, exclusion from society, poverty and ill health) and lack of opportunity to address support needs.
Are some people benefiting more than others? If so explain who and why.	x	<input type="checkbox"/>	Some of these interventions – domestic abuse and young persons’ services - are targeted at specific cohorts. Others, such as ethnic minority groups and LGBTQ+ people are more likely to experience homelessness and may therefore be more likely to benefit from the homelessness services which the accompanying report proposes to fund.  Service providers are required to monitor and report on key measures of performance including outcomes by protected characteristics.

Were negative impacts identified (what actions were taken)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<b>6. Consultation, decisions and actions</b>			
If High or very high range results were identified who was consulted and what recommendations were given?			
Describe the decision on this activity			
List all actions identified to address/mitigate negative impact or promote positively			
Action	Responsible person	Completion due date	
Regular and close working with service providers through formal and informal contacts will highlight any issues in a timely way.	Contract managers	ongoing	
When, how and by whom will these actions be monitored?			
Ongoing and regular dialogue with service providers; formal monitoring and reporting as per funding agreements. Separate MHCLG monitoring and reporting requirements also apply to grant funding received by NHC. Also regular internal monitoring of housing and homelessness activity.			
<b>7. Signatures</b>			
Assessor			
Name: Tiranah Straughan	Signature** T F Straughan		
Validated by			
Name: Martin Lawrence	Signature** M S Lawrence		
<b>Forward to the Corporate Policy Team</b>			
Signature** Reuben Ayavoo			
Assessment date: 28/01/25	Review date: 28/01/26		

**\*\* Please type your name to allow forms to be sent electronically.**

***A copy of this form should be forwarded to the corporate policy team and duplicate filed on the council's report system alongside any report proposing a decision on policy or service change.***

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## CABINET

11 February 2025

### \*PART 1 – PUBLIC DOCUMENT

**TITLE OF REPORT: PROPOSED PARKING TARIFFS FOR 2025/26**

REPORT OF: SERVICE DIRECTOR - REGULATORY

INTERIM EXECUTIVE MEMBER FOR PLANNING & TRANSPORT: COUNCILLOR DANIEL ALLEN

COUNCIL PRIORITY: SUSTAINABILITY

#### 1. EXECUTIVE SUMMARY

1.1 This report requests that Cabinet agrees:

- (i) the proposed car parking tariffs in North Hertfordshire Council's off street car parks across the district and on-street charging bays in Royston town centre in order to effectively manage their use, and in accordance with the Council's fees and charges policy as set out in the Medium Term Financial Strategy (MTFS).
- (ii) The proposal to increase the charges for resident permits, visitor permits, business permits and visitor tickets for resident parking zones in accordance with the Council's fees and charges policy as set out in the Medium Term Financial Strategy (MTFS).
- (iii) To the implementation of customers paying for parking sessions whilst parked and charging within 'designated electric vehicle charging bays only' later in the financial year 2025/6 in accordance with the policy proposal agreed by Cabinet at its meeting on 19 September 2023.

#### 2. RECOMMENDATIONS

- 2.1 That Cabinet Notes the summary of comments and responses received to the Proposed Parking Tariff consultation at section 8.2 and the more detailed comments at Appendix C.
- 2.2 That Cabinet agrees to adopt the proposed off-street and on-street car park tariffs for 2025/26 as set out in Tables 1 to 6 at Appendix B as outlined in paragraphs 8.2.11 and 8.2.12 of this report, referred to as Option 3.
- 2.3 That Cabinet agrees not to increase the charges for Season Tickets for each of its long stay car parks or business permits for its car park at St. Martins Road in Knebworth for 2025/26.
- 2.4 That Cabinet agrees to increase the charges for resident permits, visitor permits, business permits and visitor tickets for resident parking zones for 2025/26 as set out in Section 8.4 of this report.

- 2.5 That Cabinet agree that the proposed tariff changes, as recommended and approved in paragraphs 2.2 above, are implemented as soon as practicable, and that officers in consultation with the interim Executive Member for Planning and Transport proceed with the implementation as required.
- 2.5 That Cabinet agree that the proposed increases for resident, visitor and business permits and visitor tickets in resident parking zones, as recommended and approved in paragraphs 2.4 above, are implemented as soon as practicable, and that officers in consultation with the interim Executive Member for Planning and Transport proceed with the implementation as required.
- 2.6 That Cabinet agree to the implementation of customers paying for parking sessions whilst parked and charging within 'designated electric vehicle charging bays only' later in the financial year 2025/26 as set out in section 8.5 of this report and that the Service Director - Regulatory in consultation with the Executive Member for Planning and Transport proceed with the implementation as required.
- 2.7 That Officers proceed with the issuing of the necessary Notice of Variation to the 2024 Off-Street Parking Traffic Regulation Orders and the 2023 On-Street Consolidation Order as required to implement the increases recommended at 2.2 and 2.4 and approved above.
- 2.8 That Cabinet note as part of the pay on exit scheme set out in paragraph 8.3.1 of this report that visitors will be charged the maximum period of stay for that car park if they do not 'Check Out' after completing their parking session.

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

- 3.1 To implement an increase in car parking tariffs and permits within resident parking zones in order to effectively manage their use and in accordance with the Council's fees and charges policy as set out in its Medium- Term Financial Strategy (MTFS). To set car parking tariffs that support the achievement of modal shift away from private car use and to help support the vitality of town centres.

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

- 4.1 See Section 8 of the report for:
- proposed changes to car parking tariffs within the Council car parks and on-street;
  - proposed increases to resident permits, visitor permits, business permits and visitor tickets for resident parking zones;
  - introducing measures to charge for parking sessions in designated electric vehicle parking bays from January 2026; and
  - setting a maximum fee for pay on exit parking.

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

- 5.1 The Interim Executive Member for Planning and Transport has been involved in discussions and selection of tariffs, including proposals to increase permits within resident parking zones and kept informed on these matters. The Executive Member for Finance has also been kept informed.

- 5.2 The Area Forums for Baldock, Hitchin, Letchworth, Royston and Southern Rural were formally consulted on the proposed tariff changes in December, requesting that all comments be received by mid-January 2025. The Interim Executive Member, and Strategic Infrastructure & Projects Manger attended some of the Forum meetings to present the proposals and receive comments. Town Centre and BID Mangers for each of the towns, Royston Town Council and Knebworth Parish Council were also consulted and invited to offer their views on the proposed tariff changes. Leaflets were handed out at the Forum meetings informing members of the public about the proposed tariff increases and where these could be viewed on the Council’s website at [Off street parking tariffs | North Herts Council](#).
- 5.3 A summary of the comments received from these organisations, the Area Forum meetings, and members of the public are summarised at Section 8.2 with more detailed comments attached at [Appendix C](#). Separate Comments were also received from Cllr Matt Barnes and County Cllr Fiona Hill for Royston. 142 comments were received in total to the proposed tariff changes from local businesses, residents and visitors to the town centres, predominantly from the Royston area. All comments have been considered and discussed with the Executive Member and taken into account in finalising this report.
- 5.4 It is to be acknowledged that two petitions were also submitted, one from the traders in Royston, comprising 21 signatures and another from the general public, comprising 109 signatures (the petition included more signatures, however there were only 109 valid signatures in accordance with the Council’s Petition Scheme). Whilst the petitions have not been accepted it is important to include reference to the number of signatures contained and the opposition to the termination of the free after 3pm off street parking in Royston Town Centre and increased parking charges. By way of explanation, having been reviewed by the Proper Officer (Democratic Services Manager) the petitions were not accepted as they do not accord to the Council’s Petitions Scheme, in terms of:
- insufficient numbers: - a petition must have the name, address, post code and signature of at least 120 people who are a registered local government electors or resident of North Hertfordshire or own a business in the area; and
  - omission of full details of the petition organiser who should also be a registered local government elector or resident of North Hertfordshire or own a business in the area.

## **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on 18 October 2024.

## **7. BACKGROUND**

- 7.1 The Council’s approved Medium-Term Financial Strategy sets an annual budget assumption that the Council should increase parking fees and charges annually by 2%. It makes it clear that parking charge levels are mainly set to manage demand and are reflective of the cost of alternative parking locations. The last tariff increases were approved by Cabinet in September 2023 and implemented in November 2023. This was a tariff increase for 2023/24.

- 7.2 It was agreed by Full Council following recommendation from Cabinet in September 2024 to postpone the increasing of parking tariffs in 2024/25 financial year. It was agreed in the MTFs for 2025/26 onwards that the 2024/25 and 2025/26 parking tariff increase would be combined and take effect from April 2025, as the Council wished to bring the tariff increases back in line with the Council's budget setting process for the start of the financial year. The implementation of the parking tariff increases over the past few years has been delayed to later in the financial years as a result of the pandemic and enabling local businesses further time to recover from the pandemic and more recently to address the economic pressures being faced more widely with increases in energy prices and overall cost of living.
- 7.3 Bringing the parking tariff increases back in line will enable the Council to set the parking tariff in line with inflation uplift ready for introduction at the start of the new financial year. It is therefore proposed to increase parking tariffs by 4% in April 2025 to cover the 2024/25 and 2025/26 financial years.
- 7.4 The budget estimates for 2025/26 include the expectation that income from parking will increase by 4%. Any variance from this would be reported through the budget monitoring process.
- 7.5 Consideration has also been given in this report to increasing the cost of resident permits, visitor permits, business permits and visitor tickets in resident parking zones by 2% inflation. See section 8.4 below. The last increase was in April 2013 where the subsidy target was met and the resident parking zones were considered to be self-financing.
- 7.6 Paragraph 5.7.30 of the Council's Constitution, states '*it is for cabinet to determine charges for car parking*'. The proposals for car parking tariffs and season ticket increases are set out section 8 below.

## **8. RELEVANT CONSIDERATIONS**

### **8.1 Car Park Tariff Proposals**

- 8.1.1 The parking tariff proposals that were last increased by Cabinet in September 2023 for 2023/24 included:
- increasing the one hour tariff band by 10p across all car parks and rationalising these across short and long stay car parks within each town;
  - increasing the half hour tariff in Knebworth by 10p but retaining the 1-hour tariff;
  - retaining all other tariff bands as per the 2021/22 prices across all car parks whilst rationalising the 5p tariffs across all car parks in response to complaints received from the public about machines not always accepting 5p coins.
  - Retaining the off-peak incentives after 3pm in Hitchin and Royston. In Hitchin this included a flat rate irrespective of whether visitors park for one or more hours after 3pm in the short stay and long stay car parks. In Royston continuing with the 'free after 3pm' incentive currently partly subsidised by an annual contribution from Royston First BID, and previously by the Royston Area Committee and County Councillor Hertfordshire Locality Budgets to the current value of £5 438 from the Royston First BID.
- 8.1.2 The proposed 4% inflationary uplift for 2024/25 is estimated to increase annual income by £76.5k. The actual impact on income from the changes to tariffs will depend on the level of demand for parking. Transaction data from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 has been analysed to estimate the impact of adjusting individual tariffs. Two tariff options were considered and are summarised below.

- 8.1.3 The approach adopted by the Council is to be consistent across all car parks and harmonize tariffs where possible within each town whilst respecting their separate identities.
- 8.1.4 The aim is to set car parking tariffs that support the achievement of modal shift away from private car use in seeking to reduce carbon emissions and supporting more sustainable initiatives as set out in the Council's Climate Change Strategy (2022-2027). The Council is also introducing alternative methods of payment that will enable visitors to stay longer to help support the vitality of town centres. The replacement of the machines will commence mid-February 2025 over a 6 week phased implementation programme starting with Hitchin.

8.1.5 Option 1 – this included:

- (i) Applying a 4% inflationary increase to all tariffs across all council operated car parks in Baldock, Hitchin, Letchworth, Royston and Knebworth rounded up to the nearest 10p with the exception of the free 0-2 hour tariff at the Norton Common car parks in Letchworth to facilitate users of the common and being out of centre car parks, and
- (ii) retaining the after 3pm off-peak incentive in all Hitchin car parks increased by 4% and the free after 3pm off-peak incentive in all Royston car parks, currently partly subsidised by Royston First BID.

This option would just meet the inflationary increase with a 4% increase of around £8,000 additional income.

8.1.6 Option 2 – In summary the following rationale has been applied:

- (i) As per Option 1 above to apply a 4% inflationary increase to all tariffs across all council operated car parks in Baldock, Hitchin, Letchworth, Royston and Knebworth rounded up to the nearest 10p with the exception of the free 0-2 hour tariff at the Norton Common car parks in Letchworth being out of centre car parks. This 4% increase is reflective of general inflation over the 2 year period and is still lower than the inflationary increases on public transport.
- (ii) To increase the on-street tariffs in Market Hill Royston to bring the one-hour tariff in line with the Royston off street car parks and to apply the 4% inflationary increase to the 2 hour tariff.
- (iii) To retain the off-peak (after 3pm) incentive in Hitchin to support the vitality of the town centre, whereby people can choose to stay for 1,2 or 3 hours.
- (iv) To retain an off-peak incentive in Royston with the introduction of a flat rate tariff after 3pm across all car parks including the on-street tariffs in Market Hill. Whilst free parking has been provided via a subsidy from Royston BID and previously by the Royston Area Committee and County Councillors Hertfordshire Locality Budgets since 2012, this subsidy has not had an inflationary increase and is much lower than the lost income/ fair proportion of the car park costs. This has been reviewed to accord with the Council's agreed policy (Sept 2023 Cabinet) to implement subsidy and incentive parking schemes on a break-even approach.

The resolution agreed at September 2023 Cabinet meeting stated:

*“That Cabinet agrees for officers in consultation with the Executive Member and Deputy for Planning and Transport to implement subsidy and incentive parking schemes on a break-even approach on request”*

This would not preclude the Council considering applications from any organisation wishing to subsidise after 3pm parking in any of the Royston car parks, or and similarly in the other towns.

- (v) To introduce a similar off-peak incentive in Letchworth, by proposing a flat rate tariff after 3pm to encourage more visitors to the town centre later in the day and to stay longer. Such an initiative has been requested by Letchworth BID in the past.

The same model has been applied for the off-street incentive across all three towns – where the flat rate after 3pm following the 4% inflationary increase is 10p more than the 1-hour tariff. The proposals are as follows:

- For Hitchin - increasing the at a flat rate of £1.50 in the long stay car parks and £1.70 in the short stay car parks
- For Royston – introducing a £1.00 flat rate across all car parks
- For Letchworth – introducing a flat rate of £1.10 in the Hillshott long stay and the multi-story car park and £1.50 in the Town Hall short stay car park.

- (vi) The off-peak incentive is not proposed for Baldock or Knebworth, given the amount of on-street parking and the low tariff structure within the Baldock long stay car park and the short stay car park in Knebworth being a small car park where parking is a premium and the incentive is to encourage turn over of spaces to support the local high street businesses. Although it is noted that the Parish Council have continued to express their interest in subsidising the half hour tariff on a break even basis, to support short shopping trips for local businesses.

- (vii) The Council had previously chosen not to increase the cost of Season Tickets or Business Permits since 2021 due to the reduction in the take up of these permits with the change in employer habits since the pandemic with more people continuing to work from home and commuting into their office on certain days. This trend appears to be continuing and as a mean of supporting local businesses it is proposed not to increase the cost of season tickets for 2025/26.

8.1.7 This option could exceed the inflationary increase with a 7.7% increase of around £69k additional income. These are estimates based on the data the Council has available, and the proposed flat rate tariff income after 3pm is based on an independent survey undertaken by consultants commissioned by the Council in 2023 of its car parks over a 2-week period. The Council cannot predict visitor behaviour and usage following tariff increases and other associated economic factors, which means this estimated income may not be achieved. The overall income level across all car parks is reviewed for budget setting purposes in line with the Council's Medium-Term Financial Strategy including the potential revenue loss with introducing an off-peak scheme in Letchworth. Any variance would be reported through the Council's budget monitoring process.

8.1.8 Both Options were discussed with the interim Exec Member, and it was agreed that the second Option should be consulted upon particularly with the proposal to introduce a tariff option for the Royston off-peak incentive to accord with the Council's agreed policy to implement subsidy and incentive parking schemes on a break-even approach.

8.1.9 The proposed Tariff changes for Option 2 are presented in Tables 1 to 6 at [Appendix A](#).

8.1.10 [Option 3](#) – is a third option proposed at paragraphs 8.2.11 and 8.2.12 following consideration of the comments received as summarised in section 8.2.

## 8.2 Summary of comments and considerations

8.2.1 The Proposed Parking Tariff Increases were presented at each Area Community Forum meetings during December, where:

- (i) [Baldock](#), [Hitchin](#) and [Letchworth](#) Community Forums – noted the proposals with little discussion.
- (ii) [Royston](#) and Villages Community Forum – some Councillors raised concerns:
  - strongly disagreeing with introducing a charge after 3pm and repercussions this could have for local businesses, and.
  - that one cannot compare Royston to Hitchin and Letchworth as these have shopping centres, Royston is considered to be more aligned with Baldock and consideration should be given to localisation aspect of the car parks and if the proposed charge has to apply to all car parks, with free parking at the Warren for example. This approach could also encourage walking and cycling.

Members of the public at the Forum meeting expressed concerns:

- that by introducing a charge after 3pm could result in people coming from the villages going elsewhere, and
  - this could also lead to increased pavement parking with people seeking to avoid paying the after 3pm charge and if there would be continued enforcement.
- (ii) [Southern Rural](#) Community Forum – members expressed their concerns regarding the proposed tariff increases where in some cases the 10p increase was more than the 4% inflationary increase and such increases may impact on people visiting the towns from the rural villages. The Southern Rural Forum are opposed to any increase to parking charges and would ask the Executive Member to consider granting the first 30 minutes for free.

Notes from each of the Community Forum Meetings are available of the Councils Website via the hyperlinks created in this report at 8.2.1 (i) to (iii) above.

8.2.2 *Knebworth Parish Council* - made no comments on the proposed tariff increases other than to express their wish to proceed with subsidising the 30 minute parking tariff as free parking in the St. Martins Road Car Park.

8.2.3 *Letchworth BID* – having discussed the proposals with the partners such as the Garden Square Shopping Centre and some local businesses their consensus is that they would rather not have the increase but fully understand the budget pressures within the Council and consider 10p to be a modest increase if this were to be implemented. They are supportive of the proposed flat rate tariff after 3pm to support and encourage longer stays providing more opportunities to support local business. The BID expressed an interest in meeting with the Council to discuss subsidising parking costs leading up to the Christmas period.

8.2.4 *Hitchin Bid* - No comments have been received from Hitchin BID – despite being sent a reminder towards the end of the consultation period.

8.2.5 *Royston BID* – Expressed concern on behalf of the local businesses to the proposed tariff increases and particularly the introduction of a flat rate tariff after 3pm of £1 in Royston as having an impact on their trading, especially at a time of an uncertain economic climate. Both the Interim Executive Member and officers met with the BID to further discuss the proposals and having received further information on the proposals the BID have responded that if the Cabinet were minded to proceed with the proposals, then suggesting starting with a 50p rate from 3pm onwards in all car parks to replace current free after 3pm scheme. The BID considers this to a sensible starting point to test the impact rather than going straight to £1 and that Royston First BID will also contribute some income towards the cost to subsidise parking.

8.2.6 *Royston Town Council* – The proposed tariffs were discussed at their meeting on 20<sup>th</sup> January, and they have asked for further information regarding what the costs would be to keep the Free after 3pm parking in Royston, stating that the Town Council currently subsidise the Free after 3 arrangements through the loss of income in its two car parks, Angel Pavement and Market Place. The information has been provided to the Town Council who have responded further by stating that it is not possible for the Council to submit a response in time for the report to Cabinet as such matters will need to be considered by their Full Council or their Finance Committee which would not be meeting until 24<sup>th</sup> February or if the commitment is in excess of £15,000 this would need to go to their Full Council scheduled for 17<sup>th</sup> March 2025 in line with their Council's Financial Regulations. Officers have requested interim comments and offered a meeting with the Town Council. The Royston Town Council have also advised that at their Town Council meeting on 27<sup>th</sup> January 2025 they resolved to budget £20k towards the free after 3 scheme for the new financial year and have requested a meeting is held between North Herts, Royston First BID and the Town Council to discuss whether there is any possibility of the Free after three scheme being retained through agreeing the required level of subsidy. Officers will arrange a meeting as requested and any further updates will be verbally presented at the Cabinet meeting.

