

Public Document Pack



Chairman and Members of the Council

Your contact: Lorraine Blackburn
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1 March 2019

cc. All other recipients of the Council agenda

Dear Councillor

COUNCIL - 5 MARCH 2019

Please find attached the following reports which were marked "to follow" on the agenda for the above meeting:

7. Public Questions (Pages 3 - 4) - Update

11. Executive Report - 26 February 2019 (Pages 5 - 24)

Please bring these papers with you to the meeting next Tuesday

Yours faithfully
Lorraine Blackburn
Democratic Services Officer

MEETING : COUNCIL
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 5 MARCH 2019
TIME : 7.00 PM

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COUNCIL – 5 MARCH 2019

PUBLIC QUESTIONS

Question 1

Mrs Mione Goldspink, Bishop's Stortford, to ask the Executive Member for the Environment and the Public Realm:

What proportion of Household Waste was re-cycled in 2018 in East Herts District? How does this compare with the figure for the whole of Hertfordshire and how does it compare with the National figure?

Question 2

Mr Chris Wilson, Bishop's Stortford Mrs Mione Goldspink, Bishop's Stortford, to ask the Executive Member for the Environment and the Public Realm:

What plans are there to test levels of air pollution at the Hockerill crossroads and to extend the testing area to roads adjoining the existing Air Quality Management Area (AQMA). In addition, are there any plans to enforce anti-idling legislation in Bishop's Stortford to limit the levels of pollution, particularly around schools near to the present AQMA.

Question 3

Mr Terence Beckett, Bishop's Stortford to ask the Leader of the Council:

Several Councils across the country have levered monies from central government to enable the provision of affordable and social housing. But, it's apparent that here in East Herts the current housing schemes will fall woefully short of providing sufficient affordable and social housing. Has the council given any thought of building their own provision of such housing on land provided by the developers and if not will they look into the possibility of doing so to meet the needs of the town and district?

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EAST HERTS COUNCIL

COUNCIL – 5 MARCH 2019

REPORT BY LEADER OF THE COUNCIL

EXECUTIVE REPORT – 26 FEBRUARY 2019

WARD(S) AFFECTED: All

Purpose/Summary of Report

- This report details the recommendations made by the Executive at its meeting held on 26 February 2019.

1.0 Background

1.1 Since the last Council meeting, the Executive has considered and supported a number of recommendations on the following items:

- Retail Frontages, Design and Signage – supplementary planning document
- Land West of Hertford (South of Welwyn road / West of Thieves Lane) Masterplanning Framework
- Harlow and Gilston Garden Town Transport Strategy
- Disposal of Leasehold land and Buildings
- Old River Lane, Bishop's Stortford – Approval of Preferred Developer

The full reports can be viewed at:

[Executive - 26 February 2019](#)

2.0 Agenda Item 11A – Retail Frontages, Design and Signage – supplementary planning document

2.1 The Executive considered a report regarding the draft Retail

Frontages, Design and Signage Supplementary Planning Document (SPD) for public consultation. The Executive is recommending that Council authorise the publication of the draft Retail Frontages, Design and Signage Supplementary Planning Document (SPD) for public consultation. Members are also being asked to agree that a Strategic Environmental Assessment (SEA) of the emerging Retail Frontages, Design and Signage Supplementary Planning Document (SPD) is not required.

<u>RECOMMENDATIONS FOR COUNCIL</u> that:	
(A)	The draft Retail Frontages, Design and Signage Supplementary Planning Document (SPD), as set out in Essential Reference Paper 'A', be agreed and published for a six-week period of public consultation; and
(B)	In accordance with the Environmental Assessment of Plans and Programmes Regulations 2004 it has been determined that a Strategic Environmental Assessment of the emerging Retail Frontages, Design and Signage Supplementary Planning Document (SPD) is not required as it is unlikely to have significant environmental effects.

3.0 Agenda Item 11B - Land West of Hertford (South of Welwyn Road / West of Thieves Lane) Master Planning Framework

3.1 The Executive considered the Master Planning Framework for Land West of Hertford (South of Welwyn Road / West of Thieves Lane) Master Planning Framework.

3.2 The Executive supported the following recommendation to Council:

<u>RECOMMENDATION FOR COUNCIL</u> that:
The Masterplanning Framework for Land West of Hertford (South of Welwyn Road/West of Thieves Lane) (HERT3), as

detailed at Essential Reference Paper 'B' to this report, be agreed as a material consideration for Development Management purposes.

4.0 Agenda Item 11C - Harlow and Gilston Town Transport Strategy

4.1 The Executive considered a report and recommended that the draft Harlow and Gilston Garden Town Transport Strategy be published for a six-week period of public consultation following the May elections.

