



MEETING : CORPORATE BUSINESS SCRUTINY COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 30 AUGUST 2016
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

MEMBERS OF THE COMMITTEE

Councillor M Allen (Chairman)
Councillors R Brunton, K Brush, M Casey, B Deering, J Kaye (Vice-Chairman), P Phillips, M Pope, M Stevenson and J Wyllie

Substitutes

Conservative Group: Councillors D Andrews, I Devonshire,
R Henson, D Oldridge, R Standley and
C Woodward

(Note: Substitution arrangements must be notified by the absent Member to Democratic Services 24 hours before the meeting)

CONTACT OFFICER: PETER MANNINGS

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DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.

2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.

3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.

4. It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

Audio/Visual Recording of meetings

Everyone is welcome to record meetings of the Council and its Committees using whatever, non-disruptive, methods you think are suitable, which may include social media of any kind, such as tweeting, blogging or Facebook. However, oral reporting or commentary is prohibited. If you have any questions about this please contact Democratic Services (members of the press should contact the Press Office). Please note that the Chairman of the meeting has the discretion to halt any recording for a number of reasons, including disruption caused by the filming or the nature of the business being conducted. Anyone filming a meeting should focus only on those actively participating and be sensitive to the rights of minors, vulnerable adults and those members of the public who have not consented to being filmed.

AGENDA

1. Apologies

To receive apologies for absence.

2. Minutes - 12 July 2016

To confirm the Minutes of the meeting of the Committee held on Tuesday 12 July 2016 (Previously circulated as part of the Council Minute book for 27 July 2016).

3. Chairman's Announcements

4. Declarations of Interest

To receive any Member(s)' Declaration(s) of Interest and Party Whip arrangements.

5. Corporate Annual Report 2015/16 (Pages 7 - 20)

6. Annual Governance Statement 2015/16 and Action Plan 2016/17 (Pages 21 - 52)

7. Medium Term financial strategy (2017/18 to 2020/21) (Pages 53 - 78)

8. Hertford Urban Design Strategy - Request to Fund Town Centre Improvements (Pages 79 - 84)

9. Proposal to set up a county wide Home Improvement Agency Service in Hertfordshire (Pages 85 - 146)

10. Proposal to Assess the Feasibility of a Housing Company (Pages 147 - 160)

11. Quarterly Corporate Healthcheck - Quarter 1 June 2016 (Pages 161 - 198)

12. Scrutiny Work Programme (Pages 199 - 206)

13. Urgent Business

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

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EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 30 AUGUST 2016

REPORT BY EXECUTIVE MEMBER OF FINANCE AND SUPPORT SERVICES

2015/16 CORPORATE ANNUAL REPORT

WARD(S) AFFECTED: *(None specific)*

Purpose/Summary of Report:

- This report provides a draft of the council's Annual Report for 2015/16.

<u>RECOMMENDATION FOR CORPORATE BUSINESS SCRUTINY:</u>	
That:	
(A)	The 2015/16 Annual Report be recommended to Executive for approval.

1.0 Background

1.1 The Annual Report documents the council's key achievements for each of the corporate priorities over the last financial year. It also contains an overview of the council's performance.

1.2 The Annual Report complements and mirrors the 2015 – 2019 Corporate Plan but looks back on performance rather than offering any forward looking planning.

1.3 The 2015 – 2019 Corporate Plan contained the council's old priorities which were replaced from 1 April 2016 with a smaller, more streamlined set.

1.4 The achievements within the report have primarily been sourced from Team Update, Service Plan Progress Reports and Link Magazine.

2.0 Report

2.1 This report provides a draft of the Annual Report for 2015/16 for comment and approval.

- 2.2 The report allows residents to judge the effectiveness and contribution of the council to the district and local communities as well as enabling councillors and employees to reflect on performance.
- 2.3 The Annual Report will be designed and published on the council's website.
- 2.4 The Annual Report is attached as **Essential Reference Paper 'B'**. Performance information which compliments the Annual Report is attached as **Essential Reference Paper 'C'** and will be published separately.
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None.

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Report Author: Ceridwen Pettit – Corporate Planning and Performance Manager, Extn: 2240.
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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS:

<p>Contribution to the Council's Corporate Priorities/ Objectives (delete as appropriate):</p>	<p>This report focuses on the councils old priorities for 2015/16, which were:</p> <p>People – Fair and accessible services for those that use them and opportunities for everyone to contribute</p> <p>This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.</p> <p>Place – Safe and Clean</p> <p>This priority focuses on sustainability, the built environment and ensuring our towns and villages are safe and clean.</p> <p>Prosperity – Improving the economic and social opportunities available to our communities</p> <p>This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic opportunities and delivering cost effective services.</p>
<p>Consultation:</p>	<p>The leadership team were consulted on the draft 2015/16 Annual Report.</p>
<p>Legal:</p>	<p>There are no legal implications.</p>
<p>Financial:</p>	<p>There are no financial implications.</p>
<p>Human Resource:</p>	<p>There are no human resources implications.</p>
<p>Risk Management:</p>	<p>Effective performance management arrangements helps to ensure that the council's priorities and objectives are met and supports greater transparency and increases local accountability. The Annual Report is one tool designed to help deliver this.</p>
<p>Health and wellbeing – issues and impacts:</p>	<p>There are no direct Health and Wellbeing implications in regard to this report, although a number of achievements detailed in the report support this priority area.</p>

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Corporate Annual Report 2015/16

Priority and outcomes

1. **People** – fair and accessible services and opportunities for everyone to contribute:

- Improve health and wellbeing of residents
- Reduce fuel poverty
- Increase community engagement
- Deliver customer focused services
- Improve outcomes for vulnerable families and individuals.

Achievements so far...

- Launched a three year “Forever Active in East Herts” sports and leisure programme for over 50s with a “Come and Try” taster event attended by over 200 people
- Used funding of £100,000 from county to deliver 14 health and wellbeing outcomes to benefit local people including Meet and Eat Project, Exercise to Wellbeing Project, Dementia Homes Project
- Launched an action plan to tackle fuel poverty which includes 50% grants for cavity wall and loft insulation, advice and assistance to residents in need
- Active partner of the Herts Healthy Homes Project which benefited 58 elderly residents
- Establishing a dedicated post to focus on sustaining tenancies in the private rented sector using a £49,000 homelessness prevention grant to support residents with rental deposits
- Held fifth Community Sports Awards
- Developed new community volunteering scheme

- Granted a 30 year lease to Ware Arts Centre to transform Southern Malting into a community arts hub
- Undertook biennial residents survey that showed 69% of residents satisfied with how the council runs things
- Customer satisfaction is 83% for face to face contact, supported the opening of a Dementia Café in Bishop's Stortford
- Offered free dementia awareness sessions for residents, businesses and students
- Funded eight Silver Sunday events celebrating older people with activity grants
- Reduced average processing times for housing benefit applications to under 10 days in spite of increased demand.

2. **Place** – safe and clean:

- Reduce residual waste and increase recycling rate
- Reduce CO₂ emissions from our own operations by 25% by 2020 and work with partners to reduce the emissions of households and businesses
- Maintain clean streets and reduce litter
- Maintain parks, play areas and open spaces in good order
- Reduce anti-social behaviour (ASB) and the fear of crime
- Ensure future development best meets the need of the district and its residents.

Achievements so far ...

- 49% of waste recycled
- Two air quality projects delivered
- 1600 tonnes of CO₂ saved
- New powers to tackle anti-social behaviour
- RSPCA gold footprint award

- First compulsory purchase order of derelict home
- Retained Green Flag Awards
- Delivered 147 new affordable homes
- Supported launch of community youth champions and Op Stomp initiatives,
- Summer activities programme enjoyed by 621 youngsters
- Granted planning permission for up to 2,200 new homes at Bishop's Stortford North incorporating affordable homes
- Improved planning application processing times
- Completed and adopted the Hertford Urban Design Strategy

3. **Prosperity** – improving the economic and social opportunities available to our communities:

- Deliver value for money and reduce our reliance on central government funding
- Enhance the economic wellbeing of East Herts
- Deliver sustainable rural business growth
- Protect the environment.

Achievements so far ...

- Council tax bill frozen
- Supported county's business awards
- Purchased Old River Lane site in Bishop's Stortford and started work on a town centre framework for consultation at end of 2016
- Created more short stay car parking availability at Gascoyne Way Hertford and Crown Terrace Bishop's Stortford car parks
- Contributed to set-up of Better Business for All (BBfA)

Essential Reference Paper 'B'

- Jointly launched new Eastern Plateau Rural Development Programme (RDPE), continued with flood alleviation works across the district.