8.2.7 As stated in para 5.3 above some 142 comments were received to the proposed tariff increases, these were predominantly from the Royston area raising strong concerns and objections to the proposals and in particular to the removal of the free after 3pm scheme with the introduction of a flat rate tariff. These comprise 139 responses from the general public including local business (14 responses), local residents and/or visitors to Royston (122 responses), two from Royston Cllr Matt Barns and County Cllr Fiona Hill, and one from St. Mary's Catholic Primary School in Royston. The remaining 3 responses were general comments, with some raising concern about proposal to introduce Sunday and Evening Charging, which is not the subject of this report. Below is a summary of the key concerns:

- Free parking assists small businesses for quick pick up by customers, where retailers have already taken a hit with the scrapping of the high street free parking.
- Concern with the removal of free parking after 3pm will discourage other small independent traders from opening in the high street.
- The high street in Royston is frail financially and businesses value the support of local residents, families and visitors after 3pm and after school who boost the local businesses where there is a small but noticeable increase in daily takings after 3pm
- Concern that the proposed after 3pm tariff is to subsidise the reduced parking cost in Letchworth after 3pm and the Council needs to understand that Royston is a different centre to Letchworth and Hitchin and is more aligned with Buntingford, where tariffs are free for 1.5 hours before 3pm, free after 3pm and free all day weekends.



- Concern that those people that come after 3pm will stop coming to the town and may go elsewhere. The free after 3pm scheme should be retained to encourage shoppers, and it is hoped the Royston First BID will continue to subsidise the scheme.
- Concern that the removal of Free after 3pm scheme will further impact local businesses already struggling as customers will get annoyed with parking charges and go elsewhere.
- The footfall after 3pm is much more in the town centre and this will decrease impacting local businesses, also concern that elderly residents and families with kids who come after school would no longer visit the town centre.
- Many customers come from villages by car as the bus services are limited and concern that people will stop coming to the town to shop or run errands.
- While it is understood that the Council needs to balance its books, the well being of its community, residents and businesses need to be brought into the equation in the current economic climate with small businesses faced with increasing costs.
- The high street is already having to compete with out-of-town shopping with free parking, the removal of the free parking after 3pm will have a detrimental impact on local businesses and harm the town's economy and would like to see the Council supporting local businesses instead by retaining the current levels of charging and free parking hours.
- Challenge the statement in the consultation documentation that by introducing charges after 3pm could even out visitor patronage through the day, as strongly of the view that those people that chose to come after 3pm will be discouraged from coming at all and will go elsewhere rather than visit the town during other times as the day.
- There are already a number of vacant units in the high street and increased parking fees will deter other businesses from investing in the town and the Council should be focusing on measures that actively encourage footfall and directly support local businesses.
- The proposed general tariff increases will also impact town centre employees who use the long stay car parks.
- It is important that an appropriate shopping policy is considered to try and increase the footfall and investment in the town centre to give the area a better shopping experience and once this has been achieved then this proposal to increase parking tariffs and introduce a tariff after 3pm could be considered.
- Concern that the high street not only provides shops but also a central hub for the community which could be impacted with increasing tariffs and removing the free after 3pm scheme.
- General concern about the negative impact for traders and businesses as people will no longer be prepared to pay to park after 3pm and will go elsewhere or make purchases online with the fear that some small independent shops may end up closing down.
- Concern from St.Mary's Primary School which has limited parking facilities and where parents are encouraged to make use of the benefits of the free after 3pm scheme at the Town Hall/Civic Centre car park after for school pick up that by removing this provision will likely result in increased congestion in the school car park, posing a safety risk to children due to a heightened volume of traffic, and traffic build up on the A10 as vehicles queue to access the school during peak times.

A Copy of all comments received as summarised at 8.2.7 above are included in Appendix C attached.

- 8.2.8 A number of comments received were also in relation to concerns about introducing Sunday and evening charging and the potential negative impacts on the town centre and visitors to the church, which is the subject of revenue efficiency option proposal in the financial budget setting process to be considered by Full Council on 27 February and is therefore not considered as part of this report.
- 8.2.9 The rationale for the proposed tariff changes is set out under Option Two at para 8.1.5 above. It is to be noted that it was not the intention of the Council to directly fund the after 3pm arrangements in Royston, the position was that various organisations would subsidise this cost, and while it is noted that both County Councillors and former Royston Area Committee contributed to the scheme the Council has forfeited a substantial amount of revenue over the last 12 years, with actual usage not being clearly monitored as people have not been required to display a parking ticket after 3pm, and the current subsidy payments not being increased with inflation over the last 12 years. A tariff needs to be set in order to meet the Council policy to implement subsidy and incentive parking schemes on a break-even approach on request. This would not preclude the Council considering applications from any organisation wishing to subsidise after 3pm parking in any of the Royston car parks, or and similarly in the other towns.
- 8.2.10 However in light of the number of responses and concerns raised over the proposed £1 flat rate tariff increase after 3pm in Royston it is suggested that Cabinet considers the option of introducing a 50p flat rate in Royston which is monitored to assess the impact on the town centre in terms of potential footfall and phased over a period of time to accord with the model approach to be adopted across all towns as set out in paragraph 8.1.6 (v) above.
- 8.2.11 This option, i.e. Option 3 is as per Option 2 above but with a proposed 50p flat rate tariff in Royston after 3pm will result in less income to the Council over the period. This could still result in an increase in potential income of circa £35k (i.e. 5.9%) for 2025/26 with the health warning that these are estimates based on the data the Council has available as outlined in para 8.1.7 above. It is recognised from previous tariff increases that there may be a reduction in parking sessions in the range of 10 - 20% depending on the size of the tariff increase and the time of year when the charges are introduced. It is anticipated that the number of sessions will grow and stabilise within 3 to 6 months.
- 8.2.12 The Option 3 tariff proposals for Cabinet's consideration are set out in Tables 1 to 6 at Appendix B, with Table 5 and Table 6 being amended to reflect the 50p flat rate tariff proposal in Royston car parks and on-street. Tables 1 to 4 for the other towns and Knebworth are as per Appendix A (Option 2).
- 8.3 *Other incentives to support vitality of the town centres*
- 8.3.1 It is to be noted that the Council is considering other measures to support its town centres through the replacement of the new parking machines which will include:
- a ticketless system – i.e. where visitors will no longer need to display a ticket in their car windscreen thereby allowing for an onward journey into the town centres but will require' registration of their parking session on arrival; and

- the introduction of a pay on exit/post payment scheme - enabling visitors to stay for longer up to the maximum period of stay per car park, thereby supporting local businesses. This is where people will be able to use contactless payment method to 'Check In' (use their contactless card at the parking machine) at the start of their parking session and then 'Check Out' (again by 'tapping' their contactless card) at the end using the same payment card. It is to be noted that visitors will be charged the maximum period of stay for that car park if they do not 'Check Out'. This is due to the current configuration of the software in the new machines. Officers are however in discussion with its supplier who are investigating other forms of charging customers if they arrive towards the end of the day and forget to Check out, which could be less than the maximum stay. This is under review and unlikely to be in place by the time the new machines are installed.

8.3.2 Reviewing the Town Centres Strategies to encourage a mix of town centre uses in the high street by retaining retail uses and enhancing the provision of leisure and other uses, such as food and beverage; introducing less restrictive policies that control the mix of town centre uses, within the primary shopping area by allowing for more flexibility within the commercial, business and service sectors; and by improving the public realm and open/public spaces as a means of encouraging investment and visitors to the town centres thereby supporting their vitality and making them interesting places to visit, work and live.

8.4 Resident Parking Zones.

8.4.1 Following discussion with the interim Executive Member for Planning & Transport it is proposed to increase resident, business or visitor permits and visitor ticket books for each of the Council's resident permit parking zones across the district for 2025/26 by 2%. While the Council has managed to break even and on target with its resident permit scheme, consideration also needs to be given to other inflationary costs associated with operating the Parking Enforcement Service and the ongoing maintenance costs associated with respective on-street regulations, i.e. refreshing road markings and replacing signs. Hence the proposal to increase the price for permits in resident parking zones is set out in the Table at 8.4.2 below rounded to the nearest £1/50p.

8.4.2 Resident Permit Parking Zones: Proposed increases for 2025/26

Permit Type	Current Permit Prices in 2024/25		Proposed Permit Prices for 2025/26	
	6 months	12 months	6 months	12 months
Resident Permit	£42.00	£84.00	<b>£43</b>	<b>£86</b>
Visitor Permit	£42.00	£84.00	<b>£43</b>	<b>£86</b>
Business Permit	£42.00	£84.00	<b>£43</b>	<b>£86</b>
Visitor Tickets	£12.00 per book		<b>£12.50 per book</b>	

8.5 Parking Charges for Electric Vehicle Charging Bays

8.5.1 There is an increasing demand in which to introduce more Electric Vehicle Charging Point (EVCP) infrastructure across the district to meet the Governments targets and to Councils Climate Change Strategy.

8.5.2 There is an action within the Council's Climate change Action Plan which states: *'Exploring the possibility of making it cheaper for zero emission vehicles to use Council car parks'*,

8.5.3 At present visitors who use the EV bays can park without having to pay for a parking session within the Council's car parks, and given the Council in looking to replace the existing 10 publicly available EVCP and install an additional 26 charge points across its car parks as part of the 1<sup>st</sup> phase of its EV Strategy before the end of March 2025, and this number is expected to increase as more funding opportunities become available. This potentially will result in loss income to the Council and its future funding requirements in the on-going management and maintenance of its car parks, and Cabinet at its meeting in Sept 2023 agreed *to the policy of customers paying for parking sessions whilst parked within electric vehicle charging bays*

8.5.4 In order to promote and monitor the usage of the EV bays it is suggested that consideration to the introduction of charging for a parking session in the clearly marked designated only EV bays while charging is introduced later in the financial year 2025/26 , in addition to the customer paying to charge their EV. This will enable officers to monitor usage of the bays and as demand increases to come to an informed view in discussion with the Service Director – Regulatory and the Exec Member for Planning & Transport to consider the introduction of parking charges.

8.5.5 It is suggested that other options could be considered as part of the permit parking project to offer discounts for EV vehicles which would accord with the Council's action at para 8.5.2 above.

## 8.6 Officer summary

8.6.1 This report to Cabinet is concerned with presenting a tariff structure that seeks to manage car park usage and reflect inflationary cost pressures as determined by the budget estimates for 2025/2026 and its implementation as soon as possible in the 2025/26 financial year. Following discussion with the Interim Executive Member for Planning and Transport, and in light of the number of comments received and strong concerns raised opposing the Royston proposed flat rate tariff after 3pm, it is the officer recommendation that Cabinet consider and agree the tariff increases as proposed at *Option 3*. These proposed tariff increases are set out in Tables 1 to 6 for each town at Appendix B attached to this report.

8.5.2 This report also:

- (i) proposes a 2% inflationary increase to resident, visitor and business permits and visitor tickets in residential parking zones taking into consideration the last increase was in 2013 and other inflationary costs associated with operating the Parking Enforcement Service and the ongoing maintenance costs associated with the respective on-street regulations within the resident permit zones needs to be considered as having an on-going impact on the council's revenue budget;
- (ii) proposes not to increase the cost of Season Tickets within the Council's long stay car parks in Hitchin, Letchworth and Royston or Business Permits within St. Martins Road Car Park in Knebworth for 2025/26 as a means of supporting local businesses;
- (iii) proposes introducing car park charging sessions within EV Parking Bays within the Council operated car parks towards the end of the 2025/26 financial year in order to address future demand and potential impacts on the Councils income stream in managing its car parks; and

- (iv) seeks to inform the Cabinet that customers will be charged the maximum number of hours for that car park if they do not Check Out to complete payment of their parking session, as restricted by the software.

Following discussion with the Interim Executive Member it is the officer recommendation that Cabinet consider and agree these further proposals.

## **9. LEGAL IMPLICATIONS**

- 9.1 Under the Terms of Reference for Cabinet, paragraph 5.7.30 of the Council's Constitution states that the Cabinet should by way of resolution determine charges for car parking.
- 9.2 The proposed tariff changes and proposed increase in resident, visitor and business permits and visitor tickets in residential parking zones will be required to be published as a Notice of Variation to the respective North Hertfordshire District Council (Off-Street Parking Places) Orders and to the North Hertfordshire District Council 2023 On-street Consolidate Order in the local papers in compliance with the Road Traffic Regulation Act 1984 and the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996. Such Notice of Variation will give a minimum of 21 days' notice of when the new parking tariffs and permit increases for the resident permit zones will be implemented. Site notices will be displayed in all affected car parks and on street.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The budget forecast for 2025/26, includes estimated additional income from inflation to the Council of £76.5k for pay-as-you-use tariffs and £7.2 for season tickets (this is made up of the 2% increase for 2024/25 as well as 2% for 2025/26). This is for modelling purposes and the actual increase is considered each year.
- 10.2 The approach taken, and assumptions made in estimating the financial impact of the proposed pay-as-you-use tariff structure, as laid out in Tables 1 to 6 at Appendix A and B, are explained in the body of this report. While the actual impact on parking activity from the proposed tariff structure is unknown, particularly with the recovery from the pandemic and the impact of the increases in the overall cost of living on our car parks, the income estimates derived are based on the usage figures from April 2023 to March 2024 and independent survey data for the proposed Royston off-peak incentive scheme have been adjusted to reflect the income expectation in relation parking charges within the approved budget for 2025/26.
- 10.3 The intended proposed off-street incentive scheme to be considered across Hitchin, Letchworth and Royston as outlined in para 8.1.6 (v) above, together with the 4% inflationary increase across all tariffs could result in a further income stream of circa £69k under Option 2 or circa £35k under Option 3. (both on top of the assumed inflation). These increases reflect removing the previous shortfall. Both Royston First BID and Royston Town Council and Knebworth Parish Council have expressed an interest in subsidising parking tariffs within their areas.
- 10.4 The Royston Town Council have advised that at their Town Council meeting on 27<sup>th</sup> January 2025 they resolved to budget £20k towards the free after 3 scheme for the new financial year and have requested a meeting is held between North Herts, Royston First BID and the Town Council to discuss whether there is any possibility of the Free after three scheme being retained through agreeing the required level of subsidy. This is an

option the Council would consider under its agreed policy to implement subsidy and incentive parking schemes on a break-even approach.

- 10.5 Once the new parking tariffs are introduced Knebworth Parish Council will subsidise the 30min free parking tariff option at St. Martins Road Car Park. This will be a contribution of circa £2,750 and will be reviewed annually together with inflationary increases and usage data as visitors will be required to register their parking session.
- 10.6 There is a budget set-aside for the cost of implementing the proposed tariff increases including publishing the notices, advertising the increased car parking tariffs in the local press, amending tariff boards and making adjustments to the car park payment machines.

## **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 risks to car parking income have been considered as part of the assessment. The recommendations have been made whilst acknowledging that there is a financial risk that the review of tariff structure might not produce the estimated income and could result in downward trend in parking sales. The off-peak parking incentive will be monitored through the number of parking session registered under the alternative payment options available with the new parking machines, thereby providing the Council with more reliable data base.
- 11.3 Car parking usage and income and the sale of Season tickets permits within resident parking zones is continually monitored throughout the year, including as part of the regular revenue monitoring reports.
- 11.4 There is also a risk that there may be a negative public reaction to the agreed recommendations, which should be managed by the timely communication of any changes and the reasoning behind them.

## **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 issues arising from this report. There is a range of charging/payment options which will still remain available to cater for the widest needs of local car park users, together with the continued option for organisations to subsidise tariffs to support local businesses and visitors to the town centre. The realignment of the tariffs seeks to improve turnover and usage throughout day thereby supporting the town centre businesses and benefit the economy of North Hertfordshire. The proposed increases for resident permits, visitor permits, business permits or visitor tickets for resident parking zones is a nominal increase and allows for the ongoing management and maintenance of resident permit zones. Season tickets in long stay car parks are to remain the same thereby supporting local businesses.

### **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at Paragraph 12.

### **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1 The NHDC parking strategy seeks to minimise environmental impacts where possible in regard to on-street and off-street parking. As noted at paragraph 3.1 there may be further reduction in car travel with the implementation of the parking tariffs thereby encouraging people to other forms of sustainable travel into the town centres.

### **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 There are no new human resource implications arising from the contents of this report. Officers will be responsible for implementing the new tariffs, undertaking the necessary amendments to the Traffic Regulation Orders, and monitoring the potential impacts of the off-peak incentive scheme in Letchworth and Royston.

### **16. APPENDICES**

- 16.1 Appendix A: Proposed 2025/2026 Parking Tariff Changes for NHC Off-Street Managed Car Parks (Option 2)
- 16.2 Appendix B: Proposed Revised 2025/2026 Parking Tariff Changes for NHC Off-Street Managed Car Parks (Option 3)
- 16.3 Appendix C: December 2024 Consultation: - Full copy of responses received to Proposed Parking Tariff Changes for 2025/26.

### **17. CONTACT OFFICERS**

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## **18. BACKGROUND PAPERS**

- 18.1 North Hertfordshire District Council Parking Strategy 2019 - 2031(adopted January 2019)  
<https://www.north-herts.gov.uk/home/parking/parking-strategy>
- 18.2 [Cabinet Report 19 Sept 2023](#) – Proposed Off-Street Parking Tariffs for 2023/24 Item Ref: 212
- 18.3 Appendix A – North Herts Council Climate Change Strategy: Proposed Actions 2021-2026 (adopted March 2021) [NHDC-294 NHDC Climate change Strategy 21-26 Appendix A.pdf \(north-herts.gov.uk\)](#)



**Appendix A: Proposed Parking Tariff Increases for 2025/26 (Option 2)**

**(Consultation December 2024)**

The Proposals include:

- Inflationary uplift of all tariffs in Hitchin, Letchworth, Baldock, Knebworth and Royston car parks by 4% rounded up to the nearest 10p, except the free 0-2 hour tariff at Norton Common car parks, to cover the 2024/25 and 2025/26 financial years;
- Introduce flat rate £1.00 Tariff at Royston Car Parks after 3pm; and
- Introduce a £1.10 or a £1.50 flat rate tariff after 3pm in Letchworth Town Centre Car Parks.

**TABLE 1: HITCHIN CAR PARKS**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
<b>Bancroft</b> (long stay)	<b>Standard Tariff</b>	1	£1.30	£1.40
		2	£2.40	£2.50
		3	£3.10	£3.20
		All Day	£5.20	£5.30
	<b>Post 3pm Tariff</b>	1	£1.40	£1.50
		2	£1.40	£1.50
		3	£1.40	£1.50
<hr/>				
<b>Biggin Lane</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
		3	£1.60	£1.70
<hr/>				
<b>Christchurch</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
		3	£1.60	£1.70
<hr/>				
<b>Lairage MSCP</b> (long stay)	<b>Standard Tariff</b>	1	£1.30	£1.40
		2	£1.30	£1.40
		3	£2.30	£2.40
		All Day	£4.60	£4.70
	<b>Post 3pm Tariff</b>	1	£1.40	£1.50
		2	£1.40	£1.50
		3	£1.40	£1.50

Car Park		Duration / hours	Current Tariff	Proposed Tariff
<b>Portmill East</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
3		£1.60	£1.70	
<b>Portmill West</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
3		£1.60	£1.70	
<b>St Mary's Square</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
3		£1.60	£1.70	
<b>Woodside</b> (long stay)	<b>Standard Tariff</b>	1	£1.30	£1.40
		2	£2.40	£2.50
		3	£3.10	£3.20
		All Day	£5.20	£5.30
	<b>Post 3pm Tariff</b>	1	£1.40	£1.50
		2	£1.40	£1.50
3		£1.40	£1.50	

**TABLE 2: LETCHWORTH CAR PARKS**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
<b>Hillshott</b> (long stay)	<b>Standard Tariff</b>	1	£0.90	£1.00
		2	£1.60	£1.70
		3	£2.50	£2.60
		All Day	£5.00	£5.10
	<b>Post 3pm Tariff</b>	1	£0.90	£1.10
		2	£1.60	£1.10
		3	£2.50	£1.10
<b>LMSCP Short Stay</b>	<b>Standard Tariff</b>	1	£0.90	£1.00
		2	£1.60	£1.70
		3	£2.50	£2.60
		4	£4.60	£4.70
	<b>Post 3pm Tariff</b>	1	£0.90	£1.10
		2	£1.60	£1.10
		3	£2.50	£1.10
		4	£4.60	£1.10
<b>LMSCP Long Stay</b>	<b>Standard Tariff</b>	1	£0.90	£1.00
		2	£1.60	£1.70
		3	£2.50	£2.60
		All Day	£5.00	£5.10
	<b>Post 3pm Tariff</b>	1	£0.90	£1.10
		2	£1.60	£1.10
		3	£2.50	£1.10
<b>Letchworth Town Hall</b> (short stay)	<b>Standard Tariff</b>	1	£1.30	£1.40
		2	£2.00	£2.10
		3	£3.30	£3.40
		4	£5.00	£5.10
	<b>Post 3pm Tariff</b>	1	£1.30	£1.50
		2	£2.00	£1.50
		3	£3.30	£1.50
		4	£5.00	£1.50

Car Park		Duration / hours	Current Tariff	Proposed Tariff
Norton Common Bowling Club	Standard Tariff	2	£0.00	£0.00
		4	£1.80	£1.90
		Max stay 5	£4.90	£5.00
Norton Common Swimming Pool	Standard Tariff	2	£0.00	£0.00
		4	£1.80	£1.90
		Max stay 5	£4.90	£5.00