4.2 The Executive also recommended that, following consultation and any subsequent revisions to the document, it is intended that the final Transport Strategy will be agreed as a material planning consideration for the preparation of masterplans, the preparation of the Gilston Area Charter, pre-application advice, assessing planning applications and any other development management purposes.

RECOMMENDATION FOR COUNCIL that:

(A)	The draft Harlow and Gilston Garden Town Transport Strategy, as detailed in Essential Reference 'C' to this report, be published for a six-week period of public consultation following the May elections; and
(B)	It is noted, that following consultation and any subsequent revisions to the document, it is intended that the final Transport Strategy will be agreed as a material planning consideration for the preparation of masterplans, the preparation of the Gilston Area Charter, pre-application advice, assessing planning applications and any other development management purposes.

5.0 **Agenda Item 11D – Disposal of a long leasehold interest and adjoining land**

5.1 The Executive considered an exempt report in respect of the disposal of a long leasehold interest and adjoining land for approval by Council.

5.2 The Executive supported the following recommendation to Council:

<u>RECOMMENDATION FOR COUNCIL:</u> That:	
(A)	The Council grants a 150 year ground lease of Meade House, Ware and adjacent land to General Practice Investment Corporation Ltd on the terms negotiated and set out in the report.

6.0 **Agenda Item 11E – Old River Lane**

6.1 The Executive approved the recommended developer for Old River Lane and made the following recommendation to Council in respect of capital and revenue budgets for approval to Council:

<u>RECOMMENDATION FOR COUNCIL:</u> That:	
(A)	With reference to the Proposed Capital Funding Package, set out at Exempt ERP D and the Financial Business Case for the new arts centre, set out at Exempt ERP G, the Executive recommends to Council that: (i) a capital allocation of £30m to fund the arts centre is made in the Council’s capital programme (ii) a revenue allocation of £250,000 to fund the East Herts’ share of the arts centre running costs be made in the Medium Term Financial Plan from 2022 onwards

	<p>(iii) a provisional revenue allocation of £468,000 be made to cover the required borrowing costs once all other funding bids/strategies have been exhausted.</p>
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7.0 Executive Decisions

7.1 Other matters determined by the Executive are detailed in the Minutes of the meeting included for information at **Essential Reference Paper 'A'** to this report.

Background Papers

The full agendas for the Executive meetings can be viewed at:
[Executive - 26 February 2019](#)

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EAST HERTS COUNCIL

COUNCIL – 5 MARCH 2019

REPORT BY EXECUTIVE MEMBER FOR FINANCE AND SUPPORT SERVICES

FINANCIAL SUSTAINABILITY STRATEGY 2019/2025

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

This report proposes a Financial Sustainability Strategy to be adopted for the use of both staff and members in the delivery of East Herts Medium Term Financial Plan for 2020 onwards.

The proposed strategy has been “work in progress” for the last year for the Financial Sustainability Group and draws on all the discussions and proposals considered within that group.

<u>RECOMMENDATION(S) FOR COUNCIL:</u>	
(A)	The Financial Sustainability Strategy is adopted and used as the key methodology for delivering the Medium Term Financial Plan 2020 onwards.
(B)	The Financial Sustainability Group is embedded as a Financial Sustainability Board and holds delegated powers to invest in projects that meet the Financial Sustainability Strategy criteria.
(C)	The action plan detailed in table 2 to be delivered through the Medium Term Financial planning process
(D)	A Capital sum is made available to the Financial Sustainability Board of £3m to invest in commercial

	income generating activity that achieves the Financial Sustainability Strategy key requirements.

1.0 Background

- 1.1 Financial Sustainability is regarded as the necessary direction of travel for local authorities across the country.
- 1.2 East Herts member and officer group has been meeting for over a year and has enabled the delivery of a number of cost saving schemes including the launch of the new Community Lottery.
- 1.3 Future years budget plans (post 2020) are not embedded across the council and therefore it is important that a strategy provides all stakeholders with the opportunity to start considering sustainable investment opportunities.
- 1.4 With the provision of a Financial Sustainability Board and a Financial Sustainability Strategy, the organisation will start to be able to react and respond to market opportunities.

2 Development of Current Services

- 2.1 The work carried out to date to consider for future funding opportunities has resulted in a number of Officer and member workshops. Following the successful initial initiative "Have your say " in 2018/19, further "Have your Say 2" workshop series focussed on Statutory/non-statutory functions and potential income stream from those provisions.
- 2.2 Based on the outcomes of these sessions the following areas were suggested as requiring additional investigation.