Code	Indicator	Past Performance	Current Performance				Lead Service
		2014/15	2015/16				
		Outturn	Target 2015/16	Outturn	Performance	Status	
Corporate Priority: People							
EHPI 1a	% of customers satisfied with leisure services - All	N/A	N/A	81.00%	N/A	N/A	Environmental Services and Leisure
EHPI 1b	% of customers satisfied with leisure services - Leventhorpe	N/A	N/A	91.00%	N/A	N/A	Environmental Services and Leisure
EHPI 1c	% of customers satisfied with leisure services - Hartham	N/A	N/A	80.00%	N/A	N/A	Environmental Services and Leisure
EHPI 1d	% of customers satisfied with leisure services - Fanshawe	N/A	N/A	72.00%	N/A	N/A	Environmental Services and Leisure
EHPI 1e	% of customers satisfied with leisure services - Buntingford	N/A	N/A	80.00%	N/A	N/A	Environmental Services and Leisure
EHPI 1f	% of customers satisfied with leisure services - Grange Paddocks	N/A	N/A	57.00%	N/A	N/A	Environmental Services and Leisure
EHPI 3a	Usage: number of swims (under 16)	50,261	49,000	47,787	▼	☹️	Environmental Services and Leisure
EHPI 3b	Usage: number of swims (16 - 60)	95,590	95,000	92,856	▼	☹️	Environmental Services and Leisure
EHPI 3c	Usage: number of swims (60 +)	29,268	27,000	25,352	▼	☹️	Environmental Services and Leisure
EHPI 4a	Usage: Gym (16 - 60)	193,446	187,000	163,671	▼	☹️	Environmental Services and Leisure
EHPI 4b	Usage: Gym (60 +)	21,267	16,800	20,292	▼	😊	Environmental Services and Leisure
EHPI 129	Response time to Anti Social Behaviour complaints made to East Herts Council	100.00%	100.00%	100.00%	—	😊	Community Safety and Health
EHPI 3.1	The number of formal warnings issued to drivers and operators by the Licensing team. (This includes matters like - failure to produce documents, parking issues and driver conduct)	N/A	Trend only	22	N/A	N/A	Community Safety and Health
EHPI 3.2	The number of taxi licensing matters taken forward to the Licensing Sub Committee	N/A	Trend only	11	N/A	N/A	Community Safety and Health
EHPI 3.3	Number of events notified to the Safety Advisory Group by event organisers	N/A	Trend only	76	N/A	N/A	Community Safety and Health
EHPI 3.4	The number of visits by Licensing Enforcement officers to Licensed premises	N/A	Trend only	201	N/A	N/A	Community Safety and Health
EHPI 3.5	The number of applications received by the Licensing team in respect of Licensed premises	N/A	Trend only	1125	N/A	N/A	Community Safety and Health
EHPI 3.6	The number of these applications that have received representations against them	N/A	Trend only	8	N/A	N/A	Community Safety and Health
EHPI 3.7	The number of these applications that are taken forward to Licensing Sub Committee	N/A	Trend only	2	N/A	N/A	Community Safety and Health

Code	Indicator	Past Performance	Current Performance				Lead Service
		2014/15	2015/16				
		Outturn	Target 2015/16	Outturn	Performance	Status	
			Short term trend				
EHPI 184	Food establishments in the area which are broadly compliant with food hygiene law	94%	85%	Not available until December 2016	TBA	TBA	Community Safety and Health
EHPI 2.12	Service requests: environmental health	94%	98%	Not available until December 2016	TBA	TBA	Community Safety and Health
EHPI 10.1	Council Tax Support caseload	6,623	Trend only	6,267	▼	N/A	Revenues and Benefits Shared Service
EHPI 10.3	Housing benefit caseload	6,173	Trend only	6,017	▼	N/A	Revenues and Benefits Shared Service
EHPI 151	Number of homeless households living in temporary accommodation at the end of the quarter	N/A new PI from 2015/16	Trend only	19	N/A	N/A	Housing Services
EHPI 152	The number of applicants accepted as owed the main homelessness duty to secure accommodation	N/A new PI from 2015/16	Trend only	71	N/A	N/A	Housing Services
EHPI 153	Number of applicants that presented to the council as homeless	N/A new PI from 2015/16	Trend only	113	N/A	N/A	Housing Services
EHPI 181	Time taken to process Housing Benefit new claims and change events (Calendar days)	10.00 days	10.00 days	9.73 days	▲	😊	Revenues and Benefits Shared Service
Corporate Priority: Place							
EHPI 154	Net additional homes provided	581	604	Not available until December 2016	TBA	TBA	Planning and Building Control
EHPI 155	Number of affordable homes delivered (gross)	124	200	147	▲	😞	Housing Services

Code	Indicator	Past Performance	Current Performance				Lead Service
		2014/15	2015/16			Performance	
		Outturn	Target 2015/16	Outturn	Short term trend		
EHPI 157a	Processing of planning applications: major applications	63.00%	60.00%	78.00%			Planning and Building Control
EHPI 157b	Processing of planning applications: minor applications	85.00%	80.00%	89.00%			Planning and Building Control
EHPI 157c	Processing of planning applications: other applications	92.00%	90.00%	92.00%			Planning and Building Control
EHPI 159	Supply of ready to develop housing sites	60.0%	Trend only	Not available until December 2016	TBA	N/A	Planning and Building Control
EHPI 2.1d	Planning Enforcement: Initial Site Inspections	75.80%	75.00%	84.00%			Planning and Building Control
EHPI 2.1e	Planning Enforcement: Service of formal Notices	100.00%	85.00%	100.00%			Planning and Building Control
EHPI 2.23	Planning decisions delegated	96%	90%	97%			Planning and Building Control
EHPI 204	Planning appeals allowed	29%	Trend only	39.0%		N/A	Planning and Building Control
EHPI 64	Vacant dwellings returned to occupation or demolished	13	10	11			Community Safety and Health
EHPI 191	Residual household waste per household	456 kgs	448 kgs	467 kg			Environmental Services and Leisure
EHPI 192	Percentage of household waste sent for reuse, recycling and composting	49.61%	51.00%	48.69%			Environmental Services and Leisure
EHPI 195a	Improved street and environmental cleanliness: Litter	2%	2%	3%			Environmental Services and Leisure
EHPI 195b	Improved street and environmental cleanliness: Detritus	5%	7%	8%			Environmental Services and Leisure
EHPI 195c	Improved street and environmental cleanliness: Graffiti	0.00%	1.00%	0.11%			Environmental Services and Leisure

Code	Indicator	Past Performance	Current Performance				Lead Service
		2014/15	2015/16			Performance	
		Outturn	Target 2015/16	Outturn	Short term trend		
EHPI 195d	Improved street and environmental cleanliness: Fly-posting	0%	1%	0%	—	😊	Environmental Services and Leisure
EHPI2.2 (45)	Waste: missed collections per 100,000 collections of household waste	29.18	45.00	22.47	▲	😊	Environmental Services and Leisure
EHPI 2.4	Fly-tips: removal	1.70 days	2.00 days	1.88 days	▼	😊	Environmental Services and Leisure
EHPI 2.5	Total waste collected by the district (kg per household)	904 kgs	916 kgs	910 kgs	▼	😊	Environmental Services and Leisure
EHPI 2.6	Percentage of residual waste (refuse) sent for disposal	50%	47%	51%	▼	😞	Environmental Services and Leisure
EHPI 86	Cost of household waste collection	£47.55	£52.61	£48.66	▼	😊	Financial and Support Services and Performance
EHPI 90b	Satisfaction with waste recycling	No survey in 2014/15	80%	79%	▼	😐	Environmental Services
Corporate Priority: Prosperity							
EHPI 5.1	% of complaints resolved in 14 days or less	77.89%	70.00%	77.63%	▼	😊	Information, Parking and Customer Services
EHPI 5.2a	% of complaints about the Council and its services that are upheld a) 1st stage	35.44%	30.00%	24.60%	▲	😊	Information, Parking and Customer Services
EHPI 5.2b	% of complaints about the Council and its services that are upheld b) 2nd stage (appeal)	31.25%	25.00%	18.18%	▲	😊	Information, Parking and Customer Services
EHPI 5.4	% of complaints to the Local Government Ombudsmen that are upheld	37.50%	0%	0%	▲	😊	Information, Parking and Customer Services
EHPI 7.2	Turnaround of PCN Challenges and Representations	N/A new PI from 2015/16	21 days	11 days	N/A	😊	Information, Parking and Customer Services
EHPI 7.3	Percentage of appeals to the traffic penalty tribunal against the number of PCNs issued	N/A new PI from 2015/16	0.35%	0.14%	N/A	😊	Information, Parking and Customer Services
EHPI 8	Percentage of invoices paid on time	98.02%	98.50%	98.23%	▲	😊	Governance and Risk Management
EHPI 3	Overall satisfaction with the authority	No survey in 2014/15	65%	69%	▼	😊	Communications, Engagement and Cultural Services
EHPI 10.2	Council tax collection, % of current year liability collected	98.2%	98.3%	98.4%	▲	😊	Revenues and Benefits Shared Service
EHPI 10.4	NNDR (Business rates) collection, % of current year liability collected	97.0%	97.0%	97.8%	▲	😊	Revenues and Benefits Shared Service