**TABLE 3: BALDOCK CAR PARK**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
The Twitchell (long stay)	Standard Tariff	3	£1.30	£1.40
		All Day	£1.70	£1.80

**TABLE 4: KNEBWORTH CAR PARK**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
St Martin's Road (short stay except business permit holders)	Standard Tariff	30 Mins	£0.40	£0.50
		1	£0.70	£0.80
		2	£1.50	£1.60
		3	£2.10	£2.20
		Max Stay 4	£4.30	£4.40

**TABLE 5 ROYSTON CAR PARKS**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
<b>Angel Pavement</b> (short stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£1.60	£1.70
		3	£3.90	£4.00
	<b>Post 3pm Tariff</b>	1	£0.00	£1.00
		2	£0.00	£1.00
		3	£0.00	£1.00
<b>Civic Centre</b> (long stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£0.90	£1.00
		3	£1.20	£1.30
		All Day	£3.50	£3.60
	<b>Post 3pm Tariff</b>	1	£0.00	£1.00
		2	£0.00	£1.00
		3	£0.00	£1.00
<b>Market Place</b> (short stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£1.60	£1.70
		3	£3.90	£4.00
	<b>Post 3pm Tariff</b>	1	£0.00	£1.00
		2	£0.00	£1.00
		3	£0.00	£1.00
<b>Princes Mews</b> (operates mostly as a short stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£1.60	£1.70
		3	£5.00	£5.10
		All Day	£7.70	£7.80
	<b>Post 3pm Tariff</b>	1	£0.00	£1.00
		2	£0.00	£1.00
		3	£0.00	£1.00
<b>Priory Gardens</b> (short stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£1.60	£1.70
		3	£3.90	£4.00
	<b>Post 3pm Tariff</b>	1	£0.00	£1.00
		2	£0.00	£1.00
		3	£0.00	£1.00

Car Park		Duration / hours	Current Tariff	Proposed Tariff
The Warren (long stay)	Standard Tariff	1	£0.80	£0.90
		2	£1.40	£1.50
		3	£1.90	£2.00
		All Day	£4.00	£4.10
	Post 3pm Tariff	1	£0.00	£1.00
		2	£0.00	£1.00
3		£0.00	£1.00	

**TABLE 6: ROYSTON ON-STREET PARKING CHARGES**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
Market Hill (short stay)	Standard Tariff	1	£0.50	£0.90
		2	£1.00	£1.10
	Post 3pm Tariff	1	£0.00	£1.00
		2	£0.00	£1.00
		3	£0.00	£1.00

**Appendix B: Revised Proposed Parking Tariff Increases for 2025/26**

**(Option 3)**

The Proposals include:

- Inflationary uplift of all tariffs in Hitchin, Letchworth, Baldock, Knebworth and Royston car parks by 4% rounded up to the nearest 10p, except the free 0-2 hour tariff at Norton Common car parks, to cover the 2024/25 and 2025/26 financial years;
- Introduce flat rate £0.50 Tariff at Royston Car Parks after 3pm; and
- Introduce a £1.10 or a £1.50 flat rate tariff after 3pm in Letchworth Town Centre Car Parks.

**TABLE 1: HITCHIN CAR PARKS**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
<b>Bancroft</b> (long stay)	<b>Standard Tariff</b>	1	£1.30	£1.40
		2	£2.40	£2.50
		3	£3.10	£3.20
		All Day	£5.20	£5.30
	<b>Post 3pm Tariff</b>	1	£1.40	£1.50
		2	£1.40	£1.50
		3	£1.40	£1.50
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<b>Biggin Lane</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
		3	£1.60	£1.70
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<b>Christchurch</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
		3	£1.60	£1.70
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<b>Lairage MSCP</b> (long stay)	<b>Standard Tariff</b>	1	£1.30	£1.40
		2	£1.30	£1.40
		3	£2.30	£2.40
		All Day	£4.60	£4.70
	<b>Post 3pm Tariff</b>	1	£1.40	£1.50
		2	£1.40	£1.50
		3	£1.40	£1.50

Car Park		Duration / hours	Current Tariff	Proposed Tariff
<b>Portmill East</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
3		£1.60	£1.70	
<b>Portmill West</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
3		£1.60	£1.70	
<b>St Mary's Square</b> (short stay)	<b>Standard Tariff</b>	1	£1.50	£1.60
		2	£2.60	£2.70
		3	£4.20	£4.30
		4	£5.70	£5.80
	<b>Post 3pm Tariff</b>	1	£1.60	£1.70
		2	£1.60	£1.70
3		£1.60	£1.70	
<b>Woodside</b> (long stay)	<b>Standard Tariff</b>	1	£1.30	£1.40
		2	£2.40	£2.50
		3	£3.10	£3.20
		All Day	£5.20	£5.30
	<b>Post 3pm Tariff</b>	1	£1.40	£1.50
		2	£1.40	£1.50
3		£1.40	£1.50	



**TABLE 2: LETCHWORTH CAR PARKS**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
<b>Hillshott</b> (long stay)	<b>Standard Tariff</b>	1	£0.90	£1.00
		2	£1.60	£1.70
		3	£2.50	£2.60
		All Day	£5.00	£5.10
	<b>Post 3pm Tariff</b>	1	£0.90	£1.10
		2	£1.60	£1.10
3		£2.50	£1.10	
<b>LMSCP Short Stay</b>	<b>Standard Tariff</b>	1	£0.90	£1.00
		2	£1.60	£1.70
		3	£2.50	£2.60
		4	£4.60	£4.70
	<b>Post 3pm Tariff</b>	1	£0.90	£1.10
		2	£1.60	£1.10
		3	£2.50	£1.10
		4	£4.60	£1.10
<b>LMSCP Long Stay</b>	<b>Standard Tariff</b>	1	£0.90	£1.00
		2	£1.60	£1.70
		3	£2.50	£2.60
		All Day	£5.00	£5.10
	<b>Post 3pm Tariff</b>	1	£0.90	£1.10
		2	£1.60	£1.10
		3	£2.50	£1.10
<b>Letchworth Town Hall</b> (short stay)	<b>Standard Tariff</b>	1	£1.30	£1.40
		2	£2.00	£2.10
		3	£3.30	£3.40
		4	£5.00	£5.10
	<b>Post 3pm Tariff</b>	1	£1.30	£1.50
		2	£2.00	£1.50
		3	£3.30	£1.50
		4	£5.00	£1.50

Car Park		Duration / hours	Current Tariff	Proposed Tariff
Norton Common Bowling Club	Standard Tariff	2	£0.00	£0.00
		4	£1.80	£1.90
		Max stay 5	£4.90	£5.00
Norton Common Swimming Pool	Standard Tariff	2	£0.00	£0.00
		4	£1.80	£1.90
		Max stay 5	£4.90	£5.00

**TABLE 3: BALDOCK CAR PARK**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
The Twitchell (long stay)	Standard Tariff	3	£1.30	£1.40
		All Day	£1.70	£1.80

**TABLE 4: KNEBWORTH CAR PARK**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
St Martin's Road (short stay except business permit holders)	Standard Tariff	30 Mins	£0.40	£0.50
		1	£0.70	£0.80
		2	£1.50	£1.60
		3	£2.10	£2.20
		Max Stay 4	£4.30	£4.40

**TABLE 5: ROYSTON CAR PARKS**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
<b>Angel Pavement</b> (short stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£1.60	£1.70
		3	£3.90	£4.00
	<b>Post 3pm Tariff</b>	1	£0.00	£0.50
		2	£0.00	£0.50
		3	£0.00	£0.50
<b>Civic Centre</b> (long stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£0.90	£1.00
		3	£1.20	£1.30
		All Day	£3.50	£3.60
	<b>Post 3pm Tariff</b>	1	£0.00	£0.50
		2	£0.00	£0.50
		3	£0.00	£0.50
<b>Market Place</b> (short stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£1.60	£1.70
		3	£3.90	£4.00
	<b>Post 3pm Tariff</b>	1	£0.00	£0.50
		2	£0.00	£0.50
		3	£0.00	£0.50
<b>Princes Mews</b> (operates mostly as a short stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£1.60	£1.70
		3	£5.00	£5.10
		All Day	£7.70	£7.80
	<b>Post 3pm Tariff</b>	1	£0.00	£0.50
		2	£0.00	£0.50
		3	£0.00	£0.50
<b>Priory Gardens</b> (short stay)	<b>Standard Tariff</b>	1	£0.80	£0.90
		2	£1.60	£1.70
		3	£3.90	£4.00
	<b>Post 3pm Tariff</b>	1	£0.00	£0.50
		2	£0.00	£0.50
		3	£0.00	£0.50

Car Park		Duration / hours	Current Tariff	Proposed Tariff
The Warren (long stay)	Standard Tariff	1	£0.80	£0.90
		2	£1.40	£1.50
		3	£1.90	£2.00
		All Day	£4.00	£4.10
	Post 3pm Tariff	1	£0.00	£0.50
		2	£0.00	£0.50
3		£0.00	£0.50	

**TABLE 6: ROYSTON ON-STREET PARKING CHARGES**

Car Park		Duration / hours	Current Tariff	Proposed Tariff
Market Hill (short stay)	Standard Tariff	1	£0.50	£0.90
		2	£1.00	£1.10
	Post 3pm Tariff	1	£0.00	£0.50
		2	£0.00	£0.50
		3	£0.00	£0.50

**PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: BUDGET 2025/26 (REVENUE BUDGET AND INVESTMENT STRATEGY)**

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: SUSTAINABILITY

**1. EXECUTIVE SUMMARY**

1.1. Cabinet recommends a budget for 2025/26 to Council for their consideration and approval. The budget considers the following:

- The funding that the Council should expect to receive in 2025/26 and an estimate of future years funding.
- The forecast net spend required to enable the continued delivery of the Council services in 2025/26 and beyond.
- Choices to support the delivery of a balanced budget in the medium-term.
- Choices on spend that are aligned to the Council Plan.
- Capital budget proposals and the revenue costs of capital of those proposals.
- The risks in relation to the budget (e.g. higher spend or lower income) and providing reasonable financial protection against those risks.
- The implications of all the above on future years and ensuring that actions are in place to deliver a balanced budget in the medium term.
- Strategy for the investment of surplus cash and approach to future borrowing.

**2. RECOMMENDATIONS**

That Cabinet recommends to Council that it:

- 2.1. Notes the position on the Collection Fund and how it will be funded.
- 2.2. Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £2.6 million is recommended.
- 2.3. Notes the net revenue savings that are likely to be required in future years, combined with the Chief Finance Officer's section 25 report (Appendix D) which provides a commentary on the risks and reliability of estimates contained in the budget.
- 2.4. Approves the revenue savings and investments as detailed in Appendix B.
- 2.5. Approves the capital programme as detailed in Appendix C.
- 2.6. Approves a net expenditure budget of £22.792m, as detailed in Appendix E.
- 2.7. Approves a Council Tax increase of 2.99%, which is in line with the provisions in the Medium Term Financial Strategy.

- 2.8. Approves the Investment Strategy as detailed in Appendix F.
- 2.9. Approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.32 to 8.35).

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

- 3.1. To ensure that all relevant factors are considered in arriving at a budget (revenue and capital) and Council Tax level for 2025/26. To ensure that the budget is aligned to Council priorities for 2024-28 as set out in the Council Plan.
- 3.2. The Council's Investment Strategy is set to comply with relevant statutory guidance, including the CIPFA Prudential Code. The Strategy also sets out the Council's approach to risks in relation to the investment of surplus cash.

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

- 4.1. In seeking to address the funding gap detailed in the Council's Medium Term Financial Strategy for 2025-30, Political Groups and Officers have been asked for savings (reductions in costs and additional income) ideas and these are included in appendix B to this report.
- 4.2. The budget is based on the use of reserves to allow time for us to get greater certainty over our medium-term funding and carry out public consultation on our spend priorities. An alternative approach would be to seek to make savings more quickly and retain those reserves from any options for one-off investment in the district. However, that strategy would need to be focused on reductions in service levels and/ or further increases to fees and charges.
- 4.3. Investments will generally be a combination of cost pressures to deliver existing services and new spend that is linked to the delivery of priorities identified within the Council Plan. Given the overall budget position, any ongoing investments should only be where there are unavoidable cost pressures (e.g. delivery of statutory services).
- 4.4. Capital spend is a combination of necessary expenditure to maintain and improve Council assets (to allow the continued delivery of services) and choices over investment in our communities and delivery of our priorities. From the decision at the Council meeting on 15<sup>th</sup> January 2025 investment towards decarbonisation is a priority for the Council. However, there is an option to only focus on necessary capital works. This would reduce capital spend and therefore also reduce the revenue impacts of capital spend.
- 4.5. The Council could take a different (but still compliant) approach to the investment of surplus cash. The proposed approach is considered to be a reasonable balance of risk with the generation of investment yield.

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

- 5.1. All Councillors were given an opportunity to comment on the revenue efficiency, revenue investment and capital proposals at the budget workshops.
- 5.2. Business Ratepayers will be consulted on the proposals within this report before the budget is discussed at Full Council on 27 February. Any feedback will be made available at the Council meeting. This is the only statutory consultation that is required. This consultation will be via the website/ e-mail, which is the method that has now been established.

- 5.3. If any saving proposal is anticipated to have a particular impact on a specific area (or areas) then it would be referred to the relevant Community Forum(s). The proposal for parking charges will be subject to consultation, including the Community Forums.
- 5.4. The Finance, Audit and Risk Committee review this budget report which allows them to comment on the governance of the budget setting process, the risks within the budget and the robustness of estimates and assumptions. At their meeting in January they recommended that Cabinet (and Council) should be provided with additional information on the revenue investment proposals, detailing whether they related to a statutory service and the implications of not providing the investment funding. This detail is attached at Appendix G.

## **6. FORWARD PLAN**

- 6.1 This report does not contain a recommendation on a key Executive decision. It was referred to in the Forward Plan published on 18 October 2024 as the updated revenue monitoring can identify variances that are reported to Cabinet and are key decisions. However (as detailed in paragraph 8.19) no variances have been identified.

## **7. BACKGROUND**

- 7.1. The Medium Term Financial Strategy (MTFS), which provides the financial background for the Corporate Business Planning Process, was approved by Council in September following recommendation by Cabinet (and review by the Finance, Audit and Risk Committee). The budget estimates within the MTFS included a number of assumptions. These have been updated as better information has become available. This final budget still contains some assumptions, hence monitoring reports are provided to Cabinet on a quarterly basis.
- 7.2. Political groups were given the opportunity to comment on the initial budget proposals (put forward by Officers and Executive Members) in early November. The feedback from those discussions was presented to Cabinet in January, which has resulted in the proposals contained within this report.

## **8. RELEVANT CONSIDERATIONS**

### **Decisions made to deliver Council services and priorities**

- 8.1 The Council's Medium Term Financial Strategy (MTFS) did not set a specific target for savings in 2025/26 as part of this budget process. Instead, the aim was for a net-nil impact budget (i.e. any ongoing investments would as a minimum be balanced out by any ongoing savings). However, this has been impacted by the following which relate to resourcing capacity to deliver existing services and commitments:
  - The staffing capacity in Environmental Health needs to be increased to ensure the delivery of statutory services.
  - Planning resource to support Local Plan work (review of the current Plan and delivery of transport projects)
  - The capacity of Leadership Team as identified by the Corporate Peer Challenge.
  - Investment in delivering Climate Change actions, made up of staffing resource (Climate Change and Sustainability Project Manager) and capital investment (decarbonisation phases 1 and 2).

8.2 At its meeting in January, Cabinet considered the feedback from the Budget Workshops. This resulted in the following changes being made relation to those proposals:

- Charging for parking on Sundays, evenings and Bank Holidays. This would be subject to consultation but supported the principle. The amount would be left as TBC as need to carry out more work on how and when it would be implemented. Any additional income in 2025/26 would be reflected in the quarterly budget monitoring reports.
- Environmental Health staffing. Given the concerns over the delivery of this statutory service, agreed to go with the higher level of staffing investment (i.e. not the revised prioritisation that was worked on following the budget workshops).
- Civic Secretary to Chair of Council. To be removed due to feedback from current and previous Chair that they would carry out the relevant tasks themselves.
- Central Grants Pot. To be removed as wanted to keep all grant considerations at a local level.
- Service Director capacity. Noted that the underspend on the inflation estimate for the 24/25 pay award could be notionally allocated towards this investment bid.
- Interactive Water Feature at North Herts Leisure Centre: Would be removed as not a key investment for the pool, especially in the context of other significant investment in our Leisure facilities.
- Royston Learner Pool. Whilst it is still a strong aspiration to deliver this project, there is not currently a viable plan for it. There will be a focus on trying to identify alternative funding sources to bridge the viability gap. It is also too late to add the works to the decarbonisation and gym extension project. So, any works on a learner pool would have to take place after that project is completed.

8.3 In separate reports to the January Cabinet meeting, the following were agreed:

- Agreement in principle (subject to agreeing detailed terms) to an agency agreement for our Leisure services. This would provide a financial saving, but the amount will be kept as TBC (and therefore in budget terms having a zero impact) as the legal details still need to be resolve and it is currently commercially confidential. The actual impact will be picked up through budget monitoring reports during 2025/26.
- A garden waste charge of £55 per year (with concessionary discounts) from April 2025. The impact of this is reflected in the revenue budget proposals in Appendix B.

8.4 The following are also updated in the budget proposals:

- Officers are still trying to reach agreements with businesses on the Solar for Business initiative. The savings of this will therefore be matched to the revenue costs of capital of the Council funded investment. This is estimated at around £21k per year. If there is no or limited take-up, then the capital allocation and assumed savings will be removed, with no net revenue budget impact.
- There are various terms in the new waste and street cleansing contract for inflation and adjustments to actual baseline costs for pay and fuel. These still need to be worked through in advance of the May start date. The current estimate is that the total provision that was allocated in the 2024/25 budget is reasonable. This was made up of ending the transfer to reserves to fund future waste vehicles and a very prudent capital allocation for the new vehicles. The capital allocation in the 2024/25 budget was for £8.5 million (based on contract estimates at the time) and has now reduced to £5.27 million. The reduction in effective Minimum Revenue Provision is estimated at around £300k. This is added to the revenue budget as a pressure, but the overall net impact is zero compared with last year. This is reduced by the cost of customer service staff that have already transferred to the Council (from the current contractor) and are already included in pay forecasts.



- The capital allocation for the phase 2 Decarbonisation project (Hitchin Town Hall and Museum, District Council Offices and North Herts Learner Pool) has been shown as a TBC value previously. This value has now been added in the capital programme proposals. There may be increased energy costs from the works, but these will be kept under review. The works will not go ahead as scheduled if the grant bid is not successful.
- The budget workshop proposals had a TBC impact from lost leisure income during the decarbonisation works. The work on developing the proposals around the larger sized heat pumps (Council decision on 15<sup>th</sup> January) has meant that it has not been possible to get an estimate of this impact. It is therefore be included as a budget risk.
- The expected cost impact of the increased rate for employer National Insurance contributions. This is for Council employed staff only.
- The expected capital cost of machines outside the Windows environment (to use in case of a cyber attack) has reduced from £25k to £15k.
- As agreed in the July Council report on decarbonisation of our leisure centres, the one-off cost of exiting the CHP (combined heat and power) has already been added in to the revenue forecasts for 25/26.

### **General Funding**

8.5. The Government provided a policy statement on Local Government funding on 28<sup>th</sup> November 2024. On the same day they also published guaranteed allocations (for 2025/26 only) for Extended Producer Responsibility (EPR) payments. This was followed by the draft Local Government Finance Settlement on 18<sup>th</sup> December 2023. The policy statement provided some earlier warning of the principles that would be applied. The relevant points for future funding are:

- The baseline amount of Business Rates that Councils can retain will continue to be increased in line with Consumer Price Index (i.e. inflationary increase). Councils will continue to be reimbursed for this inflation even when Government make policy decisions to not increase the amounts that are charged to businesses.
- “Negative Revenue Support Grant” (which would reduce the amount of Business Rates that can be retained) will continue to be eliminated.
- District Councils will be able to increase Council Tax by up to 2.99% without the requirement for a local referendum. It is looking like this threshold will now continue at 2.99% so our forecasting assumptions will now reflect this.
- New Homes Bonus will continue in 2025/26 using the same method as applied in 2024/25 (i.e. one year reward only with a 0.4% baseline applied).
- That all Council’s would not see a decrease in their Core Spending Power, but unlike previous years this would be after assumptions around increases in Council Tax rates (i.e. that increases would be at the referendum limit). This guarantee is in cash terms, so there could be a decrease in real terms. Due to the targeting of funding to social care and areas with higher deprivation, our Core Spending Power is the same as 2024/25.
- Our allocation of EPR funding is £1.435 million and is not ring-fenced.
- The promised National Insurance funding for the increase in the employer’s rate and cost for directly employed staff will be notified as part of the final settlement.