2.3 Table 1- Results of Have your Say briefings

Have your say results														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Development Control Section	█													
Building Control														
Community Protection														
Engineering & drainage function	█	█	█	█	█	█	█	█						
Environmental Health Section														
Env Pollution														
CAB grant	█	█	█	█	█	█	█	█	█	█				
Community projects														
Housing Service														
Parks Section														
Business Support Section	█	█	█											
Allotments				█	█	█	█	█						
Playgrounds														
Public Conveniences				█	█	█	█	█						
Refuse Collection Domestic														
Refuse Collection Commercial	█	█	█	█	█	█	█	█	█	█	█			
Clinical Waste														
Street Cleansing and Litter Control														
Recycling														
Parks & Open Spaces	█	█	█											
Leisure Provision				█										
Car Parking					█	█	█	█	█	█	█	█	█	█
Hertford Theatre														

2.4 Actions Arising from Results

The Financial Sustainability member group met in December 2018 and using the information provided set out an action plan for the following 12 months.

Using the areas of service that were highlighted members prepared a number of key actions that should be delivered throughout 2019-20 in preparation for the 2020 budget cycle.

These were ideas that could raise income or reduce expenditure whilst still maintaining an expected level of service and not compromising the delivery of statutory services.

Below is the action list of work to be considered:

Table 2 – Action Plan

Service	Action	Responsibility
Development Control Section	Investigate new income streams and further develop opportunities for improved revenue streams	Head of Development Control
Engineering & drainage function	Review responsibilities for this role as a District Council	Head of Housing and Health
CAB grant	Consider the level of funding the measured outcome gained from this level of investment	Head of Housing and Health
Allotments	Review level of investment and volumes - consider who is best placed for their management	Head of Operations
Public Conveniences	Review level of investment and volumes - consider who is best placed for their management	Head of Operations
Refuse Collection Commercial	Consider a joined up more commercial offering with North Herts ensuring economies of scale and streamlined charging	Head of Operations
Clinical Waste	Consider a joined up more commercial offering with North Herts ensuring economies of scale and streamlined charging	Head of Operations
Leisure Provision	Develop and consider future provision and contract management, maximising income streams	Head of Operations

Car Parking	Set up a task and finish group to consider future parking policy that is fit for purpose and is embedded in future years planning	Head of Operations
Hertford Theatre	Develop and consider future provision and contract management, maximising income streams	Head of Operations

2.0 Implications/Consultations

2.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS


Contribution to the Council's Corporate Priorities/ Objectives:	Priority 1 – Improve the health and wellbeing of our communities Priority 2 – Enhance the quality of people's lives Priority 3 – Enable a flourishing local economy
Consultation:	Not Applicable
Legal:	Not Applicable
Financial:	Within the body of the report.
Human Resource:	Not Applicable
Risk Management:	Within the body of the report.
Health and wellbeing – issues and impacts:	Not Applicable
Equality Impact Assessment required:	No


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East Herts Financial Sustainability Strategy

Future Proofing Our Financial Security



 @Eastherts

 EastHertsDC

 easthertscouncil

01279 655261

www.eastherts.gov.uk



Financial Sustainability Strategy

Aims and Objectives

Local Government is increasingly under pressure to become independent from external funding sources – essentially central government. This drive coupled with the opportunity to minimise the burden on local council tax and business rate payers is a key driver for the implementation of a Financial Sustainability Strategy.

The financial aim for East Herts Council is to deliver a financial return which contributes to the council spending plans and to support priority outcomes in the local community. This will be delivered by the following actions:

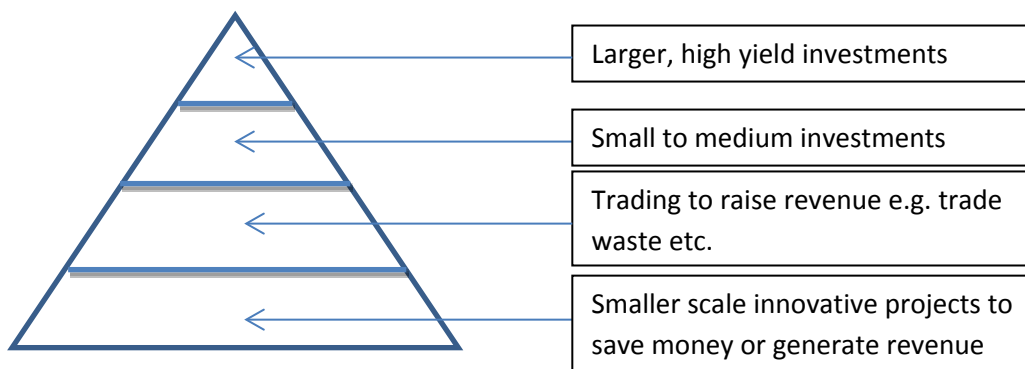
- Deliver a financial return and contribution in order to cross subsidise those services which by their nature cannot pay for themselves;
- Non-statutory services should at least cover all their costs.;
- Attract alternative investment models to support service delivery;
- Invest and use our financial resources to deliver a financial return;

The measure of this progress will be incorporated in the ongoing financial planning and management reporting framework and form part of the statutory budget setting framework requirements.