Code	Indicator	Past Performance	Current Performance				Lead Service
		2014/15	2015/16			Performance	
		Outturn	Target 2015/16	Outturn	Short term trend		
EHPI 11.1	Rental income from market traders	£97,132.35	Trend only	£61,580.40	▼	N/A	Economic Development
EHPI 11.2	Number of producers at Hertford farmers market	57	Trend only	61	▲	N/A	Economic Development
EHPI 12a	Number of short- term sickness absence days per FTE staff in post	3.35 days	4.50 days	3.92 days	▼	😊	Human Resources and Organisational Development
EHPI 12b	Number of long-term sickness absence days per FTE staff in post	1.02 days	2.00 days	1.71 days	▼	😊	Human Resources and Organisational Development
EHPI 12c	Total number of sickness absence days per FTE staff in post	4.37 days	6.50 days	5.62 days	▼	😊	Human Resources and Organisational Development
EHPI 15	Ill Health Retirements	0.00%	3.23%	0.00%	—	😊	Human Resources and Organisational Development
EHPI 9.1	Percentage availability of core ICT systems during supported hours	98.83%	99.00%	99.34%	▲	😊	Shared Business and Technology Services
EHPI 9.2	Percentage Resolution of ICT Incidents Within 4 Hours	62.96%	82.50%	80.79%	▲	😐	Shared Business and Technology Services
EHPI 9.3	Average ICT Incidents per day	7.96	10.00	7.06	▲	😊	Shared Business and Technology Services
EHPI 9.4	Percentage of Calls Abandoned on ICT Service Desk	9.30%	6.00%	6.72%	▲	😡	Shared Business and Technology Services
EHPI 9.6	Satisfaction with ICT Services	50.78%	53.75%	63.00%	▲	😊	Shared Business and Technology Services
EHPI 9.8	Delivery of Key Milestones in the ICT Strategy	N/A new PI from 2015/16	100.00%	76.47%	N/A	😡	Shared Business and Technology Services

Status	
The 'smiley faces' reflect performance against target	
😡	indicator is 6% or more off target
😐	indicator is 1-5% off target
😊	indicator is on or above target
The 'arrows' reflect performance against 2014/15	
▲	performance is improving
—	performance is the same
▼	performance in worsening

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EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 30 AUGUST
2016

REPORT BY THE LEADER OF THE COUNCIL

ANNUAL GOVERNANCE STATEMENT 2015/16

WARD(S) AFFECTED: ALL

Purpose/Summary of Report:

- This report presents the 2015/16 Annual Governance Statement at **Essential Reference Paper ‘B’** and the 2016/17 Annual Governance Statement Action Plan at Essential Reference Paper ‘C’.

RECOMMENDATIONS FOR CORPORATE BUSINESS SCRUTINY:

That:

(A)	Audit and Governance Committee be advised, via the Executive, of any comments that Corporate Business Scrutiny has to make on the proposed Annual Governance Statement and Action Plan
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1 Background

1.1 The Annual Governance Statement is necessary to meet the requirements set out in the Accounts and Audit Regulations 2011 that requires authorities to carry out an annual review of the effectiveness of its system of internal control.

2 Report

2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, used economically, efficiently and effectively.

2.2 The Council should undertake regular, at least annual, reviews of its governance arrangements by means of an Annual Governance Statement, to ensure continuing compliance with best practice. It is important that such reviews are reported both within the Council, to the Audit and Governance Committee and externally with the published accounts, to provide assurance that:

- governance arrangements are adequate and operating effectively in practice, or
- where reviews of the governance arrangements have revealed gaps, action is planned that will ensure effective governance in the future.

2.3 The process of preparing the governance statement should itself add value to the corporate governance and internal controls framework of the Council.

2.4 A governance statement should include the following information:

- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control)
- an indication of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide
- a brief description of the key elements of the governance framework, including reference to group activities where those activities are significant.
- a brief description of the process that had been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of:
 - the Council
 - the Executive
 - the Audit and Governance Committee/ overview and scrutiny function/ Standards Committee
 - Internal Audit
 - other explicit review/ assurance mechanisms

- an outline of the actions taken, or proposed, to deal with significant governance issues.

2.5 It is important to recognise that the governance statement covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure that:

- the authority's policies are implemented in practice
- high quality services are delivered efficiently and effectively
- the authority's values and ethical standards are met
- laws and regulations are complied with
- required processes are adhered to
- financial statements and other published performance information are accurate and reliable
- human, financial, environmental and other resources are managed efficiently and effectively

2.6 The Chartered Institute of Public Finance and Accountancy (CIPFA) have recently provided five top tips for improving the governance statement:

- Keep it relevant: Make sure the governance statement is written specifically for the year being considered. It should reflect the adequacy of the governance in place for the year and provide an opportunity to reflect on current governance challenges.
- Evaluate and conclude: The statement should be an evaluation rather than a description. The statement should include a conclusion, e.g. "the arrangements continue to be regarded as fit for purpose in accordance with the governance framework".
- Well founded: The governance statement should be underpinned by a robust review and assessment of governance.
- Plan improvement: There is a need to be clear about what needs to improve and how that is to be achieved.

- Keep it short: The Annual Governance Statement should be brief, focused and high-level, written in an open and readable style.
- 2.7 In order to add real value to the Annual Governance Statement officers have considered the current Annual Governance Statement Action Plan, External and Internal Audit reports, Risk registers, Management Assurance Statements, Ombudsman reports, 3 C's reports, National Fraud Initiative reports and the Annual Report.
- 2.8 The Audit and Governance Committee has monitored the 2015/2016 Annual Governance Statement Action Plan throughout the year. At the Audit and Governance Committee on 15 June 2016, it was reported that one governance issue had been completed and two significant governance issues remained outstanding and their status showed as "Amber". These outstanding issues are considered to remain significant and have therefore been carried forward to this year's Action Plan with target dates updated to reflect any changes of circumstances.
- 2.9 The Chief Executive, the Monitoring Officer and the Chief Finance Officer have discussed any items that could be considered significant governance issues that have been identified in the past year. No new issues have been identified to include in the Action Plan; no specific issues were raised either by the external auditor or the Shared Internal Audit Service.
- 2.10 An Annual Governance Statement and an Action Plan that identifies required enhancements to internal control arrangements has been drawn up.
- 2.11 The static part of the Annual Governance Statement can be found at **Essential Reference Paper 'B'**. This document shows tracked changes made to last year's statement. Changes have been made that update the Council's governance arrangements to ensure the current position is reflected.

2.12 The Annual Governance Statement Action Plan 2016/2017 can be found at **Essential Reference Paper 'C'**. The two issues identified will continue to be monitored through the Leadership Team and the Audit and Governance Committee.

2.13 These documents will be considered by Corporate Business Scrutiny Committee on 30 August 2016 and the Executive on 6 September 2016. Responsibility for approval of the Annual Governance Statement rests with the Audit and Governance Committee, as part of the approval of the Annual Accounts. The results of on-going consultations will be reported verbally to each Committee as part of the process.

2.14 CIPFA and the Society of Local Authority Chief Executives and Senior Managers (Solace) have published a new 'Delivering Good Governance in Local Government: Framework' in 2016. This framework will apply to annual governance statements prepared for the financial year 2016/17 onwards as required by the CIPFA Code of Practice on Local Authority Accounting. The 2016/17 Annual Governance Statement will incorporate the changes required by the new framework.

3 Implications/Consultations

3.1 Consultation documents were sent to the Leader and Executive Members, Chairmen of Committees, Leadership Team, the Shared Internal Audit Service and EY. Leadership Team considered the Annual Governance Statement and Action Plan on 15 August 2016.

3.2 Corporate Business Scrutiny Committee and the Executive will consider the Annual Governance Statement and Action Plan, prior to approval by the Audit and Governance Committee.

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

Background Papers

None

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives (<i>delete as appropriate</i>):	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 The report summarises the governance of the Council in 2015/16 and contributes to all the Corporate Priorities.
Consultation:	Consultation documents were sent to the Leader and Executive Members, Chairmen of Committees, Leadership Team, the Shared Internal Audit Service and EY.
Legal:	No specific implications arise from this report.
Financial:	There are no direct financial implications arising from the report.
Human Resource:	No specific implications arise from this report
Risk Management:	This report documents significant matters related to the ongoing governance of the council.
Health and wellbeing – issues and impacts:	No specific implications arise from this report.