8.6. The final Local Government settlement is due late January/ early February, so was not available at the time of writing this report. Estimates are therefore based on the provisional settlement.

8.7. The position that has been taken by the Government on Core Spending Power is less generous than had been predicted in our budget assumptions. We had been assuming a small increase in cash terms, although still a reduction in real terms.

- 8.8. The allocation of EPR is guaranteed for 2025/26, and the actual amount received could be higher. There is no certainty over EPR in future years, and it could be incorporated in to general funding and therefore be subject to any commitments around Core Spending Power. Government should provide us with new burdens funding for food waste and separate fibre (card and paper) collections. For budgeting purposes, it is assumed that our ERP funding will continue, even if it effectively becomes our allocation for new burdens.

**Table 1 – Estimated General Funding comparison (2025/26)**

<b>£000 Funding</b>	<b>2024/25 Budget</b>	<b>2025/26 MTFS Forecast</b>	<b>2025/26 Latest Forecast</b>	<b>Comments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Council Tax	13,147	18,409 (not split out)	13,613	Increase in rate (2.99%) and small increase in base compared to 2024/25
Business Rates, including compensation for under-indexing the multiplier	3,686		3,766	Inflationary increase
Other general grant funding (including New Homes Bonus and Core Spending Power guarantees)	1,490		977	Reduction as off-sets the increases above
National Insurance funding	n/a	n/a	TBC	Not announced at time of writing this report
Extended Producer Responsibility funding	n/a	n/a	1,435	New funding stream
Less: Council Tax support to Parishes	(39)	(39)	(39)	Maintained at previous levels.
	<b>18,284</b>	<b>18,370</b>	<b>19,752</b>	

**Table 2 – Estimated General Funding forecasts**

<b>£000 Funding</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/40</b>	<b>Comments</b>
Council Tax	14,090	14,584	15,095	15,625	Assumed 2.99% increase in rate. Net 0.5% increase in tax base
Other funding	4,266	3,772	3,261	2,731	Included together as there will be a Business Rate reset which will affect retained Business Rates. Assume that Core Spending guarantee will continue at 0%
EPR/ New burdens funding	1,435	1,435	1,435	1,435	
Less: Council Tax support to Parishes	(39)	(39)	(39)	(39)	Retained at same rate
	<b>19,752</b>	<b>19,752</b>	<b>19,752</b>	<b>19,752</b>	

- 8.9. The numbers in the table above are just estimates, and we will not get any certainty on medium-term funding until later in 2025. The continuation of EPR as a separate funding stream seems unlikely, and waste new burdens funding may be much less than has been assumed. These will be used for modelling future budget positions and therefore savings requirements, as they provide a potentially realistic scenario. However overall, we will need to be ready to adapt to changes in funding levels.

## Specific Funding

- 8.10 The Council also receives grants and contributions for specific purposes. Generally, these are built into service budgets and have therefore already been taken in to account when determining spend forecasts, so cannot be used towards funding the base budget. These amounts can be uncertain, and reductions in the amount can result in spending pressures that would need to be met from the General Fund. These have been reviewed and the main risks and opportunities are detailed in table 3 below, noting that this is not an exhaustive list:

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

Grant/ Contribution	Amount expected in 2025/26 (£000)	Risk/ Opportunity
Healthy Hub funding	39	Whilst HCC have allocated Healthy Hub funding, they seem to have changed the specification of what they expect to be delivered, with a focus on more specialist Public Health services. Subject to ongoing discussions there may be a need for further funding in 25/26 to continue the valued preventative work. There may be an opportunity for this to come from the UK SPF (below).
UK Shared Prosperity Fund (SPF)	£400k Revenue £99k Capital	The parameters for 2025/26 are that there should be increased local flexibility on how this is spent. There are three priorities (Communities and Place, Supporting Local Business, and People and Skills) with five themes and 12 sub-themes.
Homelessness Prevention and Rough Sleeping Grant	986	Funding has been confirmed from MHCLG of the 2025/26 allocations. This is broadly in line with the amount expected.
Domestic Abuse Safe Accommodation Grant	0	The New Burdens grant funding received in 2023/24 and 2024/25 to ensure that victims of domestic abuse and their children can access the right support in safe accommodation when they need it has been rolled into the Settlement funding calculation for 2025/26 (additional £36k included in 'other general grant funding' in table 1). Budget provision for the expenditure has therefore been added to the list of pressures in appendix B.
Housing Benefit Administration Grant	244	Notification is awaited from government of the grant allocation for 2025/26. Amount expected is based on the grant receipt for the current financial year.

## Business Rates and Council Tax Collection Funds

- 8.11 The Council is required to maintain a Collection Fund to account for the income received and costs of collection for Council Tax and Business Rates. Estimates of the net income are made at the start of the year and based on this money is transferred out of the Collection fund to our General Fund and other precepting bodies. The Fund is required to break even over time and any surplus or deficit is transferred to the our fthGeneral Fund and other precepting bodies. For Business Rates, most of the deficits relate to reliefs introduced by Government. The Council receives funding for these which it holds in a specific reserve. This reserve is then released back to the General Fund as required. The net impact is forecast to be relatively low, and is included in the budget summary in Appendix E.

## Review of balances and reserves

- 8.12 In setting its budget, the Council needs to consider the level of its reserves. This determines the extent to which the current budget can be supported by the use of reserves or requires a budget to be set that includes an allowance for increasing reserves. In addition to the General Fund balance, the Council has specific reserves and provisions. Specific reserves are amounts that are set aside for a determined purpose.

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

- 8.13 The Government have referred to Councils having high levels of reserves and that these should be used, rather than asking for more funding. The table below (table 4) demonstrate the reasons why reserves are being held, as well as forecasts of future balances. Apart from the Business Rates Grants reserve, all the balances are held for a specific purpose. The table below already notes that the Business Rates Grants reserve will mainly be used to smooth the impact of funding which has not kept pace with the level of inflation.

**Table 4 – Specific Reserves**

Name of Reserve	Purpose of Reserve	Balance at 1 April 2024	Estimated Balance at 31 March 2025	Estimated Balance at 31 March 2026
Childrens Services Reserve	Used to help fund Active Communities projects in the district funded from grant income and/or external contributions. Drawdown of the remaining balance is planned in the current year to support the activities of the Healthy Hub service.	10	0	0
Churchgate Development Reserve	Additional income over and above that necessary to off-set the treasury income that would have been generated from the capital used to purchase the shopping centre freehold (expected at around £175k per year) will be set aside in a reserve to support the planning and delivery of Churchgate regeneration project. The money will provide necessary professional advice via consultants, architects, quantity surveyors etc.	123	27	Unknown
Climate Change Grant Reserve	Grants awarded to help combat the effect of climate change. Being used for the additional costs (above available establishment) of employing a Trainee Policy Officer working on Climate Strategy.	17	18	13
Elections Admin Grant	Holds funding provided from government to support the delivery of the policies of the Elections Act 2022, which focused on the introduction of voter ID and improvements to accessibility for disabled voters. The reserve will be used to fund anticipated additional expenditure associated with the Act in administering future elections	67	67	Unknown
Environmental Health Grants Reserve	Holds funding amounts received for specific initiatives relating to the Council's Environmental Health service, such as air quality and housing checks. The reserve is used to finance the undertaking of the relevant initiatives and to help manage staffing and workload pressures within the service.	118	0	0
Growth Area Fund Reserve	Holds the revenue grant awarded. With the Local Plan now in place, this reserve is anticipated to be drawn down to fund relevant projects and activities.	24	24	Unknown
Homelessness Grants Reserve	To help prevent homelessness in the district. The grant is earmarked for different homelessness projects or resources.	398	230	105
Housing & Planning Delivery	Hold unspent Housing & Planning Delivery grant to fund Cabinet approved spending plans in subsequent years. The Authority has also made a commitment to the Local Development Framework and funds are held in this reserve for this purpose. This has also been previously added to by additional income from 20% increase in statutory planning fees.	691	600	511
Insurance Reserve	Used to finance potential claims for risks that are not covered by external policies together with higher excesses currently being borne by the Authority. It is good financial management practice to have an insurance reserve. The future balances will depend on the claims received and the level of relevant insurance.	34	Unknown	Unknown

Name of Reserve	Purpose of Reserve	Balance at 1 April 2024	Estimated Balance at 31 March 2025	Estimated Balance at 31 March 2026
Land Charges Reserve	Reserve originally established to help meet the potential cost should the financial risk of the repayment of personal search fees occur. In recent years some of this has been used for additional administration costs and software upgrades.	12	12	Unknown
Leased Assets Reserve	The incorporation of the accounting standard IFRS 16: Leases in the accounting code, effective from April 2024, means that the Council's cars provided to staff on operations will be considered for accounting purposes to have transferred to the Council and will be recorded on the Council's balance sheet at the end of 2024/25. The saving on the revenue account from these arrangements will be transferred to this reserve and ultimately used to finance the capital costs of replacement vehicles.	0	92	179
Leisure Management Maintenance Reserve	To help cover the cost of any future significant repair liabilities on the leisure facilities. The Leisure Contract requires a contribution from the Council for maintenance items over £15k, so therefore if funds are not available in the reserve then this would impact on the general fund. Use of the reserve depends on what arises and is therefore unknown. This reserve currently includes amounts that have been set-aside at the end of the SLL contract period. SLL are going through a liquidation process.	308	293	Unknown
MHCLG Grants Reserve	Balance of unapplied Section 31 business rate relief grants and pooling gains. Used to fund NNDR Collection Fund deficit contributions and levy payments in future years. A total of £5.4m will be released into the General Fund to help bridge the forecast funding gaps in the coming years. This is included in Appendix E.	5,735	6,481	Unknown
Museum Exhibits Reserve	Funds the purchase of museum exhibits and is funded from donations. Use of reserve will depend on donations and opportunities for acquisitions.	14	14	Unknown
Neighbourhood Plan Reserve	Funds received from Government to support neighbourhood planning have been transferred to reserve. The funding will be needed in future years as neighbourhood plans are developed and public examinations and public referendums are required.	132	130	110
Paintings Conservation Reserve	Used to help restore paintings. This is funded through donations and publication income. To be used against a list of items that require conservation.	11	11	Unknown
Shared Prosperity Fund Grants Reserve	Holds the balance of unspent grant funding received to date to support the Council's delivery of the three-year Investment Plan approved by Government in the autumn of 2022.	27	0	0
Street Name Plates	To fund Street Name Plates as and when required.	16	16	Unknown
Syrian Refugee Project	The Council has agreed to house Syrian Refugees under the government's resettlement scheme. The scheme is fully funded by the government based on expected costs and by using Registered Provider housing, the costs incurred are less than the grants awarded. The Council will look to use some of this funding to support linked housing pressures (around £100k per year).	737	835	765
Taxi Reserve	Any surplus from the taxi service will be transferred to the earmarked reserve where it can be used to offset any future deficit or to fund investment in the taxi service.	11	11	Unknown
Town Centre Maintenance	For the implementation of the Town Wide Reviews and ad hoc town centre maintenance.	85	93	Unknown
Traffic Regulation Orders	An audit was done to identify TRO work to be carried out in the district. Amounts will be drawn down as and when the work is done.	372	367	362
Waste Reserve	Alternative Financial Model (AFM, funding from HCC to encourage increases in recycling) were previously transferred to help mitigate any potential risk to the waste service and support future service developments. Has been being spent on various projects., including the new waste contract procurement work and any spend related to options around a new waste depot. There will be no further AFM money.	836	836	776

Name of Reserve	Purpose of Reserve	Balance at 1 April 2024	Estimated Balance at 31 March 2025	Estimated Balance at 31 March 2026
Waste Vehicles Reserve	As repayment of the finance lease principal embedded within the waste contract is funded from the Council's cash reserves, the saving on the revenue account is transferred to this reserve to fund the purchase of vehicles when they next need to be replaced.	2,456	3,178	0
Welfare Reform Grants Reserve	Awarded to the Authority for different initiatives or changes relating to Housing & Council Tax benefit scheme, and more recently the Business Support and self-isolation grant schemes developed in response to the Covid-19 pandemic. The balance in reserve will be used to develop the service and drawn down when the initiatives or changes are carried out, and therefore the exact timing of usage is unknown.	455	359	286

8.14 As at the 31 March 2024 there was a total of £2.597m held as long-term provisions. These are comprised of:

- Business Rates appeals - £2.557m - the Council's estimated share of outstanding business rates appeals
- Insurance - £40k - covers the uninsured aspect of outstanding insurance claims.

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

8.16 North Herts Council operates with a reserve balance for General Fund activities in order to provide a cushion against unexpected increases in costs, reductions in revenues and expenditure requirements. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggests that the revenue balances should be set at no less than 5% of net revenue expenditure, having taken account of the risks faced by the Authority in any particular year. As net expenditure is anticipated to be around £23 million, this means a minimum balance of about £1.1million. The Council's budget is also reliant on generating income to set a balanced budget, so an additional 3% of budgeted income (excluding Housing Benefit, grants and other contributions) is included in determining the minimum level. Income from fees, charges, interest and rentals is forecast to be around £13.9m and therefore an additional allowance of around £400k is added.

8.17 An assessment of the risks has been compiled for the coming year based on risks identified by each Service Director and cross-referenced to the risk register. The identified areas are where the financial impact is not wholly known, but an estimate can be made. The amount allocated is based on the forecast likelihood of occurrence. Where there is a high likelihood, 50% of the estimated financial impact is allowed for. For medium likelihood, it is 25%. For low likelihood, it is 0%. Table 5 summarises the risks, the forecast impact and the risk allowance to be made. A full list of these risks is shown in Appendix A.

**Table 5- Budget Risks in 2025/26**

Category	Number of Risks	Forecast Value of Impact (£000)	Risk Allowance (£000)
Low	14	3,759	0
Medium	12	1,128	282
High	11	1,590	795
<b>Total</b>	<b>37</b>	<b>6,477</b>	<b>1,077</b>

- 8.18 Combining the risk allowance for specific risks and unknown risks means that a General Fund balance of at least £2.6million should be maintained. This is what is recommended by the s151 Officer (Chief Finance Officer).

### **Expenditure Forecasts**

- 8.19 The starting point for forecasting net expenditure for future years is the previous year's budget, as set in February 2024. This is then adjusted (where necessary) through the Quarterly budget monitoring reports, which highlight both in-year and ongoing impacts. An additional budget review is carried out during December for any additional significant ongoing variances. As the Quarter 2 monitoring report were considered by Cabinet in January (and included information known about after the end of Quarter 2), no further ongoing variances have been identified. Some further carry-forwards have been identified but these will be considered as part of the Quarter 3 monitoring report, which is reported to Cabinet in March.
- 8.20 Budget proposals were put forward for discussion at Group workshops in November. Comments on the proposals made by the Groups were outlined in the draft budget report presented at the December meeting of Cabinet. This has been covered in more detail in paragraphs 8.1 and 8.2 above. The complete final list of savings and investments is included at Appendix B.

### **Capital Programme and the revenue effects of capital**

- 8.21 In previous years the capital programme has been considered as a separate report to the revenue budget report. The Council is due to be in a position where it will have a Capital Financing Requirement (CFR). This means that we will incur greater revenue costs in relation to funding our capital programme, through a Minimum Revenue Provision charge. This greater linkage between capital expenditure and revenue costs, means it is sensible to consider the two together.
- 8.22 The proposed capital programme is attached at Appendix C. This mainly reflects the items considered by the budget workshops. It has been updated for the changes referenced in paragraphs 8.2 and 8.4. It also reflects the increased capital allocation for the phase 1 decarbonisation project (leisure centres) following the decision by Council on 15<sup>th</sup> January 2025.
- 8.23 The Council incurs some interest costs in relation to historic borrowing for capital purposes. The small cost of this is reflected in budget estimates.
- 8.24 In general, revenue spend should be matched by funding. Although in the short-term it is possible to fund any budget gaps from reserves. This is the current strategy that the Council is adopting, with the need to develop a plan to achieve an in-year balanced budget in the medium term. This therefore means that the revenue budget is having an effect (i.e. reducing) on the balances available for investment.
- 8.25 Capital spend can be funded from sources which include grants, capital receipts and revenue (although usually this is not affordable). It can also be funded from borrowing. This borrowing can be external (e.g. from government or banks) or internal (i.e. against available cash reserves). In line with the Prudential Code (and as set out in the Investment Strategy), the Council plan to borrow internally against revenue balances first, and only when those balances are insufficient would we borrow externally. Borrowing internally is generally cheaper as the interest cost is the lost interest that would have been earned, rather than the external borrowing cost. Where the Council has a need to borrow (either internally or externally, as measured by its Capital Financing Requirement) then it must make a charge to the revenue budget called Minimum Revenue Provision (MRP).

- 8.26 The MRP aims to spread the cost of capital that is funded from borrowing over the expected life of the asset. This means the taxpayers that are getting the benefit of the asset are paying a contribution towards its cost. MRP is charged from the year after an asset is purchased or completed (where it is constructed).
- 8.27 Table 6 shows the amounts that need to be incorporated into the revenue budget to reflect the impacts of capital spend and income from investments:

**Table 6- Revenue impacts from the Investment Strategy**

£000	2025/26	2026/27	2027/28	2028/29	2029/30
Forecast external borrowing costs (existing borrowing)	34	33	32	31	30
Forecast external borrowing costs (new borrowing)	0	0	0	0	0
Forecast interest income from investments	(825)	(362)	(322)	(259)	(144)
Forecast MRP requirement	402	1,841	1,834	1,635	1,418
<b>Net budget requirement</b>	<b>(389)</b>	<b>1,512</b>	<b>1,544</b>	<b>1,407</b>	<b>1,304</b>
Current allocated budget*	149	732	1,080	1,255	n/a
Change in budget required	(538)	780	464	152	-

### **Investment Strategy**

- 8.28 The proposed Investment Strategy is attached at Appendix F. Council are asked to approve this strategy, which includes the following:
- A total capital programme for the period of 2025/26 to 2029/30 of £35.4m.
  - The current assets that the Council has, including investment assets.
  - How the capital programme will be funded, including estimates of capital receipts.
  - A Minimum Revenue Provision (MRP) policy.
  - Adoption of a treasury strategy that covers borrowing and investment forecasts and limits, including prudential indicators.

The strategy itself provides further details of what it includes and why. It also explains the key technical terms.

### **Code of Practice on Treasury Management**

- 8.29 The Code of Practice on Treasury Management requires that a report be submitted to Full Council setting out four clauses which should be formally passed in order to approve adoption of the code. The four clauses are detailed below, including how they are met by the Council. As recommended by CIPFA, where appropriate these are included within the Council's Constitution and Financial Regulations.
- 8.30 Clause 1 relates to creating and maintaining a Policy and practices as a cornerstone for effective treasury management.



- 8.31 Full Council are asked to approve the adoption of the following Treasury Management Policy Statement, which is the same as in previous years:
- That we define our treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
  - That we define the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
  - That we acknowledge that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 8.32 The Council has adopted treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. The majority of the TMPs are unchanged from last year and follow the recommendations contained within the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments are minor and do not result in any material deviation from the Code’s key principles. The TMPs are operationally focused and therefore the themes covered are detailed below, rather than providing the full document. Where relevant the detail is already covered in the Investment Strategy (e.g. approved instruments):
- TMP1- Risk Management
  - TMP2- Performance Measurement
  - TMP3- Decision making and analysis
  - TMP4- Approved instruments, methods and techniques
  - TMP5- Organisation, clarity and segregation of responsibilities, and dealing arrangements
  - TMP6- Reporting requirements and management information arrangements
  - TMP7- Budgeting accounting and audit arrangements
  - TMP8- Cash and cash-flow management
  - TMP9- Money laundering
  - TMP10- Staff training and qualifications
  - TMP11- Use of external service providers
  - TMP12- Corporate Governance
- 8.33 Clause 2 relates to the reporting on treasury activities. These are set out in the Investment Strategy on page 3.
- 8.34 Clause 3 relates to the delegation of responsibility for the implementation and regular monitoring of its treasury management policies. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet (Constitution 5.7.9) and for the execution and administration of treasury management decisions to the Service Director: Resources (Constitution 14.6.12 (b) (iv) and Financial Regulations section 13) who will act in accordance with the Council’s policy statement and treasury management practices and the CIPFA Standard of Professional Practice on Treasury Management.

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

### **Reliability of estimates**

- 8.36 As part of the budget setting process, the Chief Finance Officer is required to comment on budget risks, the reliability of the estimates made and levels of Council reserves. This is known as a section 25 report. Note that this report is required alongside the budget every year, and is very different to a section 114 report. Although failure to take action on any risks highlighted in a section 25 could ultimately end in the need for a section 114 report. Therefore, Council should note the contents of the section 25 report which is attached at Appendix D.