Structure of Financial Sustainability Pyramid

This Financial Sustainability Strategy is made up of four main components that together supplement traditional financial management. These components are managed within the traditional financial management process in business which leads to the usual budget setting processes of controlling spend, generating income and making savings.

Financial Sustainability is key component of this process and can be set out as a separate strategy that seeks to generate income or boost financial resilience through specific projects and initiatives to assist in closing any budget gaps. This financial modelling is broadly made up of four components that range from more numerous lower risk/lower impact to fewer in number higher risk*/higher impact:



*The nature of investment and risk means that higher spend projects will by definition always contain higher risk (in terms of spend relative to a total pot) than lower spend ones regardless of the risk of a given project/investment

A smaller number of higher yield projects/investments will likely provide significant sums while a greater number of lower yield projects/investments provide more modest returns while spreading risk and embedding a culture of entrepreneurship throughout the organisation.

Different components of Financial Sustainability

Rates of Return

An approach many councils have set-up to accelerate the project process in terms of investments is agreeing a set rate of return for projects/investments known as the "hurdle rate" over the life time of the initiative.

For extremely low risk projects a lowered hurdle rate - say 2% - is acceptable but these projects/investments must thoroughly evidence how and why the risk is much lower e.g. are they part of a scheme with guaranteed returns, treasury bonds etc.

Some projects may give a lower rate of return but provide wider community benefits (e.g. opportunities for other income outcomes for example selling business support services at the Launchpad in Bishop's Stortford). For these it is expected that a return is still generated (barring exceptional circumstances); however a lower one is required due to the added social value.

Risk/purpose	Minimum acceptable return
Higher risk/reward	10%
Standard risk/reward	5%
Low risk/reward	3%
Wider community benefits	2%

The Risk will be evaluated using the corporate risk matrix attached at appendix A.

Investments in commercial properties

East Herts aims to be one of a number of financially sustainable councils that achieve independence from central government funding. Such councils are diverse and take a wide range of approaches to achieve financial independence. However one thing they all have in common is investments in commercial properties for a given rate of return.

East Herts has the appetite to consider opportunities inside and outside of the district as there are limited options internally and this could constrain the portfolio of investments to either result in reduced returns, excessive risk, or both.

This strategy proposes the implementation of an investment board with an established annually agreed budget. The board will consist of elected members and officers. It shall have two permanent individuals on it: the portfolio holder for Finance and Support Services and the Head of Strategic Finance. Other officers will contribute to the board as and when required.

The board's delegated budget will be available for investment opportunities and they will review opportunities and assess them according to risk and return. The board will be looking purely for financial return with an emphasis on safe and secure investments.

A structure and analysis of any potential opportunity must pass a set of pre-determined risk matrix included as appendix A.

Support for commercial thinking

The outline process to approve commercial projects/investments will be delivered at regular bi-monthly investment meetings. Initially it is suggested that the group should be a continuation the financial sustainability group which currently consists of 6 members and 3 officers currently. It is at this forum that regular opportunities are discussed and managed. As the strategy is developed further this governance may be replaced with something else depending of the findings of the exploration work.

Potential actions as to how governance arrangements might be initiated.

Outline of support for officers

- Commercial thinking training (e.g. session in early 2019)
- Commercialism lead (currently Head of Strategic Finance and Property)- an in house resource with business acumen who can manage commercial projects and investments and can be used as a consultant/advice source by service launching commercial projects

Appendix A - Risk Matrix and acceptable levels of return for investment in commercial properties

Example of Risk Scoring Investment table based on feedback from the Financial Sustainability Group.

This table can be updated and re-aligned as the Councils appetite for risk changes

Financial Sustainability Investment Decision table		
Category	Information	Score
What is the Location of the site considered to be ?	Micro prime	12
What is the Tenant Covenant within the site?	Single tenant with good financial covenant	16
What are the current Lease Terms?	unencumbered lease	15
What is the Occupational Lease Length?	Greater than 20 years	15
How is the Building Quality rated?	Modern or recently refurbished with nominal capex required	10
What is the Tenure offered ?	Freehold	10
What are the Tenant Repair obligations?	FRI	10
What is the Lot Size valuation?	Between £4m and £6m	5
Total		93
If all information present:		
MAX score = 100		
MIN Score = 20		

The Risk Matrix supports member and officer decision making by flagging up the potential risk levels of any type of investment.

In turn the level of risk can be compared to a defined investment level required as referred to in the table below:

Risk/purpose	Minimum acceptable return	Scoring levels based on risk table above
Higher risk/reward	6%	30 -50
Standard risk/reward	5%	50-70
Low risk/reward	3%	70-90
Wider community benefits	2%	Not included above

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