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EAST HERTS COUNCIL ANNUAL GOVERNANCE STATEMENT 20154/20165 AND ACTION PLAN 20165/20176

Scope of responsibility

East Hertfordshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (CIPFA 2007).

This statement explains how the Council has complied with the code and also how it meets the requirements of regulation 46 of the Accounts and Audit (England) Regulations 20154 that requires authorities to carry out an annual review of the effectiveness of its system of internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and

controlled and by which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Controls cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify risks to the achievement of the council's policies, aims and objectives. It evaluates the likelihood of those risks being realised and the impact should they be realised, and it prioritises and manages them efficiently, effectively and economically.

The Governance Framework

The Council's governance framework derives from the six core principles identified by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The Commission used work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007.

The six core principles are:

- a. focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area;
- b. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- c. promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- d. taking informed and transparent decisions which are subject to effective scrutiny and managing risk;

- e. developing the capacity and capability of Members and officers to be effective; and
- f. engaging with local people and other stakeholders to ensure robust public accountability.

The key elements of East Herts Council's application of each of these core principles are as follows:

a) Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area

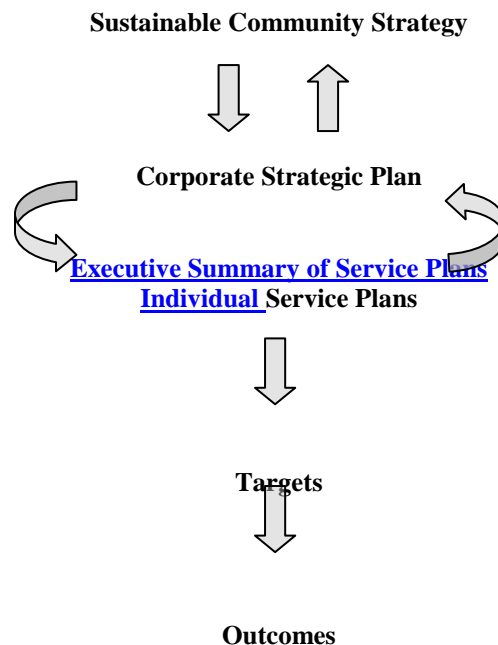
The Sustainable Community Strategy outlines the vision, aims and priority themes for the district. It was produced in conjunction with the East Herts Strategic Partnership, which brings together all relevant stakeholders, including those that deliver services in the area.

The Customer Services Strategy requires all services to individually consider insight about their customers, local need and how their service is accessed and set out actions, within the Council's medium term financial planning process, to maximise the appropriate digital operation and delivery of services. This will include the requirement to understand the reasons for customer contact and the methods currently used.

The Council's [aimspriorities](#) and [objectivesoutcomes](#) are set out in the [annually updated](#) Corporate Strategic Plan, [which is reviewed annually](#). This sets out what the Council expects to deliver over the next four years and, in many cases, beyond this timeframe. The details of how the Council will [get there](#)[deliver these outcomes](#) are incorporated [into](#) the [executive summary of service plans](#). Individual service plans [set out all strategic and operational activity](#). The Plan will be [updated](#)[reviewed](#) each year to include new service developments and to remove outcomes once [they are](#) achieved. The Plan sets the direction for the financial planning of the Council based on the Council's priorities. [During 2015/16 the financial and business planning process is being fundamentally changed. It will ensure that service actions reflect changing patterns of demand, need and preference balanced against financial constraints in the medium term.](#)

The Executive receives the Medium Term Financial Strategy covering a four-year period, which is used to set initial parameters for the coming budget process to ensure that spending proposals are affordable and sustainable over the medium term. [The Corporate Business Scrutiny committee monitor the delivery of the MTFP.](#)

The diagram below sets out the various links in the process of establishing and subsequently monitoring the achievement of the Council’s ambitions. It shows the links between the Sustainable Community Strategy and Corporate Strategic Plan which then feed into, and are informed by, service plans, service targets and individual employees via specific areas of responsibility allocated to them.



The Council has an effective performance management framework using a dedicated IT system to record and report performance. The system is driven by the [Service Plans Corporate Strategic Plan](#) which focuses on activities that will deliver the Council’s [ambitions and priorities outcomes](#). This is cascaded through individual employee appraisals.

This process monitors how the Council is meeting its performance targets and triggers corrective actions where targets are proving challenging, through the [Corporate Healthcheck Quarterly Performance](#) report and [Service Plan monitoring reports the Mid-Year and Annual Report in regard to the Corporate Strategic Plan](#).

The Council's Executive and [its Scrutiny Committees Corporate Business Scrutiny Committee](#) monitor and scrutinise progress against targets and performance in priority areas ~~affecting relevant service areas~~, and consider and approve corrective action where necessary. For ease of interpretation performance graphs are reported. There are reports which include the results of ~~monthly and~~ quarterly budget monitoring reports covering the revenue expenditure, capital projects, key performance indicators and absence monitoring.

The monitoring process has enabled the Council to concentrate on areas which require particular attention.

The Council is therefore able to monitor all key measures on a [monthly quarterly](#) basis and respond quickly and effectively to changes at an early stage.

The Council maintains an objective and professional relationship with external auditors and statutory inspectors. [The, as evidenced by the Annual Audit Letter documents this relationship with external auditors and is submitted with the Statement of Accounts to the Audit Committee.](#)

Through reviews by external auditors, external agencies, the Shared Internal Audit Service (SIAS) and internal review teams, the Council constantly seeks ways of securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness in the use of resources. The Council has regularly reviewed Financial Regulations and ~~has adopted~~ Procurement Regulations to ensure proper arrangements are in place for procurement of goods and services.

All budget cost centres are allocated to a named post holder, who is responsible for controlling spend against those budgets, and who is

also responsible for maximising the benefits from assets used in the provision of their service.

b) Members and officers working together to achieve a common purpose with clearly defined functions and roles

The Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed. This ensures that decisions are transparent and that Members are accountable to local people.

The Council adopted the Leader and Cabinet Executive model. The main features are:

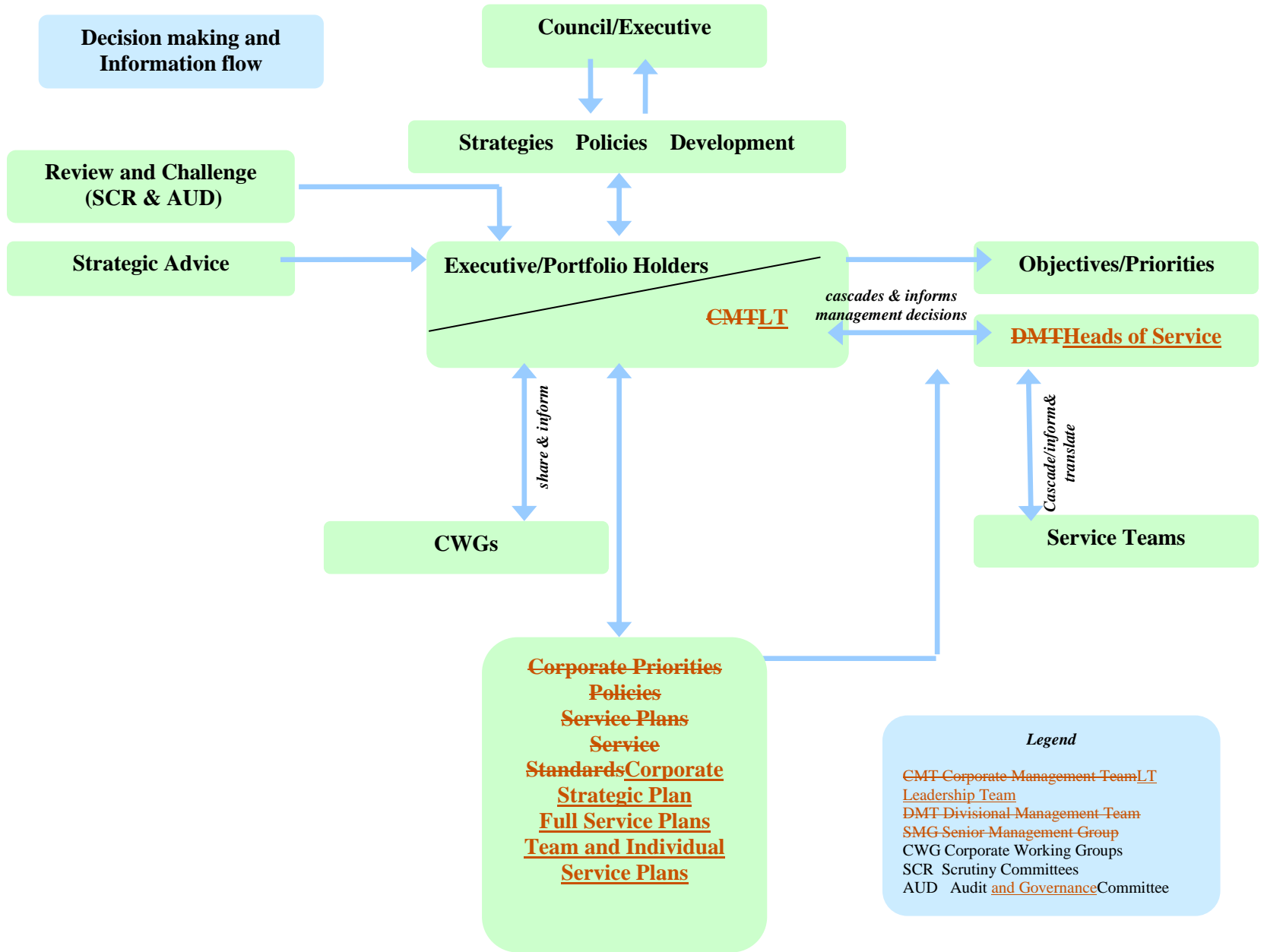
- The Council's Executive consists of a Leader and between two and nine other Councillors.
- The Leader is elected by full Council and will hold office in accordance with the Local Government Act 2000, the Local Government and Public Involvement in Health Act 2007 and the Localism Act 2011.
- The other Executive Members will be appointed by the Leader who will decide their portfolios and also which executive functions will be discharged by full Executive, any of its Committees or any individual Executive Member or officers.
- There are currently seven Councillors on the Executive.