### **Cumulative impact**

- 8.37 The cumulative impact of all the estimates described in the previous sections is provided at Appendix E. This shows a forecast of funding and net expenditure for the next five years, including the impact on the General Fund balance. This can be updated when we are informed of the funding that Government will provide in relation to Employer National Insurance increase.
- 8.38 Appendix E also includes a forecast of the expected minimum level of savings that the Council still needs to deliver over the next 3 years. The level of savings that the Council needs to deliver have been affected by the additional capital investment in decarbonisation and the net revenue investments. It has been partly off-set by changes in funding assumptions. The forecast level of annual savings required is £2.9 million.
- 8.39 The profile of the savings to be delivered is shown across 2026/27 to 2029/30. This reflects the delivery of those savings. The identification of those savings should happen during 2025/26. The earlier that the savings can be delivered, will mean more of the General Fund balance could be used for investments in the District.
- 8.40 This level of savings still required to be identified assumes that the Council will continue to increase Council Tax at the maximum level permitted without the need for a referendum. Any increase in Council Tax below this level would further increase the savings required to balance the budget over the period and require greater drawdown on reserves. The proposal is therefore that Council Tax should be increased by the maximum allowed. It is expected that future Government forecasts of our required funding will assume that we have increased our Council Tax by the maximum amount allowed (without a local referendum).
- 8.41 We should receive more certainty over our funding during 2025, with an expectation that we will have a 3 year budget (up to 2028/29) by January 2026. The plan is to undertake a budget consultation exercise during 2025 to inform savings proposals to be included in the 2026/27 budget. This will enable much greater clarity as to how the Council will achieve a balanced medium-term budget.

## **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 at 5.7.39 include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base. They also recommend a treasury management strategy statement (Constitution 5.7.40). Council's terms of reference at 4.4.1 (b) and 4.3 state that the Full Council's responsibilities include approving or adopting the budget recommended by the Cabinet. Full Council can also approve the treasury management strategy statement (Constitution 4.4.1 (cc)).
- 9.3 Finance, Audit and Risk Committee's terms of reference at 10.1.5 (d) include assisting the Council and the Cabinet in the development of its Budget and Policy Framework process by in-depth analysis of policy issues pertaining to finance, audit and risk. They will also consider the Council's policy in relation to Treasury Management and make recommendations on the Annual Treasury Management and Investment Strategy, and Treasury Management Code of Practice (Constitution 10.1.5 (c)).
- 9.4 Members are reminded of the duty in accordance with the Local Government Finance Act 1992 to set a balanced budget and to maintain prudent general fund and reserve balances.
- 9.5 Local authorities are required by virtue of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year.
- 9.6 The provisions of section 25 Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer (s.151 officer) as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

**10 FINANCIAL IMPLICATIONS**

- 10.1 These are generally covered in the body of the report.
- 10.2 We need to differentiate between revenue and capital spend, as they generally have different sources of funding. Revenue relates to ongoing costs, and any physical item that is purchased would have an expected life of less than one year. Low value items are also treated as revenue spend. Capital relates to the purchase or improvement of assets, which have a useful life of more than one year.

**11 RISK IMPLICATIONS**

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 The budget setting process includes a detailed assessment of financial risks, so these are covered in section 8, appendix A and appendix D.
- 11.3 There are significant uncertainties and risks with regard to the funding of the Council over the medium term. This uncertainty is reflected in our over-arching financial risk.

11.4 Capital investment is sometimes needed to mitigate against a risk to the Council. This is detailed to Members when a new investment comes forward. The risk implications of each individual scheme are considered in project plans as the schemes are progressed. The capital programme assumes a level of third party contributions and grants towards the cost of the schemes. There is a risk that not all the contributions are forthcoming.

11.5 Investment risks in relation to treasury management are covered in this report and the Investment Strategy. The TMPs (see 8.32) and Financial Regulations provide controls to manage other risks.

## **12 EQUALITIES IMPLICATIONS**

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

12.2 For any individual proposal comprising either £50k growth or efficiency, or affecting more than two wards, an equality analysis is required to be carried out; this has either taken place or will take place following agreement of efficiencies or growth.

12.3 The inclusion of banks on our counter-party list will consider the Country that they are in and an objective analysis of the approach to equalities in that Country. This will be in addition to any sovereign (Country) and institution credit rating.

## **13 SOCIAL VALUE IMPLICATIONS**

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

## **14 ENVIRONMENTAL IMPLICATIONS**

14.1 The decarbonisation of our buildings would have a positive environmental impact. Some of the savings and investments identified in Appendix B are put forward to have a positive influence on the Council’s environmental impact (e.g. ongoing climate change resource, use of HVO fuel). For others there may be a low level of indirect negative implications (e.g. recruiting additional staff could require increased travel), and for these the impacts will be managed as much as possible. Overall the Council still plans to deliver the commitments contained within its Climate Change Strategy. Some of the specific actions contained within the Climate Strategy will be dependent on opportunities and funding being available. They may not therefore be in this budget but could be incorporated in future years.

## **15 HUMAN RESOURCE IMPLICATIONS**

15.1 Some of the investments relate to additional staffing resource. Depending on the level of additional work that these entail, these may have a positive impact on staffing capacity. Additional HR support will be needed to help recruit to these posts, but this can be absorbed within the existing team.

## **16 APPENDICES**

16.1 Appendix A – Financial Risks 2025/26

16.2 Appendix B – Revenue Budget Savings and Investments

16.3 Appendix C – Capital Programme 2025-35

- 16.4 Appendix D - Section 25 report
- 16.5 Appendix E - Budget Summary 2025 – 2030
- 16.6 Appendix F- Investment Strategy
- 16.7 Appendix G- Revenue Investments- details of statutory services and implications of not investing

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**18 BACKGROUND PAPERS**

- 18.1 Medium Term Financial Strategy <https://srvmodgov01.north-herts.gov.uk/documents/s26095/Appendix%20A%20MTFS%202025-30.pdf>

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**APPENDIX A**  
**Financial Risks 2025/26**

Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Fines for breaches of the EU General Data Protection Regulation by the Council or by NHDC outsourced providers when handling and storing data originally collected by NHDC	L	500,000	0%	0
Bad Debt Provision may need to increase in light of the roll-out of Universal Credit and in particular the managed migration of working age housing benefit clients to Universal Credit.	L	70,000	0%	0
Ransomware attack results in the write-off of some IT hardware and infrastructure.	L	200,000	0%	0
Failure to meet projected Careline sales income as a result of the loss of a corporate client or fall in the number of private clients.	M	50,000	25%	12,500
Increased expenditure on new Careline equipment because of a reduction in the level of stock that can be refurbished and used for new client installations. This may be due to, for example, changes in technology making older equipment obsolete.	L	150,000	0%	0
Adverse possession of land/buildings (litigation costs). Protection of "Village Greens". Signs/fences need to be constructed to avoid residents claiming ownership rights.	L	35,000	0%	0
Reduction in income from Churchgate means that funds are not available for the external spend required to progress the regeneration project. Project spend is funded from excess income (above the cost of capital) being achieved since the purchase of the head leasehold interest.	M	100,000	25%	25,000
Lack of resilience in delivering key statutory services when staff absence occurs (other than normal leave) e.g. medium/long term sickness, staff resignations, redeployment to other duties and projects etc, increases expenditure on agency staff and / or consultancy advice or other method to maintain service provision.	H	150,000	50%	75,000
Increase in net cost of measures to address homelessness/rough sleeping and meeting obligations/projects as a result of for example: absence of government funding / reduced government funding, national and local situations etc.	M	150,000	25%	37,500
Enforcement – costs in relation to enforcement for example: investigations to enable consideration of enforcement action, specialist legal or other advice, direct action / appeal processes, recovery of illegal earnings.	M	100,000	25%	25,000
Cost of unexpected Unauthorised Encampments including the cost of bailiffs to remove the encampment and grounds maintenance to repair and clean-up damage/litter etc	H	30,000	50%	15,000

Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Disabled Adaptations: Hertfordshire Home Improvement Agency fail to recover sufficient fees, based upon application throughput, resulting in additional payment requested by HCC to cover costs. Increased level of fee exempt Building Control applications for which the Council must reimburse the fee to Hertfordshire Building Control.	H	15,000	50%	7,500
District by-election	M	8,000	25%	2,000
Legal team resources - requirement due to recruitment/retention issues to use temp. staff or outsource work. Additional external expertise for assistance with the delivery of key Corporate projects or Governance issues	H	150,000	50%	75,000
Legal expertise related to employment cases	M	50,000	25%	12,500
The Council is required to meet the cost of any award from new or ongoing judicial reviews.	M	100,000	25%	25,000
Possible procurement challenge. Legal costs and costs of re-tendering if necessary.	L	100,000	0%	0
Costs incurred from an increased number of prosecutions pursued in court, for example due to persistent flytipping.	M	50,000	25%	12,500
Domestic Homicide Review – requirement for additional resources to respond	H	15,000	50%	7,500
The council is forced to re-tender a major contract if a contractor is unable to deliver a contract for any reason .	L	300,000	0%	0
Loss of revenue due to full or partial closures of the Council's leisure centres while the decarbonisation and gym extension (Royston) works take place.	H	50,000	50%	25,000
Increase in the net cost of recycling services due to either or all of ; adverse changes in the market prices for commodities; a reduction in the volume of recyclates collected; a change in the material composition of the recyclates collected	H	500,000	50%	250,000
Reduction in funding from third party agency agreements for contracted grounds and/or tree maintenance works.	L	50,000	0%	0



Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Costs resulting from a localised flooding event that is associated with water courses within the responsibility of NHDC to maintain.	L	50,000	0%	0
Cost of felling and destroying trees as a result of pests and tree disease.	L	50,000	0%	0
Cost of maintaining service provision in the event of major contract failure.	L	1,000,000	0%	0
Income from Trade Refuse is adversely affected by economic downturn.	M	300,000	25%	75,000
Dangerous structures - where the Council is unable to recover either or both of; the costs incurred in making the structures safe because, for example, the owner of the property is not known or the land/building is unregistered; the costs involved in seeking to recover the expenditure incurred.	L	50,000	0%	0
Specialist advice required with regard to planning applications, both submitted to the local authority and to the planning inspectorate, e.g. town centre schemes, specialist areas such as solar farms, other energy infrastructure and "hostile applications"	M	100,000	25%	25,000
Costs associated with a challenge to a forthcoming decision of the Council or one that has been made and any associated outcome costs, for example: legal challenges, tribunals, contracts, grant schemes, purchase notices, an appeal against a planning decision, judicial review or threat in advance of a planning decision, Secretary of State call in or holding direction etc..	H	500,000	50%	250,000
New duties and obligations associated with government policy, projects etc.. leads to requiring additional training or additional and/or specialist staff or consultancy support etc.. to deliver.	M	50,000	25%	12,500
Theft of, or damage to, parking pay & display equipment	M	20,000	25%	5,000
Assumed vacancy saving within staffing payroll budgets does not materialise as a slim staffing structure, and / or an increase in the level of demand for services, reduces the capacity to hold posts vacant for any significant period of time.	L	350,000	0%	0
Breach of partial-exemption calculation for VAT	L	300,000	0%	0
Increases in construction inflation increase the cost of property repairs and maintenance required.	H	20,000	50%	10,000

Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Localisation of Business Rates – The council is directly exposed to a range of risks including; business rates levy, safety net.	L	225,000	0%	0
Member/Officer Indemnity Agreement is called upon	L	100,000	0%	0
Further payments are required under MMI scheme of arrangement	L	20,000	0%	0
Reduced staffing capacity means that the delivery of Council projects is delayed and / or additional staffing resource must be hired externally at a cost premium to the Council.	H	150,000	50%	75,000
Relates to an environmental warranty that was provided to North Herts Homes on the transfer of the Housing stock.	L	209,000	0%	0
Increase to the annual external audit fee negotiated between the Council's External Auditor and Public Sector Audit Appointments exceeds the amount of additional related grant funding received from government.	M	50,000	25%	12,500
Cost of annual Housing Benefit Subsidy Certification is higher than budgeted due to additional audit fieldwork required.	H	10,000	50%	5,000

**6,477,000**

**1,077,000**

## REVENUE BUDGET SAVINGS AND INVESTMENTS

### New Revenue Efficiency Proposals and Savings Identified

Reference	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.	(150)	(150)	(150)	(150)	(150)
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.	-	(21)	(21)	(21)	(21)
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
E10	Managing Director	Update to estimated interest income returns from treasury investments, based on Investment Strategy (Integrated Capital and Treasury) 2025-2035.	(219)	102	(57)	(72)	43
<b>Total Net Budget Reduction from new efficiency proposals</b>			<b>(433)</b>	<b>(169)</b>	<b>(328)</b>	<b>(346)</b>	<b>(233)</b>

### 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

Reference	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
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
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. <b>Proposed ongoing budget of £20k recommended to be removed by Cabinet at January 2025 meeting.</b>	-	-	-	-	-
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. <b>Forecast shortfall in 25/26 proposed to be funded from the carry forward of unspent staffing cost budget in 2024/25</b>	-	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. <b>Proposed £10k budget in 2025/26 recommended to be removed by Cabinet at January 2025 meeting.</b>	-	-	-	-	-

Reference	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'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. This can in effect be part funded by the salary inflation provision for 2024/25 that wasn't all required.	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 provide a wider Hertfordshire analysis for comparison.	20	-	-	-	-

Reference	Service Directorate	Description of Proposal	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'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 management fee that we receive. TO NOW BE COVERED VIA A BUDGET RISK.	-	-	-	-	-
R43	Housing & Environmental Health	Local Authority Domestic Abuse Duty. The Domestic Abuse Act 2021 placed new duties on local authorities across England to ensure that victims of domestic abuse and their children can access the right support in safe accommodation when they need it. The New Burdens grant funding received in 2023/24 and 2024/25 has now been rolled into the Settlement funding for 2025/26. The financing of this expenditure in 2025/26 is therefore included as an additional amount to the Council funding total.	36	36	36	36	36

Reference	Service Directorate	Description of Proposal	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000
R44	All	Changes to the Class 1 National Insurance Contributions Secondary Threshold and the Secondary Class 1 National Insurance contributions rate from 6 April 2025. The Secondary Threshold is currently set at £9,100 a year, and will be reduced to £5,000 a year with effect from 6 April 2025 until 5 April 2028. Thereafter the Secondary Threshold will be increased in line with Consumer Prices Index (CPI). In addition, the employer contribution rate for remuneration above the secondary threshold will increase from 13.8% to 15%. Pressure value represents estimated impact for Council payrolled staff only. The government confirmed £515 million in support for local authorities in England to mitigate the additional impact of the increase in employer National Insurance Contributions (NICs) on their budgets, with final allocations to local authorities to be published with the final local government finance settlement in early 2025.	370	370	370	370	370
R45	Place	New waste and street cleansing contract expenditure. In last years budget there was a capital allocation for new vehicles. This has since been reduced. This pressure reflects the equivalent of the MRP reduction. This is reduced by the staffing cost for Customer Service staff that have TUPE transferred across to the Council (from the current contractor) that has already been incorporated in to staffing budgets. Overall this has zero net impact compared with last year.	220	220	220	220	220
R46	Managing Director	Revenue cost of internal borrowing required to finance the proposed capital programme 2024-2034. Amounts are additional to those estimated to finance the proposed capital programme 2024-2034. Value only reflects estimated Minimum Revenue Provision, as additional impact of lost interest income is included in the interest income projection.	(319)	678	521	224	7
<b>Total Net Budget Increase from new pressures and investment proposals</b>			<b>1,314</b>	<b>1,965</b>	<b>1,890</b>	<b>1,698</b>	<b>1,375</b>

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APPENDIX C: 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 <b>(to continue with diesel option due to cost of alternative and how infrequently it is used).</b> 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. <b>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.</b>
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. <b>Previously treated as two separate refresh programmes, but the budget has now been combined.</b>
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	15	0	0	15	0	30	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	1,127	133	62	1,038	358	1,860	
ECP29	Service Director - Enterprise	Museum and Commercial Storage Facility at Burymead Hitchin	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. A business case will be completed over the summer which will determine the approach to take. This may impact the final capital required. There is a £2million capital allocation in 2024/25, therefore the total estimated resource required is £4million.
Page 90 P30	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. <b>May be brought forward to 2025/26 during the budget setting process, depending on capacity to carry out the work sooner.</b>
NCP6	Service Director - Enterprise	Air conditioning at Hitchin Town Hall	100	0	100	0	0	0	0	0	To make the facility better for events. To consider the revenue implications (additional energy costs and any additional income that could be generated)
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.

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	
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 ( <b>either gas or zero carbon alternatives</b> ). 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.  <b>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.</b>
ECP6	Service Director - Place	Walsworth Common Pavilion - contribution to scheme	300	287	0	300	0	0	0	0	<b>This is dependent on s106 funding. Moved back to 2026/27 to reflect more realistic timing. The cost is likely to increase based on latest estimate to around £500k, but left at current amount as will require a corresponding increase in 3rd party funding.</b>
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	Replace or 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.

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	
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. <b>To review in 2025/26 to see if it can be pushed back another year, and/or whether it could be a partial refurbishment.</b>
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. <b>To be discussed with Everyone Active as to whether it would generate additional use, and may be removed.</b>
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. <b>Brought forward from 2028/29 and estimated cost increased from £150k.</b>
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.

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	
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 replcement 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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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	
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. <b>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.</b>
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	TBC	0	730	2,001	423	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.
			697	0	857	2,094	550	50	50	295	
<b>TOTAL</b>			<b>32,469</b>	<b>2,780</b>	<b>12,398</b>	<b>3,397</b>	<b>1,372</b>	<b>4,418</b>	<b>3,738</b>	<b>9,305</b>	

## **Appendix D- Chief Finance Officer's section 25 report**

As part of this report, under section 25 of the Local Government Act, the Council's Chief Finance Officer is required to comment on the robustness of estimates and the adequacy of reserves.

The major external factor affecting the Council continues to be uncertainty over future funding.

### **Future funding**

In the draft Local Government settlement, Government have only provided a guarantee that Core Spending Power will not fall. With additional funding being targeted towards social care and areas with higher derivation, this is the situation that the Council finds itself in. The guarantee is only in cash terms (i.e. no provision for inflation) and is applied after increase in the rate of Council Tax. This is what was implied in the policy statement as well, so is a reasonable base for planning beyond 2025/26.

The policy statement provided a clear direction that there will be a 3-year settlement for the period from 26/27 to 29/30. However it is feasible that this ambition could be affected by the ambitions in the Local Government devolution and reform White Paper.

The positive news for the Council was the Extended Producer Responsibility (EPR) funding. This is guaranteed minimum and on top of Core Spending Power in 2025/26. The period from 2026/27 is more uncertain. EPR itself does not place any new burdens on Councils, at least not of the scale of the funding provided. Recycling reforms in relation to mandatory food waste and separate fibre collections do place new burdens on Councils, albeit our new contract had been designed to deliver these. These new burdens will need to be funded. The base assumption used in our budget estimates is that our EPR funding allocation will essentially transform in to new burdens funding.

So, in summary, the base funding assumption for future years is based on:

- A Council Tax referendum limit of 3%.
- Net growth in our tax base (after direct costs linked to new properties) of 0.5% per year.
- A Core Spending Power guarantee of 0%, that is applied after Council Tax rate increases and assuming average growth in the tax base.
- EPR funding to be a proxy for waste new burdens funding, and to stay at a flat cash amount (i.e. no inflation).

It is worth noting that the Core Spending Power guarantee in the form above makes the Council Tax referendum limit irrelevant in terms of the funding that the Council will receive. It merely further shifts the burden of our funding to Local Council Taxpayers.

The policy statement referred to shifting grant funding away from Councils that could generate funding through Council Tax. A more positive scenario could be that the Government allowed Councils to keep some of the gains from Council Tax rate increases, on top of the 0% Core Spending Power guarantee. That would help Councils (especially those deemed to be at floor level) with some contribution towards inflationary cost pressures. It would also mean that Council Tax rises would have some local benefit rather than just off-setting reductions in Government funding. If we were able to keep all of the rate gains (at a 3% increase) it would be additional funding of around £400k in 26/27, increasing to over £1.7 million by 2029/30. Note that this would still likely to be a below inflation increase overall, and would not provide any additional population based funding. It might be that Government only let us keep part of the gain and/or limited Council Tax rate increases to 2%. If we are able to keep 1% of gain per year then that would be around £140k in 26/27, and around

£550k by 2029/30. At 2% per year it would be around £270k in 26/27, and around £1.1 million by 2029/30.

A worse case scenario would see the ERP funding being removed, either in one go or over time. Whilst we should expect to receive waste new burdens funding, there are previous examples of such funding either being insufficient initially, or eroded over time (e.g. through the impact of inflation and/or redistribution). For example, the effective new burdens funding could be just £500k by 2029/30.

There are clearly scenarios that could be described as best or worst case scenarios that would fall beyond those already described. However it seems unlikely that negative RSG will return, at the negative end. And it seems there is insufficient overall money to provide more central funding (i.e. not raised from local Council Tax) and still target funding towards areas of higher deprivation.

It is my view that the assumption made is a reasonable one to make with limited information available. As will become a theme through this section 25 report, there will be a need to be ready to react as better information becomes available. That means having a set of plans that are developed and being ready to make decisions that ensures the ongoing sustainability of the Council.

### **Impact of inflation**

Each year, we apply increases to our budgets to reflect forecasts of contract inflation and pay inflation. Contract inflation is usually linked to specific indicators and we use published economic forecasts to predict what these will be. Once we have worked through the initial adjustments for the new waste and street cleansing contracts, we will have two of our big contracts having been recently retendered and greater cost certainty. However we will still be exposed energy price inflation, and the risk that this is above general inflation and/or it acts as a driver for general inflation.

We have estimated pay inflation at 3% in 2025/26 and then 2% per year thereafter. The overall result for the 2024/25 pay inflation was actually slightly less than the 4% estimate. Even with recent pay increases being higher at the lower grades, increases in the National Living Wage still put pressure on further significant pay increases at these grades. This puts direct pressure on the middle grades and maintaining pay differentials, and pressure on the higher grades which have seen lower increases and have tracked even further behind inflation. Whilst I think the current budget assumption is a reasonable one to take (and is consistent with many other Councils), I am concerned that it may turn out to be an under-estimate.

We set our capital budgets over a 10-year time horizon, and therefore our estimates are susceptible to inflation between when they are added to the programme and when the expenditure is ultimately incurred. For more discretionary capital spend, this can have an impact on viability when estimates are updated. For example, the allocation for a pavilion at Walsworth Common is now too low, and there is a need to identify more third party funding to maintain this as a deliverable project (without a much more significant Council contribution). At a more significant level, the allocation for a new waste depot is likely to be insufficient, unless it can be delivered in a different way or with a change in scope of what is required. The estimates will need to be reviewed as we get closer to the need and opportunity to deliver such a project.

Some of the Grounds Maintenance forecasts do not get adjusted (e.g. the play area refurbishment allocations), although the extent of some of these can be adjusted to fit the budget available.

There are some revenue budgets that do not get inflated each year, i.e. budgets that do not relate to pay or where known contract inflation can be applied. These are generally low value budgets that



pay for ad-hoc items, but it is acknowledged that the spending power of those budgets is being eroded. In the quarterly budget monitoring process we have not seen any pattern of overspend against these budgets. Although staff training is one of these budget types, we have generally found creative ways to get the most out of these budgets (e.g. use of our apprentice levy, use of other organisations unused levy). Although this will be kept under review, as it vital that we value staff training.

The inflation that is applied to fees and charges budgets is done in accordance with the assumptions agreed in the MTFS. In some areas this acts as a clear plan for how the level of fees and charges will be adjusted, although there is still uncertainty over the level of demand for those services. For car parking charges there is an additional level of risk over the total income that will be received. The MTFS assumption acts as a budget forecasting estimate only, and there will be a subsequent report to Cabinet to consider the actual changes to parking tariffs. That report will need to consider the wider implications and justification for any tariff changes. Whilst the percentage increase is moderate (2%), the total impact equates to around £50k. I feel that this is a balanced assumption, but there is an element of risk to highlight.

### **Demand pressures and grant funding**

In relation to the potential impact of reduced demand (either at current prices or where prices are inflated), there are various factors that provide me with confidence that the forecasts are reasonable. Firstly, we have been carrying out budget monitoring through the first 8 months of the year and have not seen any significant in-year drops in demand that needs to be adjusted on an ongoing basis. Secondly, whilst the most significant increase in charge is for garden waste (relative to previous increases), the assumptions allow for some drop-off in demand, the charging is in line with or below other Councils and they have not reported any significant falls in demand. Thirdly, the proposed new charging that is proposed is for car parking in the evenings and on Sundays, but the financial impact is currently shown as TBC (which equates to zero) which allows the impact (if adopted following consultation) to only be incorporated when we see the actual impact.

Housing is the main service area where we see demand pressures, which usually result in an increase in the need to use hotel and B&B placements. The excess cost of these placements is currently being covered through specific housing grants, and we have seen an increase in the specific grant that we have been awarded. The conversion of Anderson House (in Hitchin) in to homeless accommodation will also help by increasing the supply, especially for those requiring greater support. But it remains an area to keep a focus on through quarterly monitoring.

As detailed in the main budget report, the risks in relation to other specific grant funding have also been considered.

### **Capital spend, capital funding and debt**

Capital spend comes with a revenue cost, which ranges from lost treasury income through to external interest charges and Minimum Revenue Provision. There is therefore a need to ensure that our capital spend forecasts continue to be realistic, both in terms of cost forecasts for items that are progressing, as well as being prepared to remove those items that are no longer deliverable.

The impact of inflation on capital spend forecasts is considered above. The need to fund capital spend from borrowing comes with an increased revenue cost, compared with being able to fund it from capital receipts. It is therefore necessary to consider the assumptions made in relation to generating new capital receipts.

Recent reports to Council (July 24 and January 25) requesting additional budget for the leisure centre decarbonisation scheme shows that major capital projects are susceptible to capital cost inflation and changes in revenue forecasts (e.g. changes in costs/ income). The second decarbonisation bid is lower value and scale, but there is still the potential for cost increases, and it will need to be kept under review. Whilst the plans for Churchgate area regeneration (in Hitchin) are still being developed, there are options that could make it a very large project. The inherent risk of such a project could require an increase in the recommended minimum General Fund balance, which would reduce the flexibility over the timing of the delivery of savings.

There has been a delay in the timing and amount of capital receipts compared to previous forecasts. This is due to previous vacancies in the Estates team and some site-specific changes that have now come to light. As we have reaching the tipping point where we are running out of existing capital reserves, the Estates team are being prudent in the timing of their forecast receipts. This results in a higher forecast Minimum Revenue Provision charge than may be required, but I consider this to be necessarily prudent.

As it currently stands, we have a small amount of historic external debt that it is not economic to repay. In the short-term we have the option to borrow internally against our revenue reserves and delay any further external borrowing as long as possible. This is both a more prudent approach, and likely to reduce longer term costs as it is likely that the cost of borrowing will reduce in the medium term (although not to the exceptionally low levels seen from 2008-2022).

### **Savings requirement**

The plan (as detailed in the MTF5) is to use Business Rate pooling gains (that are held in reserve) and General Fund reserves to support balancing the budget in 2025/26. This will be further helped by the ERP funding which will reduce the call on those reserves (at least in 2025/26). This is contingent on the commitment to take action during 2025/26 (including public consultation) to make decisions on savings to be implemented in 2026/27 onwards.

As there is not a savings target in place for the current year, any savings that have been put forward have not been due to pressure being placed on Budget Managers. Therefore, I consider the savings that have been put forward as part of this budget to be achievable and I do not need to flag any risks or concerns.

### **Council Reserves and the CIPFA Resilience Index**

At the start of 2025/26 we expect our General Fund reserves to be £14.4m and we also have £6.5m of previous Business Rate gains and grants held in reserve. As detailed in the budget report this is substantially above the recommended Minimum General Fund reserve levels. This gap helps to provide further comfort against the risks and concerns that I have highlighted in this section 25 report.

The Chartered Institute for Public Finance and Accountancy (CIPFA) produce a Resilience Index for Councils. CIPFA recommend that Chief Finance Officers consider the results from the index in compiling their section 25 reports.

The index is published on the CIPFA website (<https://www.cipfa.org/services/financial-resilience-index>). At the time of writing this report the version on the website was still based on March 2023 data. CIPFA had provided a pre-release version using 2024 data to Chief Finance Officers, and the considerations below are based on that version. I hope that version is published on the CIPFA website soon.

The Resilience Index includes some important measures in relation to level of reserves and how quickly they are being used. However, as it is based on data from the previous financial year-end, it obviously is not current data. Any key messages that are highlighted by the Resilience Index, would usually have been being flagged by the Council's Chief Finance Officer long before they show up on the Resilience Index. However, the Index can help as a wake-up call to reiterate the need for action.

The Index is based on comparisons, both with others and over time. In our case we can compare ourselves against all Districts or our statistical near neighbours. This can help with highlighting with where you are different to other Councils and not just rely on the fact that it is difficult for everyone.

When compared with our nearest neighbours the two measures which are showing as higher risk are: change in reserves and level of earmarked reserves. Our results are that our change in reserves was -10% (comparative range of -89% to +29%). However, this is in accordance with our short-term strategy and needs to be considered in the context of our overall level of reserves. Our overall level of reserves (compared with net expenditure) is at the lowest risk level. The story in relation to earmarked reserves is similar and we have been shifting earmarked reserves that aren't really that targeted in to the General Fund. So that would explain the levels and reductions in those levels. My conclusion is that our reserves are at a reasonable level for the risks that we are exposed to. Some Councils may have higher reserves as a way to mitigate against the higher risks (e.g. in relation to investments or borrowing) that they face. There is capacity for our reserves to drop as we respond to the budget pressures that we expect to have to face. But is worth noting that our reserves are not so high to allow for an excessively delayed response. They are at a level that allows for measured but prompt response but reflecting that savings will take some time to implement.

### **Conclusion**

Overall, I consider that the budget is proposed based on robust estimates. I have highlighted where I feel that there are elements of higher risk, but I am satisfied that there are mechanisms in place to be able to respond to these if required.

My overall conclusion is focused on the medium-term. It is almost certain that there will be a need to act. Even the more optimistic projections on funding would require savings to be identified and delivered of over £1m (and more likely in the range £2.5m - £3.5m). There will need to be some difficult decisions over areas of priority during 2025/26, to help inform the 2026/27 budget process. As long as action is taken then the Council can be sustainable in the medium-term and beyond. But if action is not taken then our reserves could fall very quickly. The Corporate Peer Challenge also highlighted the benefits of achieving a balanced budget more quickly and then using any reserves that are deemed to be surplus for investment in the district.

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**Appendix E - Budget Summary 2025/26 to 2029/30**

<b>All amounts £000</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
Net expenditure brought forward	19,376	22,792	21,852	21,162	20,448
Planned delivery of savings previously identified	-1,090	-975	-53	-339	-158
Planned Investments previously approved	1,317	371	128	106	-20
Other previously identified adjustments in future years	16	-19	17	-19	17
Savings and Cost Reductions reported in year	-100	-25	0	0	0
Investments and Pressures reported in year	1,235	-776	0	0	0
New savings proposals	-433	264	-159	-18	113
New investment proposals	1,314	651	-75	-192	-323
Net pay increments	173	50	50	50	50
Pay inflation	554	300	300	300	300
Pension contribution inflation	32	0	0	0	0
Forecast Contractual Inflation	272	325	325	325	325
Forecast Income Inflation	-261	-219	-223	-228	-231
2024/25 Budgets Carried Forward	388	-388	0	0	0
Further savings tbc	0	-500	-1,000	-700	-700
<b>Total Net Expenditure</b>	<b>22,792</b>	<b>21,852</b>	<b>21,162</b>	<b>20,448</b>	<b>19,820</b>
Council Tax Income	-13,613	-14,090	-14,584	-15,095	-15,625
Council Tax Collection Fund (Surplus) / Deficit	-144	0	0	0	0
Other Funding	-4,743	-4,266	-3,772	-3,261	-2,731
Extended Producer Responsibility funding	-1,435	-1,435	-1,435	-1,435	-1,435
Council Tax Support to Parishes	39	39	39	39	39
<b>Total Funding</b>	<b>-19,896</b>	<b>-19,752</b>	<b>-19,752</b>	<b>-19,752</b>	<b>-19,752</b>
<b>Net funding position (use of reserves)</b>	<b>2,896</b>	<b>2,100</b>	<b>1,410</b>	<b>696</b>	<b>68</b>
General Fund b/f	14,401	14,401	14,401	13,394	12,698
MHCLG Grants Transfer	-2,896	-2,100	-404	0	0
General Fund c/f	14,401	14,401	13,394	12,698	12,630

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## **Appendix F**

### **Investment Strategy (Integrated Capital and Treasury Strategy)**

## Part 1- Overview

### Introduction

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

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

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

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

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

The format of this strategy is as follows:

#### Part 2- Capital Spend

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

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

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

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

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



#### Part 5- Investment Strategy

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

#### Part 6- Overall Risk considerations

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

#### Part 7- Glossary of terms

- To explain the various terms used in this strategy.

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

#### Reporting requirements

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

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

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

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

#### Basis of Estimates

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

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

external factors that affect estimates, particularly current economic conditions and the impact of inflation. For capital projects, there is some flexibility to the extent to which they can overspend without further approval (ranging from 5% to 20% dependant on value) and this is considered in setting this overall strategy and in the quarterly monitoring.

### Treasury Management Policy and Treasury Management Practices

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

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

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

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

### Treasury Consultant

The Council undertook a tender to provide treasury management advice for a three year period. The contract was awarded to Link Asset Services to provide treasury management advice for the three year period April 2023 –March 2026 with the option to extend for a further two years. Link have since been taken over by MUFG Pension and Market Services (“MUFG”). It is recognised that the responsibility for treasury management decisions remains with the Council at all times and the Council will ensure that undue reliance is not placed upon MUFG. However, there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented.

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

### Skills and culture

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

Table 1

Group	Reason for training	Training that has been made available
Full Council (All Councillors)	<p>Required to formally adopt this Strategy.</p> <p>Required to approve any capital purchase over £2.5m.</p>	<p>Annual training that provides an introduction to Local Authority funding and accounting was provided in June 2024. All Councillors were invited to attend, with a particular focus on new Members, Cabinet members and Finance, Audit and Risk Committee members.</p>
Finance, Audit and Risk (FAR) Committee	<p>To review the Council's policies on Treasury, Capital and the Medium-Term Financial Strategy.</p> <p>To monitor the effective development and operation of risk management.</p>	<p>There is a standing item for future agenda items, which includes training ideas. This allows the targeting of specific training. This has enabled a number of training sessions to take place in advance of the regular FAR meetings.</p> <p>For 2025/26, the Committee have agreed to resume carrying out an annual skills self-assessment.</p> <p>Where relevant (particularly early in the civic year) the presenter of reports provides a more detailed introduction to ensure the key information and context is fully understood.</p> <p>Regular reporting to the Committee on Capital, Risk and Treasury provides the opportunity to ask questions.</p>
Chief Finance Officer and Finance Team	<p>Responsibility for the financial management of the Council (under s151 of Local Government Act, 1972), including capital and treasury management. Provide advice to Budget Holders in respect of financial management.</p> <p>Responsible for reviewing and amending the financial implications sections of reports.</p>	<p>Ongoing Continuing Professional Development for all qualified members of the finance team, including focused training for specific areas of responsibility.</p>
Leadership Team (LT)	<p>Individual Service Directors will be responsible for putting forward proposals.</p> <p>Proposals will be reviewed by the Senior Management Team prior to taking through the Committee process.</p> <p>Members of SMT are likely to be involved in negotiating commercial deals.</p>	<p>Previous training session on risk, risk appetite and assessing risk.</p> <p>Regular updates on the Council's funding and finances, including significant changes in regulations.</p> <p>Updates on the core principles of the prudential framework.</p>

## Part 2- Capital Spend

### Current Capital Assets

As at 31<sup>st</sup> March 2024, a summary of the capital assets owned by the Council is shown in table 2 below.

**Table 2**

<b>Asset Type</b>	<b>Asset</b>	<b>Reason for ownership</b>	<b>Value (£000)</b>
Investment Properties	Various	Retained to generate income	27,017
Churchgate, Hitchin	Shopping Centre	Regeneration	3,340
Surplus Land and buildings	Various	Held for future sale or development	8,618
Offices and Storage	Offices	Staff offices, customer service centre and democratic facilities	3,793
Offices and Storage	Unit 3 / Depots	Off-site storage, back-up IT and emergency planning	582
Leisure Facilities	Hitchin Swim Centre / Archers	Service use	8,614
Leisure Facilities	Letchworth Outdoor Pool	Service use	3,252
Leisure Facilities	North Herts Leisure Centre	Service use	13,218
Leisure Facilities	Royston Leisure Centre	Service use	8,357
Leisure Facilities	Pavilions / Bandstands	Service use	2,186
Leisure Facilities	Recreation Grounds / Play Areas / Outdoor Gym Equipment / Gardens/Allotments	Service use	5,764
Leisure Facilities	Decarbonisation Project	Service Use	16
Community Centres and Halls	Various	Community facilities, generally operated by third parties	12,634
Markets	Hitchin Market	To provide a market	163
Museums and Arts	Hitchin Town Hall and District Museum	District-wide museum and community facility	7,041
Museums and Arts	Letchworth and Hitchin museums, Burymead store	Museum storage	1,737
Cemeteries	Various	Service use	1,565
Community Safety	Various CCTV cameras	Service use	63
IT	Various computer equipment and software	To enable the delivery of other services	373
Parking	Various car parks	Service use	11,384
Waste Collection	Bins	Service use	290
Waste Collection	Vehicles	Service use	605
Public Conveniences	Various	Subject to leases/ management arrangements	561
Other	Various	Various	547
<b>Total</b>			<b>121,720</b>

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

**Table 3**

<b>Asset Type</b>	<b>Asset</b>	<b>Reason for purchase/ expenditure</b>	<b>Value (£000)</b>
CCTV	Various	CCTV Replacement	132
Cemeteries	Wilbury Hills	Path Enhancement	10
Grants	John Barker Place	Contribution to redevelopment	1,096
Grants	Various	Private Sector Housing Grants	100
Grants	Various	S106 Grants (REFCUS)	12
Grants	Various	Shared Prosperity Fund	280
Investment Properties	Residential Housing	To enable the conversion of Harkness Court to increase housing provision in the District	3
IT	Various computer equipment and software	To maintain IT service and provision of equipment	718
Leisure Facilities	Hitchin Swim Centre / Fitness	Enhancements	821
Leisure Facilities	Letchworth Outdoor Pool	Enhancements to Café	53
Leisure Facilities	North Herts Leisure Centre	Enhancements	1,212
Leisure Facilities	Recreation Grounds / Play Areas / Gardens / Allotments	Refurbishment of play areas.	576
Leisure Facilities	Royston Leisure Centre	Enhancements	670
Leisure Facilities	Various	Decarbonisation Project	8,590
Leisure Facilities	Various	Environmental Improvements	78
Museums	Museums	Museum and Commercial Storage	1,350
Parking	Off Street	Match Funding for Electric Vehicle Charging	100
Parking	Off Street	Upgrade pay and display machines and resurfacing	677
Various	IFRS16	IFRS16 accounting standard requires operating leases for all material assets with a duration of more than one year to be recorded on the Council's Balance Sheet.	456
Various	Various	Capital maintenance of Council buildings/land	305
Waste	Bins	Service Use	130
Waste	Bury Mead Road Transfer Facility	Service Use	30
<b>Total</b>			<b>17,399</b>

**Capitalisation Policy:**

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

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

The Authority's de-minimis level is £20,000 for property and £10,000 for vehicles, plant and equipment. Lower limits may be applied where it relates to grant funding

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

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

**Definitions:**

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

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

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

**Table 4**

Asset (or type of asset)	Security	Liquidity	Yield
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£24.6m by value)	Generally subject to long leases where the land has been built on. The building would become owned by the Council if there was a default on the lease agreement. Therefore, high security.	It is possible that the Council could try and sell to the leaseholder. Otherwise low liquidity in common with commercial premises.	The assets have been owned for a number of years. Valuations are based on the yield generated.
Letchworth Town Hall (value £0.8m)	25 year lease (from 2012) where the tenant has provided significant investment.	Very low liquidity as would require someone to be interested in this type of building. Listed so would limit redevelopment.	Valuations are based on the yield generated.
Beverley Close Store, Royston (value £0.2m)	15 year lease from 2017	Low liquidity in common with commercial premises.	Valuations are based on the yield generated. Previously used as a Council store and a decision was made to retain for rental income.
Residential housing (Harkness Court) (value £0.7m)	The property is on a long lease to Broadwater Hundred. The property would ultimately revert to the Council if the company did not pay the rent due. The demand for housing is high (shown by how quickly the properties were let) and so the security is considered to be high.	High demand should mean the property has high liquidity if the Council and company agreed to sell the property. The liquidity is lowered as currently leased to the company.	Generating a yield from the lease to Broadwater Hundred.
Other assets valued at less than £0.1m (£0.5m in total)	Not fully assessed	Not fully assessed	Not fully assessed

**Definitions:**

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

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

- Assessment of the market that competing in, including nature and level of competition, market and customer needs including how these will evolve over time, barriers to entry and exit, and ongoing investment required.