~~The Council's Chief Executive retired in May 2015 and a new Chief Executive takes up the post in Autumn 2015.~~

The Council's ~~Leadership Corporate Management~~ Team (~~CMLT~~) consisting of the Chief Executive, Directors and the Heads ~~of Services of Human Resources and Organisational Development~~ meets on a ~~weekly~~~~fortnightly~~ basis to develop ~~policy~~~~policies and discuss~~ issues commensurate with the Council's aims, objectives and priorities. ~~L~~~~CM~~~~T~~The ~~Leadership Team~~ also considers internal control issues, including risk management, performance management, compliances, efficiency and value for money, and financial management. Members of ~~CMLT~~~~The Leadership Team~~ meet with Portfolio Holders ~~regularly~~~~on a monthly basis~~ to review progress in achieving the Council's ambitions, priorities for action, budget

monitoring, performance management and forward planning for major issues. [CMLT The Leadership Team](#) has a corporate responsibility for the messages that the Council produces, both internally and externally.

Below [CMLT Leadership Team](#) the management structure is well defined. The chart below indicates how decisions are implemented and cascaded:



~~The Council has adopted a number of codes and protocols that will govern both Member and officer activities. These are:~~

- ~~• Members' Code of Conduct~~
- ~~• Officers' Code of Conduct~~
- ~~• Members' Planning Code of Good Practice~~
- ~~• Member/Officer Relations Protocol~~

c) Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The Council has adopted a number of codes and protocols that will govern both Member and officer activities. These are:

- Members' Code of Conduct
- Officers' Code of Conduct
- Members' Planning Code of Good Practice
- Member/Officer Relations Protocol

It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting the Chief Executive and Section 151 Officer, s/he will report to the full Council if s/he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

Under Section 5 of the Local Government and Housing Act 1989 it is the duty of the Council's Monitoring Officer to report to Council if it appears that the Authority, a Committee or Officer of the Authority has made a decision which is contrary to law.

The Council has responsibility for responding to Freedom of Information Requests (FOI) promptly and within 20 working days.

The Council constantly monitors its speed of response to FOI's and seeks to proactively publish regularly requested information by making a wider range of information more easily available through the Council's website.

The Council determines its Members' Allowances scheme in accordance with the legislative framework. Each allowance scheme is determined following consideration of the recommendations made by its Independent Remuneration Panel

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A scheme forms part of the Council's constitution and details of actual allowances paid are published as soon as possible after the end of the year in question.

All Council services are delivered by trained and experienced people. All posts have a detailed [job description](#)~~post profile~~ and person specification. [Learning and development](#)~~Training~~ needs are identified through the Personal Development Review Scheme and addressed via the Human Resources service and/or individual services as appropriate.

The Council achieved [Silver](#)~~Bronze~~ standard ~~re-~~accreditation ~~for a further three years~~ from [20 April](#)~~May~~ 2016~~5~~ under the Investors in People Standard, which is a quality framework to ensure that the Council's employees have the right knowledge, skills and motivation to work effectively.

The financial management of the Council is conducted in accordance with Financial Regulations that form part of the Council's constitution. The [Head of Strategic](#)~~Director of~~ Finance and [Property](#)~~Support Services~~ is the statutory Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

The Council has a Treasury Management Strategy Statement and Annual Investment Strategy in place. Investments are made in accordance with the Council's approved policy. All investment transactions and transfers undertaken in house are supported by appropriate documentation and are properly authorised. External fund managers are subject to strict regulation by the Financial Conduct Authority. The Portfolio holder and the Leader of the Council receive regular updates from the [Head of Strategic Finance and Property](#)~~Director of Finance and Support Services~~. The Chairman of the Audit [and Governance](#) Committee is invited to participate in review meetings with Fund Managers.

The Council utilises an Internal Audit Service delivered under a shared partnership with seven other Councils. This service operates to the standards set out in the CIPFA Public Sector Internal Audit Standards which came into effect on 1 April 2013.

[The Council utilises an Anti-Fraud service delivered under a shared partnership service with five other Councils. The Anti-Fraud service provides robust fraud prevention, detection and investigation across Council services.](#)

An Anti-Fraud and Anti-Corruption Strategy and a Disclosure (Whistleblowing) Code are in place. A Whistleblowing hotline and email facility operates and has been well publicised. Each year all staff are required to complete Annual Declaration forms. The Council has adopted a policy on bribery. The Council does not tolerate bribery committed by Council employees or its contractors or partners and will take consistent and swift action against those persons committing bribery.

Individual services have produced Service Plans that are updated each year so that services know what they are required to do to achieve the Council's priorities and [ambitions/outcomes](#).

At individual employee level the Council has established a Personal Development Review Scheme so as to agree individual employee objectives and identify [learning/training](#) and development needs jointly. The Scheme provides for [regular 121's and a mid-year review as well as](#) an annual appraisal at which past performance is reviewed.

d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

The Council has several committees which carry out regulatory or scrutiny functions. These are:

- Overview and Scrutiny committees (Corporate Business Scrutiny, Community Scrutiny, Environment Scrutiny and ~~from 2015/16,~~ Health and Wellbeing Scrutiny) review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions. [They also help to develop new policy and make considered recommendations prior to any major contract tendering, developing the capacity and capability of members and officers to be effective.](#)
- Audit [and Governance](#) Committee provides assurance about the adequacy of internal controls, financial accounting and reporting arrangements, and that effective risk management is in place. Its work is intended to enhance public trust in the corporate and financial governance of the Council. [It has also taken on the role previously provided by the Standards Committee that promotes and maintains high standards of conduct for the Council's Members.;](#)
- Development Management Committee determines planning applications and related matters;

- Licensing Committee monitors and reviews the effectiveness of the Council's licensing policy and procedures;
- The Human Resources Committee's functions relate to all aspects of the Council's role as an employer. This includes the monitoring and strategic overview of Human Resources activities.
- ~~Standards Committee promotes and maintains high standards of conduct for the Council's Members, and advises and assists Parish Councils and Councillors to maintain high standards of conduct;~~

The Council has data protection policies, a Data Protection Action Plan and a data sharing protocol in place to ensure that personal data is maintained securely and used correctly. There is a Data Protection Compliance Governance Framework which involves the Corporate Business Scrutiny Committee in the governance structure. The Committee takes a strategic oversight of the completion of the Data Protection Action Plan and Data Protection compliance through a formal annual report. Data Protection risk assessment is also part of the service planning process.

The Risk Management Strategy defines risk management, explains the benefits of a strategic approach, outlines how it will be implemented, identifies roles and responsibilities and formalises the process. The Strategy sets out the links between risk management, emergency planning and business continuity. It recognises that risk management is a key part of the management of projects and partnerships.

The Strategy highlights how risk management supports strategic planning, financial planning, policy making and review and performance management.

The ~~Leadership~~ ~~Corporate Management~~ Team is responsible for ensuring that the key risks on the strategic risk register are managed. Strategic and service risk registers are reviewed quarterly. Risks will be amended so that they reflect the current situation, obsolete risks deleted and new risks added. This will ensure that the risk register and the resulting risk mitigation measures are appropriate for corporate objectives and services.

Members have received risk management training.

The Council also has a Partnership Protocol in place.

The Council is represented on the Joint Committee and the Joint Management Board ~~following the introduction~~ of a shared Revenues and Benefits service with Stevenage Borough Council.

A shared service partnership operates with Stevenage Borough Council to deliver ICT, Business Improvement, Print and Design services ~~came into operation on 1 August 2013~~. A Partnership Board with Director representation is responsible for making the key decisions ~~about the way that the partnership operates~~.

The Shared Internal Audit Service (SIAS) is a partnership of eight Hertfordshire Authorities. The Council is represented on the Board that provides strategic direction and oversight for the partnership. The Head of Strategic Finance and Property Governance and Risk Management is the Audit Champion for the Council and has monitoring meetings every three months with ~~the Director of Finance and Support Services and~~ SIAS managers. Progress reports are submitted to four Audit and Governance Committee meetings per year.

The Shared Anti-Fraud Service (SAFS) ~~launched in June 2015 and~~ is a partnership of six Hertfordshire Authorities. It is a 'sister' partnership with SIAS and has shared governance arrangements through the Partnership Board. ~~SAFS will provides robust fraud prevention, detection and investigation across Council services.~~ The Council is represented on the Board and the Head of Strategic Finance and Property Governance and Risk Management is the Council's Anti-Fraud Champion.

The Council is one of four partners in the Hertfordshire CCTV Partnership. A new company to conduct the commercial trading affairs of the Hertfordshire CCTV Partnership is operating.

The Council is one of seven partners of Hertfordshire Authorities in a Building Control joint venture due to launch in summer 2016, with the TUPE of existing building control staff into the new company. Senior officers will be appointed by East Herts Council to act as a shareholder representative and Director of the new company within the agreed governance structures of the joint venture.

e) Developing the capacity and capability of Members and officers to be effective

The Council plans and provides training for members in carrying out their roles effectively including their responsibilities for

governance, challenge, scrutiny and review. The Council did hold accreditation for the Charter for Member Development but when that came to the end of the four year term, it was replaced by a local Member Development Pledge (based on the same parameters as the Charter). The Pledge was originally signed in December 2014 by the leaders of all the political groups represented on the council at the time. It ~~was then recently been~~ re-signed by the Leader on behalf of all Members at Annual Council in May 2015 and will be reviewed during 2016/17.

The Council's vision is to empower Members to be more self sufficient, confident in their community leadership roles and responsive to local issues, problems and challenges in a variety of ways by drawing on existing skills, knowledge, strength, resources and expertise from within. This vision is being taken forward through a comprehensive Member Development programme overseen by a Members' Development Group. With 22 new councillors elected in May 2015, on-going support ~~was being~~ offered through a co-ordinated Mentor support programme. A key aspect of on-going peer-to-peer support for local problem solving is the use of Member Support Groups ~~Action Learning Sets.~~

The Council has an infrastructure in place to support members' needs in respect of ICT requirements. The Council's Democratic Services team provide general advice and assistance.

Protocols have been adopted to ensure clarity of the respective roles of officers and members.

The Council's recruitment process is designed to ensure only well qualified applicants are employed and the subsequent induction process is robust so that employees are effective. The Performance Development Review process ensures individual contributions are effective in meeting corporate priorities and capability issues addressed by training. Internal communications methods and processes are reviewed to ensure staff remain well informed and their feed back is responded to. A biennial staff survey leads to action plans to improve effectiveness.

~~The Council is taking forward the concept of 'Here to Help' which is an organisational development activity which has been developed in-house to allow managers and staff to contribute to the development of the Council's performance, values and behaviours. The purpose of 'Here to Help' is celebrating what is good, sharing~~

~~good practice, making things better and unlocking barriers to better working. It is about giving employees greater opportunity to think about improvements to their ways of working together to deliver a high quality customer experience every time.~~

The Council reviews its organisation and capacity as part of its annual service planning to ensure its staffing is commensurate in both quantitative and qualitative terms with its business plans. The Council is committed to taking forward the shared services agenda which will ensure more effective use of scarce skills by sharing across boundaries.

The Council's Organisational Development Strategy sets out the Council's workforce development plan over the next four years to support the Council's priorities and values. It focuses on how the Council attracts, retains, rewards and develops its employees.

The Council seeks to maintain effective employee relations to enable a high standard of service to the public to be maintained. Staff are fully consulted on proposed changes to terms and conditions. The Council engages with the trade union and staff to manage issues arising from pay settlements and changes to the organisation including the Local Joint Panel and the Human Resources Committee. The Council also utilises Staff Surveys.

Use is made of the Intranet to provide staff with ready access to learning material and best practice via a series of tool kits.

f) Engaging with local people and other stakeholders to ensure robust public accountability.

The Council encourages all members of the local communities to contribute to, and participate in, the work of the Council. The Council achieves this through the Residents' Surveys and follow-up focus groups. Engagement events around specific issues will be considered where they provide a proportionate and cost effective model for engagement.

The Council's Communications Strategy has identified a need to engage more through social media. A quarterly report is submitted to Leadership Team to monitor the delivery of this communications strategy and the levels of social media engagement. ~~and reconfirmed the use of the LINK magazine quarterly as a communications and engagement tool.~~

Individual members are active in their localities and with local groups and serve on a number of external bodies. Training is offered to all Members who are asked to represent East Herts on outside bodies and Trusteeships.

Hertfordshire Forward and the East Herts Strategic Partnership are forums for active engagement with wider stakeholders and a mutual holding to account in delivering the Community Strategies.

The Council publishes an Annual Report setting out progress on its priorities in the prior year. An Annual Report on Overview and Scrutiny is also presented to Council and published every year.

There is a strategic approach to consultation to ensure the information returned is reliable – the Council has adopted a Consultation Toolkit setting out best practice.

The Council's web site is under constant review to ensure it is of a good standard and that information is easily accessed. A consultation section has been introduced so members of the public can easily access open consultations and information on past consultations. Members of the public also have the opportunity to present petitions to, and ask questions at, full Council meetings.

The Council manages freedom of information requests effectively to ensure transparency including the corporate governance arrangements. Information is made available on the website to reduce the need for requests. The Council has procedures in place to engage with members of the public to receive Comments, Compliments and Complaints. Oversight of the Council's approach is provided by annual report to the Corporate Business Scrutiny Committee. The Local Government Ombudsman reported on complaints made about the authority for the year ended 31 March 2016⁶⁵ that there were no concerns about response times and no issues arising from complaints.

As part of the Council's drive to increase the transparency of its spending, the Council publishes all payments on a weekly basis and has complied with the requirements of the Local Government Transparency Code.

The Council has approved a Pay Policy Statement as required under section 38 of the Localism Act. The statement follows three principles when publishing data; responding to public demand; releasing data in open formats available for re-use: and releasing data in a timely way.

Review of Effectiveness

This statement explains the Council's overall governance arrangements. Each year, the Council reviews its governance framework including the system of internal control. The Council produces and monitors an Action Plan each year. The process is detailed below:

- The Chief Executive, All Directors, Heads of Service, Members of the Executive and Chairmen of Committees are given the opportunity to make contributions.
- Consideration by the Audit and Governance Committee.
- Production of a draft Annual Governance Statement.
- Consideration by Leadership Corporate Management Team
- Consideration by the Corporate Business Scrutiny Committee.
- Consideration by the Executive
- Approval by the Audit and Governance Committee.

The review of effectiveness is informed by the work of the Leadership Team Directors within the Council who have responsibility for the development and maintenance of the governance environment, the reports by the SIAS and also by comments made by the Council's External Auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes:

The Monitoring Officer has a legal duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution annually to incorporate any necessary changes.

The Council has ed four-three overview and scrutiny committees ~~(up to 2014/15)~~ and four from the start of 2015/16. The committees can establish 'task and finish' groups, which can look at particular issues in depth, taking evidence from internal and external sources, before making recommendations on to the Executive. Four Members can "call-in" a decision which has been made by the Executive but not yet implemented, to enable it to consider whether the decision is appropriate. In addition the Corporate Business Scrutiny Committee can exercise its scrutiny role in respect of Executive functions, Scrutiny Committees will conduct regular performance monitoring of all services, with particular attention to areas identified as under-performing.