- Use of external advisers and how the quality of these is monitored
- Whether credit ratings are used and how these are monitored
- Any other sources of information that are used

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

**Table 5**

<b>Asset (or type of asset)</b>	<b>Fair value assessment</b>	<b>Assessment of the risk of loss</b>
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£24.6m by value)	Valued on a fair value basis. The valuation is based on rental yields.	Subject to competition from other sites within the same industrial areas and other locations. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the site. Any maintenance is the responsibility of the leaseholder.
Letchworth Town Hall (value £0.8m)	Valued on a fair value basis. The valuation is based on rental yields.	The building has some unique features in relation to its prominence and location. However, overall, there currently is an over-supply of office accommodation in Letchworth. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the building. Any maintenance during the lease term is the responsibility of the leaseholder.
Beverley Close Store, Royston (value £0.2m)	Valued on a fair value basis. The valuation is based on rental yields.	Subject to competition from other sites within the same industrial areas and other locations. Currently let to a company with significant property interest nearby. Might be difficult to re-let.
Residential housing (Harkness Court) (value £0.7m)	Valued on market value	Due to national (and local) housing shortage, there is high demand. The risk of loss is low, and will generally only be due to short-term voids.
Other assets valued at less than £0.1m (£0.5m in total)	Not fully assessed	Not fully assessed

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

**Use of Capital Receipts Direction:**

The Capital Receipts direction was last used to fund the decommissioning of pavilions and play areas in 2018/19. There are no plans to make further use of the Direction in the period 2025/26– 2029/30. This is because the Council has high revenue reserves and low available capital receipts.

For all assets the future capital cost of maintaining those assets has been considered, and gives the following future capital spend requirements (table 6). For some of the elements of some items (marked with an asterisk) the spend could be included in table 7 but is included here to make the tables shorter.

**Table 6**

Asset	Description of future capital expenditure	Forecast Capital Expenditure (£000)					
		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31 to 2034/35
<b>Existing Capital Programme-schemes 2025/26 onwards</b>							
Various	Capital maintenance based on condition surveys	50	50	50	50	50	250
Cemeteries	Wilbury Hills footpath resurfacing	0	30	0	0	0	0
Computer Software & Equipment	To maintain IT services	1,112	133	62	1,023	358	1,830
Hitchin Swim Centre*	Refurbish Changing Village	0	225	0	0	0	0
North Herts Museum & Community Facility	Weatherproof solution to allow all year round use of the Terrace Gallery balcony space / Town Hall Kitchen Enhancement	48	25	0	0	0	0
North Herts Leisure Centre*	Accessible wet change refurbishment / Interactive Water Feature	550	0	0	0	0	0
Royston Leisure Centre	Refurbishments / Learner Pool	1,852	0	0	0	0	0
Various	Private sector housing grants (REFCUS)	165	60	60	60	60	300
Various Off-Street Car Parks	Resurfacing / Enhancements	365	43	77	0	0	0
Various Parks and Playgrounds	Enhancements	1,356	190	190	180	180	900
Waste and Recycling	Bin replacements	1,260	90	90	90	90	450
<b>New Capital Programme</b>							
Various Parks and Playgrounds	Priory Gardens Bandstand	50	0	0	0	0	0
<b>Total</b>		<b>6,808</b>	<b>846</b>	<b>529</b>	<b>1,403</b>	<b>738</b>	<b>3,730</b>

The totals for 2030/31 to 2034/35 are estimates only and could be subject change. These should be treated as early indications only, and formal approval of these amounts is not required.

The revenue maintenance of these assets has also been considered. The Council has chosen to allocate a central budget of £230k per year for this purpose.

#### New Capital Assets

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

Table 7

Asset	Reason for capital expenditure	Forecast Capital Expenditure (£000)					
		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31 to 2034/35
<b>Existing Capital Programme-schemes 2025/26 onwards</b>							
Charnwood House	Refurbish and update the building for community use.	366	0	0	0	0	0
Newark Close	Replace Road	45	0	0	0	0	0
NH Museum and Community Facility	Museum Storage Solution / Replace Chiller	730	2,000	0	0	0	0
Public Sector Decarbonisation Project phase 1	Public Sector Decarbonisation Project	5,000	0	0	0	0	0
Remote testing equipment	Emergency Lights and Water Temperature Monitoring	13	0	0	0	0	0
S106 Projects	Fund community projects	192	0	0	0	0	0
Solar for Business	Install Solar Panels (on 3 <sup>rd</sup> party property)	563	0	0	0	0	0
Various	Refurbishment and improvement of community facilities	48	0	0	0	0	0
Various Grant Funded Projects	GAF funded implementations	713	0	0	0	0	0
Various on-street parking	Installation of trial on-street charging	50	0	0	0	0	0
Walsworth Common Pavilion	New pavilion	0	300	0	0	0	0
Waste and Recycling	Vehicles and Northern Transfer Station	5,270	0	0	3,000	3,000	5,500
<b>New Capital Programme</b>							
CCTV Control Room	Upgrade Control Room	45	0	0	0	0	45
Computer Software & Equipment	An alternative set of 25 machines that are outside of the Windows Environment for Disaster Recovery	15	0	0	15	0	30
Hitchin Town Hall	Air conditioning	100	0	0	0	0	0
Letchworth Deport	EV charging	100	0	0	0	0	0
Mel Tax Offices, Royston	Roof and structural works	25	0	0	0	0	0

Various Parks and Playgrounds	Replace play equipment and resurfacing	325	0	0	0	0	0
Public Sector Decarbonisation Project phase 2	Public Sector Decarbonisation Project	730	2001	423			
<b>Total</b>		<b>14,330</b>	<b>4,301</b>	<b>423</b>	<b>3,015</b>	<b>3,000</b>	<b>5,575</b>

Below is an estimate of the total capital expenditure to be incurred in the years 2025/26 to 2029/30. This is based on tables 6 and 7. This is a Prudential Indicator and the Council is required to set a target for it and monitor against it during the year.

<b>Prudential Indicator 1: Estimate of total capital expenditure to be incurred in years 2025/26 to 2029/30</b>	
<b>Year</b>	<b>£m</b>
2025/26	24.218
2026/27	3.416
2027/28	0.649
2028/29	4.428
2029/30	3.738

A list of the capital programme from 2025/26 is provided in Appendix C.

Where this proposed expenditure does not relate to service delivery, the security, liquidity and yield in relation to this spend has to be considered. The capital allocations do not include any spend that is not linked to service delivery, but the Council will continue to consider opportunities in relation to residential property and other investments where they support regeneration or support Council priorities. If these opportunities arise then they will be brought to Council for consideration, alongside an updated Investment Strategy. The table below (table 8) provides an analysis of security, liquidity and yield in relation to these types of investment.

**Table 8**

<b>Asset (or type of asset)</b>	<b>Security</b>	<b>Liquidity</b>	<b>Yield</b>
Residential Property (including developing housing on Council land)	<p>The underlying value of residential property generally appreciates over the medium term due to the overall shortage of supply. Any focus on developing new properties or converting existing properties to residential will also help to ensure security due to the expected uplift in value. Individual market factors will be considered prior to acquisition.</p> <p>Where retained it is likely that the property will be held through a company, although various funding structures can be considered (e.g. loan funding, equity funding or leasing the assets to the</p>	<p>Property is a medium to long-term asset due to the costs of buying and selling. However, it is generally possible to sell residential property within a reasonable time-frame if priced accordingly.</p>	<p>The expected rental yield will be compared to the costs of acquisition or construction as part of the business case.</p>

	company for onward rental). Maximum security would be achieved through loan funding (with the loan secured against the property) or an onward leasing arrangement. But there may be instances where higher levels of equity funding are considered appropriate.		
Other investments	The primary reason for any other investment would be to enable regeneration and/ or to support the delivery of Council priorities. But given overall Council finances, the security of investments will be given a high weighting in determining whether to take any forward. However there will always be some risk relating to both general market conditions and specific factors relevant to individual properties.	Property is a medium to long-term asset due to the costs of buying and selling, and that property markets can be cyclical in nature.	To reflect the risk of property investment a net surplus of 1% (above revenue costs of capital, administration and acquisition costs) will be targeted as a minimum. Any target surplus will be commensurate with the level of risk.

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

**Table 9**

<b>Asset (or type of asset)</b>	<b>Assessment of the risk of loss</b>
Residential Property	This will be fully assessed as part of the business case for the acquisition of any properties.
Other investments	This will be fully assessed as part of the business case for the acquisition of any properties.

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

#### Capital Funding

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

may have a value but is not included in the forecasts below as the amount and/or timing of the receipt is too uncertain.

**Table 10**

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Balance B/Fwd	2,331	0	0	2,336	2,560	0
Used in Year	2,331	0	3,864	776	2,560	0
Forecast Receipts (£000)	0	0	6,200	1,000	Tbc (0)	Tbc (0)
Balance C/Fwd	0	0	2,336	2,560	0	0

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

As a result of planned expenditure in 2024/25 and future years, the Council forecasts the following use of funding for capital (table 11).

**Table 11**

Funding Source	Brought forward (at 31/3/24)	Forecast expenditure and funding sources (£000)						
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31 to 2034/35
Capital Expenditure		17,399	21,138	5,147	952	4,418	3,738	9,305
Less: Set-aside receipts used	2,582	2,489	93	0	0	0	0	0
Less: Capital receipts used	2,331	2,331	0	3,864	776	2,560	0	0
Less: Grant funding used		8,053	807	996	176	0	0	0
Less: IT Reserve used		0	0	0	0	0	0	0
Less: S106 receipts used		539	276	37	0	0	0	0
Less: Funding from revenue		30	3,200	0	0	0	0	0
Less: Other Capital Contributions		10	48	250	0	0	0	0
<b>Borrowing requirement</b>		<b>3,947</b>	<b>16,714</b>	<b>0</b>	<b>0</b>	<b>1,858</b>	<b>3,738</b>	<b>9,305</b>
<b>Cumulative borrowing requirement</b>		<b>3,947</b>	<b>20,661</b>	<b>20,661</b>	<b>20,661</b>	<b>22,519</b>	<b>26,257</b>	<b>35,562</b>

**Definitions:**

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

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

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

<b>Prudential Indicator 2: Capital Financing Requirement</b>	
<b>Year</b>	<b>£m</b>
As at 31 <sup>st</sup> March 2024 (actual)	-2.6
As at 31 <sup>st</sup> March 2025 (forecast)	3.9
As at 31 <sup>st</sup> March 2026 (forecast)	20.7
As at 31 <sup>st</sup> March 2027 (forecast)	20.7
As at 31 <sup>st</sup> March 2028 (forecast)	20.7
As at 31 <sup>st</sup> March 2029 (forecast)	22.5

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

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

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

##### Borrowing strategy

##### **Definitions:**

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

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

Based on Prudential Indicator 2 above the Council has a Capital Financing Requirement from 2024/25 (although based on monitoring at Qtr 2 of 2024/25 had not yet reached having a positive Capital Financing Requirement) onwards and therefore does have a need to borrow.

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

**Table 12**

Revenue balance	Brought forward (at 31/3/24)	Forecast balance at year end					
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
General Fund <sup>1</sup>	14,057	14,401	14,401	14,401	13,394	12,698	12,630
Add back MRP	0	0	402	1,840	1,834	1,635	1,513
Revenue Reserves <sup>2</sup>	12,689	13,627	7,553	5,453	5,049	5,049	5,049
S106 balances	4,863	5,176	4,900	4,863	4,863	4,863	4,863
Provisions	2,597	2,597	2,597	2,597	2,597	2,597	2,597
Outstanding Debt	347	325	305	290	275	265	250
<b>Total</b>	<b>34,553</b>	<b>36,126</b>	<b>30,158</b>	<b>29,444</b>	<b>28,012</b>	<b>27,107</b>	<b>26,902</b>

1 Based on General Fund forecasts from Appendix E.

2 Revenue Reserve balance as at 31/3/24. Incorporates use of Business Rate reserve and waste vehicle reserve. For simplicity this ignores some of the fluctuations in reserve balances, as these do not have a material impact.

MRP is added back as it is not an outflow of cash and can be used for internal borrowing. The cash outflow happens when the borrowing is repaid. The Revenue budget includes forecasts of the MRP charge.

The Prudential Code (published by the Chartered Institute of Public Finance and Accountancy) provides a framework for Councils to develop investment plans that are affordable, prudent and sustainable. This details that an expectation that Councils will use cash reserves (i.e. borrow internally) before they borrow externally. The reason for this is that it reduces costs as not paying external interest. However, in the longer term it will introduce financing risk, as there will come a time when the Council will have diminished its cash reserves (except amounts held for cashflow purposes) and will need to borrow externally. This will need to be planned so that borrowing can be achieved at a reasonable rate.

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



**Table 13**

	Brought forward (at 31/3/24)	Forecast amount of borrowing in year (£000)							Carried forward (at 31/3/35)
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31 to 2034/35	
Total borrowing requirement	346	3,947	16,714	0	0	1,858	3,738	9,305	
Made up of:									
Internal borrowing	0	3,947	16,714	0	0	1,858	3,738	9,305	35,562
External borrowing	346	(21)	(20)	(15)	(15)	(10)	(8)	(7)	250

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

**Definitions:**

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

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

**Prudential Indicator 3: External Debt**

Year	Forecast Borrowing £m	Forecast other long-term liabilities <sup>1</sup> £m	Less: Internal Borrowing £m	Forecast Total External Debt £m	Operational Boundary £m	Authorised Limit £m
As at 31 <sup>st</sup> March 2024 (actual)	0.347	0.516	0	0.863	2.0	7.0
As at 31 <sup>st</sup> March 2025 (forecast)	4.272	0.562	(3.947)	0.887	2.0	7.0
As at 31 <sup>st</sup> March 2026 (forecast)	20.966	5.984	(20.661)	6.289	9.0	14.0
As at 31 <sup>st</sup> March 2027 (forecast)	20.951	5.122	(20.661)	5.412	7.0	12.0
As at 31 <sup>st</sup> March 2028 (forecast)	20.936	4.258	(20.661)	4.533	6.0	11.0
As at 31 <sup>st</sup> March 2029 (forecast)	22.784	3.395	(22.519)	3.660	5.0	10.0
As at 31 <sup>st</sup> March 2030 (forecast)	26.514	2.531	(26.257)	2.788	4.0	9.0

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

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

**Table 14**

Loan Type	Start date	Duration (years)	Maturity date	Amount Borrowed (£)	Balance Outstanding 31/03/25 (£)	Interest Rate (actual or forecast) (%)	Current Annual interest cost (£)
PWLB	08/01/49	80	Oct 2025	5,346	178	3.125	10
	16/09/49	80	Jul 2029	380	22	3.0	1
	10/05/46	80	Jan 2026	10,150	323	3.125	17
	12/11/48	80	Jul 2028	13,885	1,514	3.0	55
	01/10/65	60	Jul 2025	33,976	1,019	6.0	149
	05/07/66	60	Jan 2026	35,000	2,069	6.0	212
	02/08/66	60	Jul 2026	50,000	4,368	6.0	384
	18/03/68	60	Jan 2028	40,000	7,914	7.375	710
	03/01/69	60	Jul 2028	53,027	13,009	8.125	1,247
	06/03/70	60	Jan 2030	20,100	7,041	8.75	688
	24/11/70	60	Jul 2030	18,714	7,510	9.5	785
	26/01/71	60	Jan 2031	25,000	10,912	9.75	1,159
	05/03/71	60	Jan 2031	12,500	5,255	9.25	530
	05/03/71	60	Jan 2031	25,000	10,513	9.25	1,061
	31/05/46	80	Jan 2026	9,570	319	3.125	17
	28/02/47	80	Jan 2027	5,832	328	2.5	11
	18/10/46	80	Jul 2026	1,527	65	2.5	2
	20/02/48	80	Jan 2028	14,952	1,408	3.0	52
	22/09/50	80	Jul 2030	654	109	3.0	4
	27/08/82	60	Jul 2042	250,000	250,000	11.5	28,750
	07/12/45	80	Sep 2025	1,500	34	3.125	2
	16/09/49	80	Sep 2029	640	89	3.0	3
	20/03/53	80	Mar 2033	1,020	298	4.125	14
	23/10/53	80	Sep 2033	750	219	4.0	9
	20/11/53	80	Sep 2033	420	125	4.0	5
	25/04/52	80	Mar 2032	480	126	4.25	6
30/01/48	80	Sep 2027	1,560	123	3.0	5	
20/09/45	80	Sep 2025	16,690	553	3.125	34	
<b>Total</b>					<b>325,443</b>		

**Definitions:**

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

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

#### Treasury Indicator 4: Maturity Structure of Fixed Interest Rate Borrowing

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

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

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

#### Definitions:

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

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

#### Treasury Indicator 5: Fixed and Variable Borrowing Rate Exposure

Year	Operational Boundary relating to borrowing excluding long term liabilities £m	Limit on Fixed Rate borrowing £m	Limit on Variable Rate borrowing £m
2024/25	1.4	1.4	0.4
2025/26	3.0	3.0	0.9
2026/27	1.9	1.9	0.6
2027/28	1.7	1.7	0.5
2028/29	1.6	1.6	0.5
2029/30	1.5	1.5	0.4

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

The totals below are based on existing investment assets and estimates of the income that they are expected to generate. As there is no borrowing linked to investment assets, the expected annual borrowing costs are shown as zero.

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

Year	Capital value of investment assets £m	Expected annual income from investment assets £m	Total borrowing linked to investment assets £m	Expected annual borrowing costs for loans linked to investment assets £m
2025/26	28.906	1.554	0	0
2026/27	29.556	1.541	0	0
2027/28	31.556	1.541	0	0
2028/29	31.556	1.541	0	0
2029/30	31.556	1.541	0	0

Borrowing in advance of need

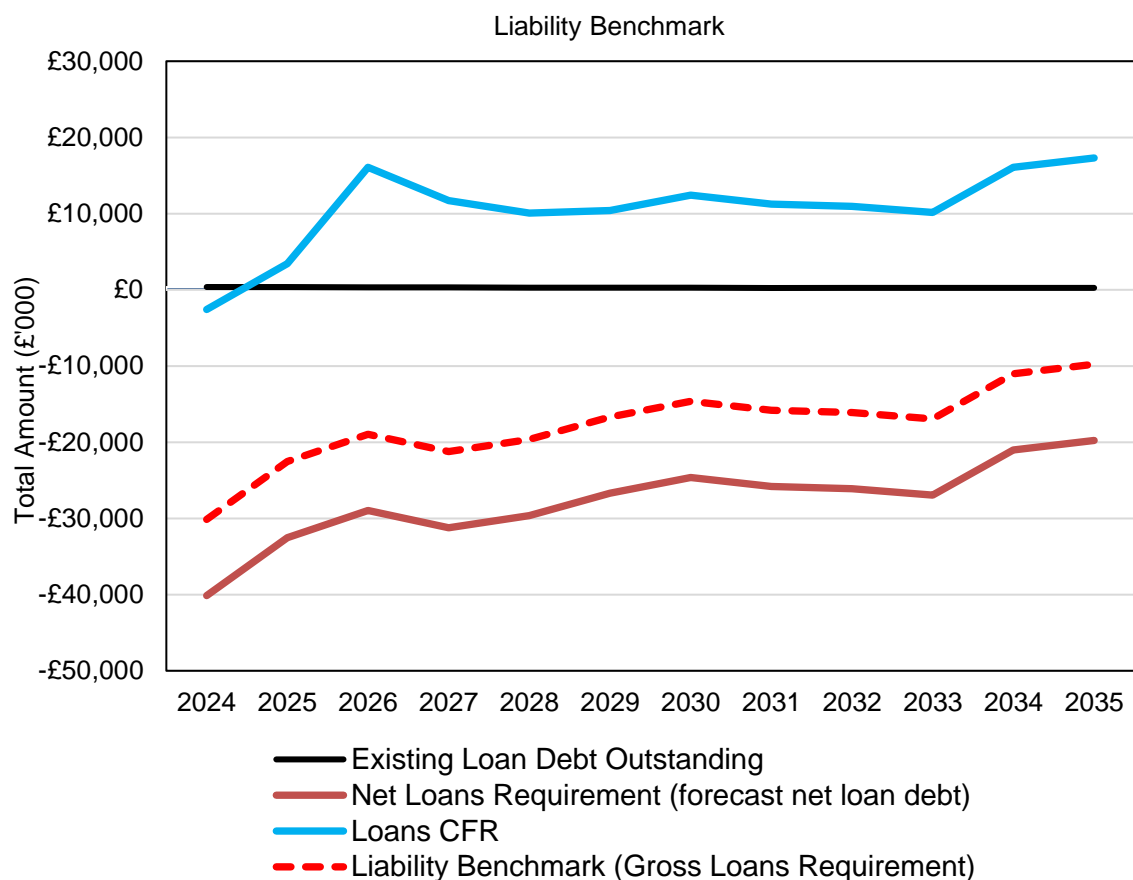
The Council would not borrow money in advance of need or at a low rate to try and reinvest that money to earn a higher interest rate, and profit from the margin between the two rates. However, the waste contract requires the use of vehicles that are provided by the contractor. The Council has taken the view that it receives the risks and rewards of those vehicle assets. Under accounting regulations, it is therefore required to treat this as a finance lease embedded within the contract. This requires the Council to recognise the vehicle assets as belonging to it, alongside a liability. The liability is effectively repaid through the contract sums over the seven years of the contract. For the new contract commencing in May 2025, it is better value for the Council to purchase the vehicles and avoid the financing costs that would be incurred by the contractor.