The Council complies with the Regulation of Investigatory Powers Act (RIPA) 2000:

The Audit and Governance Committee

~~Seven~~ Councillors sit on the Audit and Governance Committee, which has extensive. ~~The Committee's~~ terms of reference are detailed below:

~~Audit Activity~~

- ~~1. To consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.~~
- ~~2. To consider summaries of specific Internal Audit reports as requested.~~
- ~~3. To consider reports dealing with the management and performance of the providers of Internal Audit services.~~
- ~~4. To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale.~~
- ~~5. To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.~~
- ~~6. To consider specific reports as agreed with the External Auditor.~~
- ~~7. To comment on the scope and depth of external audit work and to ensure it gives value for money.~~
- ~~8. To liaise with the Audit Commission over the appointment of the Council's External Auditor.~~
- ~~9. To commission work from internal and external audit.~~

~~Regulatory Framework~~

- ~~10. To maintain an overview of the Council's Constitution in respect of rules of procedure relating to contracts, financial~~

~~regulations and financial procedures and codes of conduct and behaviour.~~

- ~~11. To review any issue referred to it by the Chief Executive or a Director or any Council body.~~
- ~~12. To monitor the effective development and operation of risk management and corporate governance in the Council.~~
- ~~13. To monitor Council policies on “Confidential Reporting” and the anti-fraud and anti-corruption strategy and the Council’s complaints process.~~
- ~~14. To oversee the production of the Authority’s Annual Governance Statement and to recommend its adoption.~~
- ~~15. To consider the Council’s arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.~~
- ~~16. To consider the Council’s compliance with its own and other published standards and controls.~~
- ~~17. To review arrangements for delivering value for money.~~
- ~~18. To review the Council’s finances including borrowing, loans, debts investments and banking arrangements.~~

Accounts

- ~~19. To approve the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.~~
- ~~20. To consider the External Auditors’ report to those charged with governance on issues arising from the audit of the accounts.~~

The Audit and Governance Committee’s terms of references, work programme and the minutes of its meetings are public documents and are published on the Council’s web site.

The Shared Internal Audit Service (SIAS) has responsibility for delivery of the Internal Audit Plan at the Council. The SIAS also delivers a service to Hertfordshire County Council, Hertsmere Borough Council, North Hertfordshire District Council, Stevenage Borough Council, Welwyn Hatfield Borough Council, Welwyn Hatfield Community Housing Trust, Watford Borough Council and Three Rivers District Council. The three main drivers for this partnership are seen as providing greater resilience, higher levels of performance and greater efficiencies.

The SIAS is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate an annual audit plan. A model for assessing risk against desirability of audit work is used across SIAS and allows for the prioritisation of potential audit projects. Future risks are identified as appropriate and a forward plan for future audit work is in operation.

The reporting process for SIAS requires a report of each audit to be submitted to the relevant chief officer and service manager. The report includes recommendations for improvements that are included within an action plan (and graded as high, medium or merits attention). This requires agreement or rejection by relevant chief officer and/or service manager. The process includes follow-up reviews of high priority recommendations by SIAS and reports to the Audit and Governance Committee as part of the SIAS update report. The Audit Champion monitors all other recommendations and reports progress to Leadership Corporate Management Team on a quarterly basis. All SIAS audit reports include an opinion on the quality and effectiveness of internal control within the Council's systems, and an assurance assessment.

All final versions of SIAS reports are circulated to members of the Audit and Governance Committee. All reports for the key financial systems audits are also sent to the Council's External Auditors who place reliance on the work carried out by SIAS. In order to comply with the requirements of the Public Sector Internal Audit Standards, SIAS ~~is will be~~ required to have an independent external review of performance at least every five years.

The latest external review conducted in January 2016 was undertaken by Veritau Ltd (a local authority controlled company which provides internal audit, counter fraud and other governance services). The review concluded that SIAS 'generally conforms' to the PSIAS, including the Definitions of Internal Auditing, the Code

of Ethics and the Standards. 'Generally conforms' is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards.

For performance management, a traffic light monitoring and reporting system is in place. Performance data is reported to ~~the Scrutiny committees on a frequent basis~~ Corporate Business Scrutiny on a quarterly basis, with corrective action plans put in place for any under-performing areas.

Significant governance issues are reviewed each year and required enhancements to internal control arrangements are identified. These required enhancements form an Action Plan that is monitored through the Audit and Governance Committee.

The Head of Assurance's Annual report and opinion on the internal control environment, prepared in accordance with the Public Sector Internal Audit Standards, provides an independent opinion on the adequacy and effectiveness of the Council's system of internal control to inform the Annual Governance Statement. The opinion of the Head of Assurance in respect of 2015/16 is one of substantial assurance in respect of both financial and non-financial systems, giving significant confidence in the effectiveness of internal control arrangements of the Council. This report also consolidates assurance opinions and actions taken by management to address issues raised during internal audit reviews undertaken throughout 2015/16, and is informed by the comments of external auditors and inspectors.

The Annual Governance Statement is certificated by the Council Leader and the Head of Paid Service.

Further copies of this Statement and the Action Plan are available within the Annual Statement of Accounts on the Council's website www.eastherts.gov.uk; alternatively paper copies can be obtained from:

East Hertfordshire District Council
~~Head of Governance and Risk Management~~
Wallfields
Pegs Lane,
Hertford
SG13 8EQ

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EAST ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2016/17

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Significant governance issues

The following required enhancements to internal control arrangements were identified during 2015/16 as a result of the review of arrangements and by the work of external and internal audit:

Required enhancements to internal control arrangements:

Issue	Resp. Off.	Initial Target Date	Actions needed to achieve milestone
Asset Management Plan	CMT	Dec 2015	<ul style="list-style-type: none"> Review assets held by the Council. Review asset management system.
Impact of Welfare Reform changes	Leadership Team CMT	October March 2016	<ul style="list-style-type: none"> Impending Legislation will have an adverse financial impact on a significant number of residents. <u>Officers will monitor the impact of these changes both on residents and the business of the Council.</u> Provide residents more support for services across the Council to <u>through</u> staffing levels, <u>manage the budget management</u> and the <u>public expectations communication with residents.</u> Implement Council policies effectively.
Development of a District	CMT	October 2016	<ul style="list-style-type: none"> Plan to be agreed within required

Plan that is approved by the planning inspectorate.		<u>Dece'be</u> <u>f</u> <u>2017</u>	timeframe.
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We propose to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Certification by the Leader of the Council and the Head of Paid Service:

Signed.....Dated.....

**Councillor Linda Haysey
Leader of the Council**

Signed.....Dated.....

**Liz Watts~~Simon Drinkwater~~
~~Acting Chief Executive and Director of Neighbourhood Services~~**

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY – 30 AUGUST 2016

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE & SUPPORT SERVICES

FINANCIAL STRATEGY AND MEDIUM TERM FINANCIAL PLAN FROM 2016/17 TO 2020/21

WARD(S) AFFECTED: All

Purpose/Summary of Report

- To consider revisions to the Financial Strategy for the years 2016/17 to 2020/21. This includes the policy on reserves and the proposed planning assumptions to be used to update the Medium Term Financial Plan in preparation for annual budget setting.

RECOMMENDATIONS FOR CORPORATE BUSINESS SCRUTINY:

That:

(A)	Scrutiny consider the Medium Term Financial Plan from 2016/17 to 2020/21 and make recommendations to Executive on any revisions that should be considered in terms of the planning assumptions used.

1 Background

- 1.1 This report sets the context for the future financial position for East Herts Council. The Financial Strategy is a statement on the Council's approach to the management of its financial resources to meet its Corporate Priorities. The strategy also considers the appropriate level of reserves that the Council holds to mitigate current and longer term risks.
- 1.2 Medium term financial planning must make assumptions about the future demand profile and cost pressures on expenditure and on factors that affect income sources. The Medium Term Financial Plan (MTFP) represents a summary of these assumptions and their impact on the funding of the council.

- 1.3 The MTFP outlines the anticipated funding and expenditure each year and where there is a shortfall the MTFP highlights the amount of savings required that have not yet been identified.
- 1.4 The MTFP sets the financial envelope within which the council must fund its activities in order to set a balanced budget in each of the next 4 years. In order to begin the budget setting process for 2016/17 and beyond it is therefore prudent to revise the MTFP at the beginning of the Finance and Business Planning process. Throughout the summer and autumn services plans and budgets will be produced to deliver a balanced budget for 2016/17. In addition this process will allow the council to identify where savings may be achieved in future years and begin planning their delivery.
- 1.5 One of the outcomes of the Finance and Business planning process will be the budget report presented to Council on 1 March 2017 for their approval.