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

As part of the revised CIPFA Treasury Management Code and Prudential Code, Councils are required to adopt a Liability Benchmark (LB) treasury indicator to support the financing risk management of the capital financing requirement. The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority's existing loans and their repayment over time (black line).
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on forecast capital spend and MRP charges (light blue line).
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

The purpose of this indicator is to compare the authority's existing loans outstanding (the black line) against its future need for loan debt, or liability benchmark (the orange line). If the black line is below the orange line, the existing portfolio outstanding is less than the loan debt required, and the authority will need to borrow to meet the shortfall. If the black line is above the orange line (as above), the authority will (based on current plans) have more debt than it needs, and the excess will

have to be invested. The chart therefore tells an authority how much it needs to borrow and when. It therefore shows that the Council does not need to take out any further external borrowing.

### Minimum Revenue Provision

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

#### **Minimum Revenue Provision:**

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

The Council will use the asset life method. The MRP amount will be spread over the estimated life of the assets with no charge levied in the first year, in accordance with the regulations. The Council will apply one of the two approaches below based on the project(s) that the borrowing is used for and the benefits derived from the project(s).

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

The Council has a need to borrow in 2024/25 if the Capital programme is fully spent (as at Q2 forecast there will be a small borrowing need but this may be eliminated if there is further slippage) and will therefore need to apply a Minimum Revenue Provision (MRP). The current capital programme is mainly spent on service provision. Therefore, it is considered appropriate to adopt an equal instalment MRP policy.

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

#### **Treasury Indicator 7: Cost of borrowing (interest and MRP) as a % of the net revenue budget 2024/25 to 2029/30**

Year	Estimated cost of borrowing (£m)	Forecast net revenue budget (£m)	Estimated cost of borrowing as a % of net revenue budget (%)
2024/25	0.036	19.588	0.2
2025/26	0.436	22.792	1.9
2026/27	1.873	21.852	8.6
2027/28	1.866	21.162	8.8
2028/29	1.666	20.448	8.2
2029/30	1.543	19.820	7.8

## Part 5- Investment Strategy

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

**Table 15**

Balances	Brought forward (at 31/3/24)	Forecast balance at year end (£000)					
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Revenue balances (including MRP added back)	34,553	36,126	30,158	29,444	28,012	27,107	26,902
Capital Receipts	2,331	0	0	0	0	0	0
Capital Grants Unapplied	899	899	186	186	186	186	186
Add: Long-term liabilities <sup>1</sup>	516	562	562	562	562	562	562
Less: Capital Financing Requirement	-2,583	3,853	20,660	20,660	20,660	22,518	26,256
Less: Borrowing repayments	20	21	20	15	15	10	8
<b>Total forecast of available for investment</b>	<b>40,862</b>	<b>33,713</b>	<b>10,226</b>	<b>9,517</b>	<b>8,085</b>	<b>5,327</b>	<b>1,386</b>

1 The net position of money owed by the Council or to the Council can lead to increased or decreased cash available for investment. The Council has previously capitalised the cost of waste vehicles which had created a liability which varied over time. Under the new contract the Council will fund the vehicles up-front, in return for a lower contract cost. This means that there will now be no material variations in the liability balance.

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

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

Before considering where the Council will invest any surplus cash in treasury investments, it firstly needs to consider any loans that it may want to make for other purposes. A local authority can choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures. These loans can relate to service provision or to promote local economic growth. These loans may not seem prudent when considered purely in relation to security and liquidity. Table 16 details current and planned loans and shows the reasons for these loans, how their value is proportionate, the risk of loss and credit control arrangements that are in place.

**Table 16**

<b>Loan</b>	<b>Amount</b>	<b>Reason for Loan</b>	<b>Proportionality of value</b>	<b>Expected Credit Loss model and credit control</b>
Building Control	Currently £107k, provision for it to increase up to £172k	To support the formation of the company. The Council is also a shareholder in the company, owning 1/8 <sup>th</sup> of the shares.	Insignificant in the context of overall cash balances.	Regular monitoring of financial forecasts and business plans. The continuation of the company to provide Building Control services is more significant than the value of the loan.
Wholly owned Property Company	Up to £50k, current loan £20k	The loan is used for cashflow purposes to enable the company to become established.	As above.	As the loan is just for cashflow purposes it is unsecured. The Council receives regular reports on lettings performance which is the key indicator of company performance.
Stevenage Leisure Ltd	£308K	To purchase Technogym Equipment, which enables the provision of fitness activities at the Leisure Centres.	As above.	The Covid-19 pandemic affected the financial performance of SLL, and a repayment holiday was agreed. Whilst SLL returned to paying a full management fee during 2023/24, they have not been able to make loan repayments. As at the end of the contract in March 2024 the loan remained unpaid and SLL went in to liquidation in July 2024. The liquidation is still in progress. As at 31 <sup>st</sup> March 2024 there was a bad debt provision of £158k.  There are other transactions and accrued amounts (both positive and negative) that need to be resolved through the liquidation process.

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



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

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

All investments will be denominated in Sterling.

The Council will seek to appropriately diversify its investments across a range of types and counterparties. This means that if there were any security or liquidity issues with a particular type of investment or counterparty, the Council would still have access to the majority of its funds. The limits are initially based on a percentage of total funds but are converted to actual values to make the administration of investments more efficient. The values are calculated by applying the percentages to the expected average balance during the year (2025/26)\* and then rounded up to the nearest £1m. If these limits are set too low then it limits the investment opportunities available and also increases the administration as there is then a need to find more places to invest available funds. Given the significant expected decrease in funds during the year, the percentage limits have been set lower than last year (the previous percentages are included as a comparison). The limits are shown in table 17 below.

\* This is the balance taken from table 15 above of the average closing balance 24/25 and 25/26  
£22m

**Table 17**

<b>Investment Type</b>	<b>Max. amount in type of investment (£m)</b>	<b>Maximum amount in group (£m)</b>	<b>Maximum amount with any individual counterparty (£m)</b>	<b>Rationale and details</b>
Debt Management Office (UK Government)	No limit			Short-term investment with UK Government that is therefore the lowest possible risk
UK Local Authorities	No limit	n/a	3	10% (previously 15%) with any one counterparty, no limit on total with Local Authorities due to tax raising powers
UK Banks and UK subsidiaries of foreign banks that are subject to the same stress tests as UK banks (excluding Lloyds current account)- includes Deposits and Certificates of Deposit	11	4	3	Rating F3 or above (short-term) or BBB or above (long-term) and part nationalised banks. 10% with any one counterparty, 15% with institutions in the same banking group, 50% (previously 60%) with banks in total
Combined Lloyds Current Account and Call Account		n/a	5	Used for cashflow purposes
Non-UK banks- includes deposits and Certificates of deposit		4	3	AA- or above Country rating and A+ or above institution rating. Maximum of 10% with any one counterparty. Maximum of 15% (previously 20%) in non-UK banks.
UK Building Societies- assets of £300m to £1bn	n/a	11	1	Review of Pillar 3 reports and KPMG report on comparative profits. 10% with any one counterparty subject to maximum of £1m. Maximum of 50% (previously 60%) with UK Building Societies and Property Funds combined.
UK Building Societies- assets of over £1bn			2	As above, but £2million
Rated UK Building Societies			3	Rating F3 or above (short-term) or BBB or above (long-term). 10% with any one counterparty.
UK Property Funds	1		1	Due to long-term nature of investment 10% of 2029/30 year end cash balance to be invested in any one fund or combination of funds. No durational limits.
Money Market Funds	3	n/a	2	AAA rated. Maximum of 10% (previously 20%) in MMFs and 5% (previously 10%) with any one fund.
Ultra-Short Dated Bond Funds	2		1	AAA rated. Maximum of 5% (previously 10%) in USDBFs and £1M with any one fund.

UK Multi-Asset Funds	1		1	Due to long-term nature of investment 10% of 2029/30 year end cash balance to be invested in any one fund or combination of funds. No durational limits.
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The Council will primarily limit its liquidity risk by only investing money until it thinks it will next need it. On top of this it will also have a general limit on investments that are greater than 1 year (365 days). This limit is based on 25% of total investments but is again reflected as an absolute value of **£6m**, which is based on 25% of the expected average level of balances during the year (rounded up to nearest £1m). Investments with a set term of greater than 2 years will be subject to approval by the Chief Finance Officer, which will include a consideration of how much the investment will be as a percentage of total funds at the date it matures. It will be ensured that this is less than 25% of the estimated balance. No fixed investment term will exceed 5 years.

Investment funds (money market funds, multi-asset funds and property funds) do not have a set term and funds can be requested to be withdrawn at any time. Investment balances will be kept under review to ensure that they do not exceed the maximum amount set by this or subsequent treasury strategies. However, there is no time limit on the period that funds can be held invested for. For property funds there are both up-front set up and exit costs. Furthermore, the capital value of these funds also fluctuates over time. So, whilst in general it is possible to exit these funds at any time, there are likely to be more optimum times to do so. Therefore, it is expected that the period of investment could exceed 5 years. For multi-asset funds, the capital value of these funds also fluctuates over time. So, whilst in general it is possible to exit these funds at any time, there are likely to be more optimum times to do so. Therefore, it is expected that the period of investment could exceed 5 years.

The limits for certain investment types will be lower than the previous year (2024/25). In the early part of the year (for investments placed in 2024/25) the balances can be above the limits specified, but will have adhered to the limits at the time that the investments were placed.

Within the investment market, the opportunity for 'green' and ESG (environmental, social and governance) investments is starting to emerge. However, they can be more difficult to access. In some cases these can offer returns that are similar to, or the same as, non-green/ ESG alternatives for the same level of risk. Subject to these investments being compliant with other aspects of the treasury strategy (including simplicity of dealing with the institution and any minimum investment values), then these investments will be prioritised over non-green/ ESG alternatives.

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

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

**Table 18**

Year	Forecast of Bank of England Base Rate as at end of the year (%)	Forecast of average interest earned on investments (%)
2025/26	3.75	4.00
2026/27	3.5	3.625
2027/28	3.5	3.50

The 2027/28 rate is then used for investments in subsequent years.

Combining these average interest rates with expected balances, gives a forecast of the interest that will be earned in each year. Although the Council has retained the option to invest in longer term Property and Multi-asset funds, these type of investments are unlikely to happen so have not been assumed in calculating the forecast interest returns.

**Table 19**

	2025/26	2026/27	2027/28	2028/29	2029/30
Forecast of average balance available for investment (£m)- short to medium term	22	10	9	7	4
Forecast of interest earned (£m)	0.825	0.362	0.322	0.259	0.144
Current interest assumed in the revenue budget.	0.606	0.464	0.265	0.187	0.187

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

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

Year	Cost of borrowing £m	Less: Forecast of interest earned £m	Net Financing costs £m	Net Revenue Budget £m	Financing Costs as a % of Net Revenue Budget £m
2024/25	0.036	2.797	-2.761	19.588	-14.1
2025/26	0.436	0.825	-0.389	22.792	-1.7
2026/27	1.873	0.362	1.511	21.852	6.9
2027/28	1.866	0.322	1.544	21.162	7.3
2028/29	1.666	0.259	1.407	20.448	6.9
2029/30	1.543	0.144	1.399	19.820	7.1

## **Part 6- Overall Risk Considerations**

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

The Council's investments assets generally comprise of ground leases on commercial properties that are all within North Hertfordshire. A property fund generally invests in building (and land) assets that provide higher yields, and also diversifies across the United Kingdom. They also currently tend to focus on industrial, warehouses and office buildings. This means that there is limited cross-over in risk exposure, and before investing in a property fund (current investments are zero) the Council would review the current investments of the selected fund. Furthermore, this strategy limits any investment in a property fund to a maximum of £1m.

## **Part 7- Glossary**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Appendix G: Revenue Investments: Details of Statutory Services and implications of not investing

Service Directorate	Description of Proposal	Statutory Service?	Implications of not investing
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.	No	Limits the ability to extend the service to support more clients and generate income.  The spend is offset partly by the £35k additional income (reference E1).
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.	Yes	In the event of a successful cyber attack, would slow down how quickly we could start at least providing some services (with focus on statutory services).
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.	No	Would significantly limit the delivery of the Commercial Strategy. Oversight of the UK SPF would have to be picked up by another Officer, and risk that wouldn't effectively use all the funding available.
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.	No	The work detailed could not take place.

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<p>Housing &amp; Environmental Health</p>	<p>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.</p>	<p>Yes</p>	<p>Would not be able to deliver the service to the required statutory level.</p>
<p>Housing &amp; Environmental Health</p>	<p>Recruitment of an additional fully qualified Environmental Health Regulatory Officer into the Environmental Protection &amp; 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.</p>	<p>Yes</p>	<p>Would not be able to deliver the service to the required statutory level.</p>
<p>Housing &amp; Environmental Health</p>	<p>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 &amp; Safety interventions necessary for the service to achieve and maintain this legally required competency.</p>	<p>Yes</p>	<p>Would not be able to deliver the service to the required statutory level.</p>
<p>Housing &amp; Environmental Health</p>	<p>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.</p>	<p>Yes</p>	<p>Would not be able to deliver the service to the required statutory level.</p>

Appendix G: Revenue Investments: Details of Statutory Services and implications of not investing

<p>Housing &amp; Environmental Health</p>	<p>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.</p>	<p>No</p>	<p>This budget helps to future-proof the service as part of “grow our own” strategy.</p>
<p>Housing &amp; Environmental Health</p>	<p>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.</p>	<p>No</p>	<p>This budget helps to future-proof the service as part of “grow our own” strategy. Without this budget it is unlikely that we will keep our trainees and even if they stay, they will not be qualified to perform the statutory role.</p>
<p>Housing &amp; Environmental Health</p>	<p>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.</p>	<p>Yes</p>	<p>May not keep up with statutory requirements and best practice.</p>
<p>Housing &amp; Environmental Health</p>	<p>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.</p>	<p>Yes</p>	<p>Post is less attractive as a fixed term contract, current postholder may leave and could be difficult to recruit a replacement.</p>

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<p>Housing &amp; Environmental Health</p>	<p>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.</p>	<p>No</p>	<p>Lose the opportunity to target issues early, and get the benefits of match funding. May escalate to longer term issues.</p>
<p>Legal &amp; Community</p>	<p>Healthy Hub project expenditure. Budget is requested to cover the shortfall on the salary cost of the Health &amp; 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. <b>Forecast shortfall in 25/26 proposed to be funded from the carry forward of unspent staffing cost budget in 2024/25</b></p>	<p>No</p>	<p>May lose the Officers that provide this service if not able to provide any certainty over funding. Mostly funded by HCC, although scope of that funding is changing to focus on covering their statutory service requirements.</p> <p>Provides positive early intervention.</p>
<p>Legal &amp; Community</p>	<p>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 &amp; 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</p>	<p>Partly</p>	<p>Would limit the ability of the team to provide the wide range of support that is described. Some of that support is a statutory requirement.</p>

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	<p>budgeted contribution from reserve when the reserve balance reduces to zero.</p>		
<p>Page 141 Managing Director</p>	<p>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. This can in effect be part funded by the salary inflation provision for 2024/25 that wasn't all required.</p>	<p>Partly</p>	<p>Limits the ability to provide strategic leadership and support the delivery of our services. The additional capacity includes a focus on some statutory service areas.</p>
<p>Place</p>	<p>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.</p>	<p>No</p>	<p>Would significantly limit our ability to deliver on our Climate Change strategy and sustainability priority.</p>

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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.	No	Failure to meet Health & Safety requirements. May lead to pool closures which would reduce management fee income.
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.	No	Failure to meet Health & Safety requirements. May lead to pool closures which would reduce management fee income.
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.	No	Failure to meet Health & Safety requirements. May lead to pool closures which would reduce management fee income.
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.	No	More complaints over the condition and impact on public safety. May eventually become dangerous and require greater repairs at a later date.
Place	Repair and maintenance of Letchworth War Memorial. Current condition of the existing memorial is tired and in need of refurbishment.	No	Condition would get worse over time.

Appendix G: Revenue Investments: Details of Statutory Services and implications of not investing

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.	Yes	May contribute to flooding and as landowner we have a responsibility to prevent flooding.
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.	Yes	Likely to cause issues with implementing the new contract and associated service changes.
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.	Yes	May not be able to deliver the new requirements for commercial waste collections. May miss out on income as a chargeable service.
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.	Yes	Likely to cause issues with implementing the new contract and associated service changes.

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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).	No	Would require use of diesel instead which has higher carbon emissions.
Page 144 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 provide a wider Hertfordshire analysis for comparison.	Yes	Failure to meet the EPR requirements. Would not have the information we need to target our campaigns to improve recycling rates.
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.	Yes	Likely to cause issues with implementing the new contract and associated service changes.
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	No	Resident may not know what bins to put out each week.



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	have capabilities to be expanded to a wider range of council services including planning.		
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.	Yes	Likely to cause issues with implementing the new contract and associated service changes.
Page 145 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.	Yes	Would not be able to carry out the Local Plan review within the timetable adopted by Cabinet. Other work streams as detailed would also be delayed.

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Regulatory	<p>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.</p>	Yes	<p>May increase number of leavers if roles are felt to be undeliverable. These posts are hard to fill due to national shortages and ability to move to private sector.</p>
Regulatory	<p>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.</p>	No	<p>Would deliver fewer transport projects in line with the Council Plan each year as current capacity is not sufficient. May also increase the risk of retention given the current existing officer capacity</p>
Regulatory	<p>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.</p>	No	<p>Would not be able to take advantage of the efficiency and increased customer service that could be achieved.</p>

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Regulatory	<p>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 &amp; 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.</p>	Yes	<p>Would not be able to use the information to help support improved performance.</p>
Regulatory Page 147	<p>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.</p>	Yes	<p>Would not be able to carry out all the required work in relation to planning applications. May have to use consultants which would cost more.</p>
Customers	<p>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.</p>	No	<p>Failure to protect our IT environment increases the chance of successful cyber attacks.</p>
Place	<p>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.</p>	Yes	<p>This was part of the bid from the contractor that provided the most economically advantageous tender, so we are required to honour it.</p>

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Housing & Environmental Health	Local Authority Domestic Abuse Duty. The Domestic Abuse Act 2021 placed new duties on local authorities across England to ensure that victims of domestic abuse and their children can access the right support in safe accommodation when they need it. The New Burdens grant funding received in 2023/24 and 2024/25 has now been rolled into the Settlement funding for 2025/26. The financing of this expenditure in 2025/26 is therefore included as an additional amount to the Council funding total.	Yes	Would fail to meet the Duty in the Domestic Abuse Act.
Page 148 All	Changes to the Class 1 National Insurance Contributions Secondary Threshold and the Secondary Class 1 National Insurance contributions rate from 6 April 2025. The Secondary Threshold is currently set at £9,100 a year, and will be reduced to £5,000 a year with effect from 6 April 2025 until 5 April 2028. Thereafter the Secondary Threshold will be increased in line with Consumer Prices Index (CPI). In addition, the employer contribution rate for remuneration above the secondary threshold will increase from 13.8% to 15%. Pressure value represents estimated impact for Council payrolled staff only. The government confirmed £515 million in support for local authorities in England to mitigate the additional impact of the increase in employer National Insurance Contributions (NICs) on their budgets, with final allocations to local authorities to be published with the final local government finance settlement in early 2025.	Partly	Legislative requirement for higher National Insurance Costs.
Place	New waste and street cleansing contract expenditure. In last years budget there was a capital allocation for new vehicles. This has since been reduced. This pressure reflects the equivalent of the MRP reduction. This is reduced by the staffing cost for Customer Service staff that have TUPE transferred across to the Council (from the current contractor) that has already been incorporated in to staffing budgets. Overall this has zero net impact compared with last year,	Yes	The exact costs are still to be finalised, but not including this would make it less likely that there would be sufficient budget provision. We will need to pay the contractor in line with the contract.

Appendix G: Revenue Investments: Details of Statutory Services and implications of not investing

<p>Managing Director</p>	<p>Revenue cost of internal borrowing required to finance the proposed capital programme 2024-2034. Amounts are additional to those estimated to finance the proposed capital programme 2024-2034. Value only reflects estimated Minimum Revenue Provision, as additional impact of lost interest income is included in the interest income projection.</p>	<p>Partly</p>	<p>Directly linked to the capital programme.</p>
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