2 Report

- 2.1 This report considers and outlines the underlying assumptions within the Medium Term Financial Plan (MTFP). The report was rescheduled from the July round of meetings following the referendum vote to leave the European Union on 23 June 2016 to allow any immediate impact to be considered.
- 2.2 There will be significant financial implications for the Public Sector as a whole however until the Government formally triggers Article 50 to start the 2 year period of negotiation with the EU the status quo is maintained. During this period the UK still retains the full rights and obligations as a full EU member state.
- 2.3 There is uncertainty with regard to the future of projects and initiatives funded by the EU. In the short term the award of funding from the European Rural Development Programme for England (RDPE) administered by East Herts Council on behalf of the Local Action Group has been suspended.
- 2.4 The impact on Local Government upon leaving the EU may have significant impacts on funding from Government, regulatory changes (e.g. procurement rules) and the impacts of changes to wider society and the economic environment.
- 2.5 There will be a continued assessment of the impact to the council as a result of the referendum vote to leave the EU and this will continue to feature in future updates to the MTFP.

2.6 This report addresses key areas in the following sections:

Report Section	
3	Funding Changes
4	Financial Strategy
5	Review of Reserves
6	Underlying Assumptions
7	MTFP Development
8	Budget Setting Risk Management

3 Funding Changes

3.1 The last version of the MTFP was reported to Council on 17 February 2016. In revising the assumptions within the model a number of adjustments have been made to the sources of funding received by the Council. Where changes have been made these are outlined in the paragraphs that follow.

3.2 Revenue Support Grant:

3.2..1 In the 2016/17 Local Government finance settlement the allocation of Revenue Support Grant was £1.145m, a reduction of £0.912m (44%) compared to the 2015/16 allocation.

3.2..2 This funding source is forecast to reduce to £0.351m in 2017/18 reducing to zero from 2018/19 onwards. The Council will need to consider how to mitigate this by growing business rates and other income sources.

3.3 Non Domestic Rate income (NDR):

3.3..1 The 2016/17 NDR income estimate is £1.956m.

3.3..2 The government has continued to apply a 2% cap on the increase to NDR bill demands (a.k.a. Business Rates Multiplier) in 2016/17. RPI inflation from Sept 2014 to Sept 2015 was 0.8% although the loss in business rate income will be offset by a corresponding increase in Section 31 grants.

3.3..3 There continues to be a high degree of risk in modelling the future income received under the NDR scheme. The Government announced in the Budget in March 2016 that consultation will

begin in summer 2016 on the implementation of 100% business rates retention in 2019/20. A number of working groups have been set up by the LGA to facilitate this consultation work.

- 3.3..4 It is anticipated that the implementation of 100% business rates retention will be accompanied by additional responsibilities and therefore an increase in the costs borne by Local Government. The details of these responsibilities are to be confirmed.
- 3.3..5 In the light of the extreme uncertainty surrounding the implementation of 100% business rates retention the MTFP has included a forecast NDR income in 2020/21 based on current assumptions. Following the consultation period and the publication of the mechanisms within which the scheme will operate this forecast will be updated with the implications on NDR income levels and any increased costs passed to Local Government.
- 3.3..6 In the meantime a number of changes will be implemented from April 2017. Small Business Relief will be doubled to 100% for properties with rateable values of £12k and under and be tapered for properties between £12k and £15k. The threshold for the Business Rates Multiplier will also increase to a rateable value of £51k reducing the number of businesses liable to pay the higher rate.
- 3.4 **Section 31 Grant:** The estimated income for 2016/17 of £0.712m is the amount of grant owed to the Council arising from government policy decisions on rate reliefs.
- 3.5 **Collection Fund:** The forecast deficit on the Collection Fund for 2016/17 is £0.917m. This is due to the Council's decision to fund NDR appeals. This forecast deficit will be funded from the Collection Fund Reserve which is earmarked to smooth the effect of NDR income volatility.
- 3.6 **Council Tax:**
 - 3.6..1 The MTFP assumes that the Council Tax demand made by East Herts Council will increased in 2017/18 by 2.0% followed by 2.0% rises in each subsequent year until the end of the MTFP period in 2020/21.
 - 3.6..2 The additional revenue generated by increasing Council Tax demands from 1.0% to 2.0% will be ring-fenced to contribute to the Collection Fund Reserve to smooth out anticipated future fluctuations in NDR income in the transition to 100% business rates retention.

3.6..3 District Councils may increase Council Tax by up to £5 on a Band D property (approx. 3.2% for East Herts Council).

3.7 **New Homes Bonus:**

3.7..1 The 2016/17 allocation of New Homes Bonus from the Department for Communities and Local Government (DCLG) is £3.6m. This is made up of incremental allocations from 2011/12. This is illustrated in Chart 1 below.

3.7..2 This source of funding represents a large proportion of East Herts Council income. Any change to the New Homes Bonus scheme is likely to have a significant impact on the funding of council services. Several options for reforming the New Homes Bonus have been consulted upon by DCLG in spring 2016.

3.7..3 DCLG outlined their preferred options and the New Homes Bonus allocations in future years have been modelled on that basis.

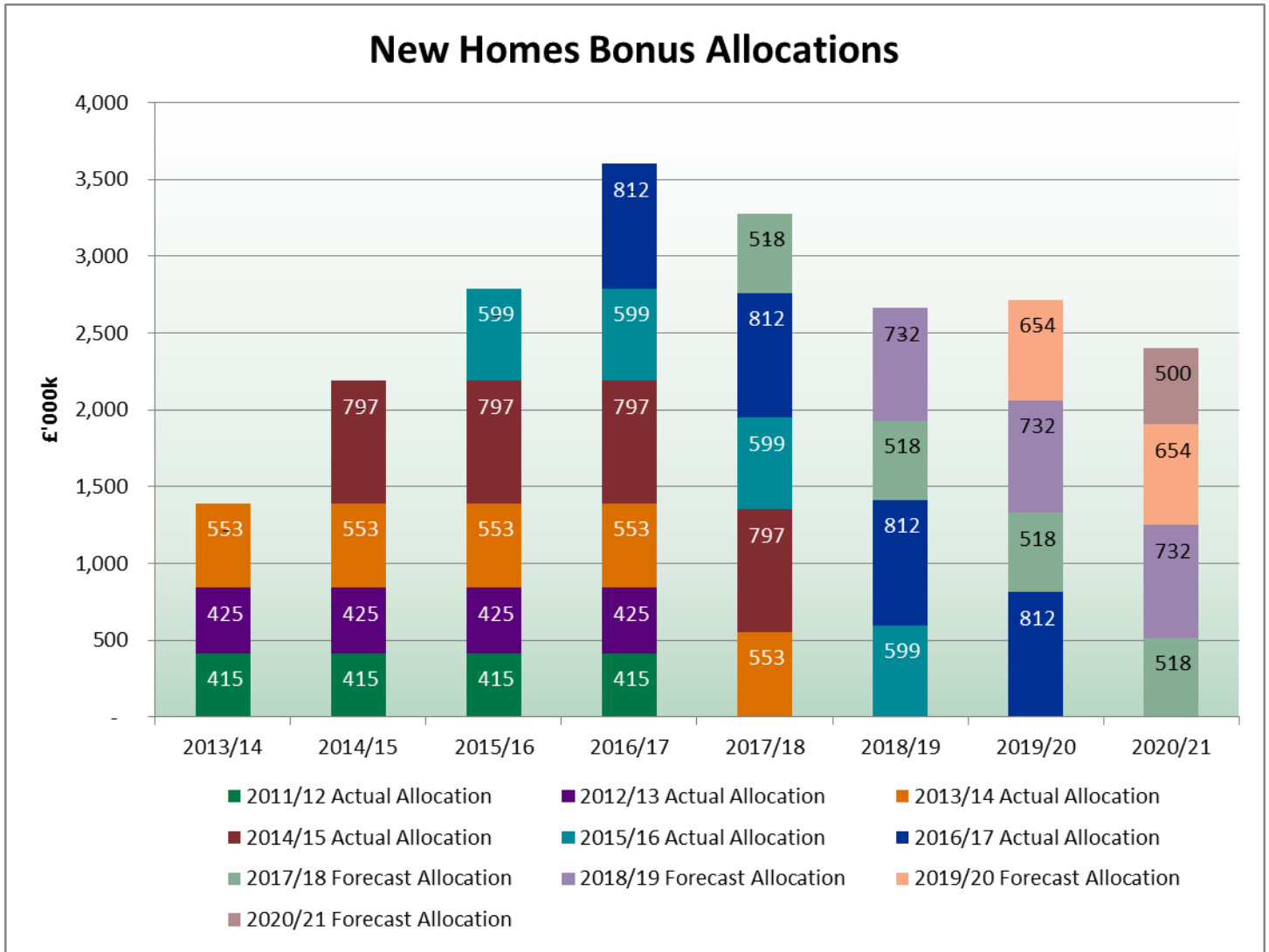
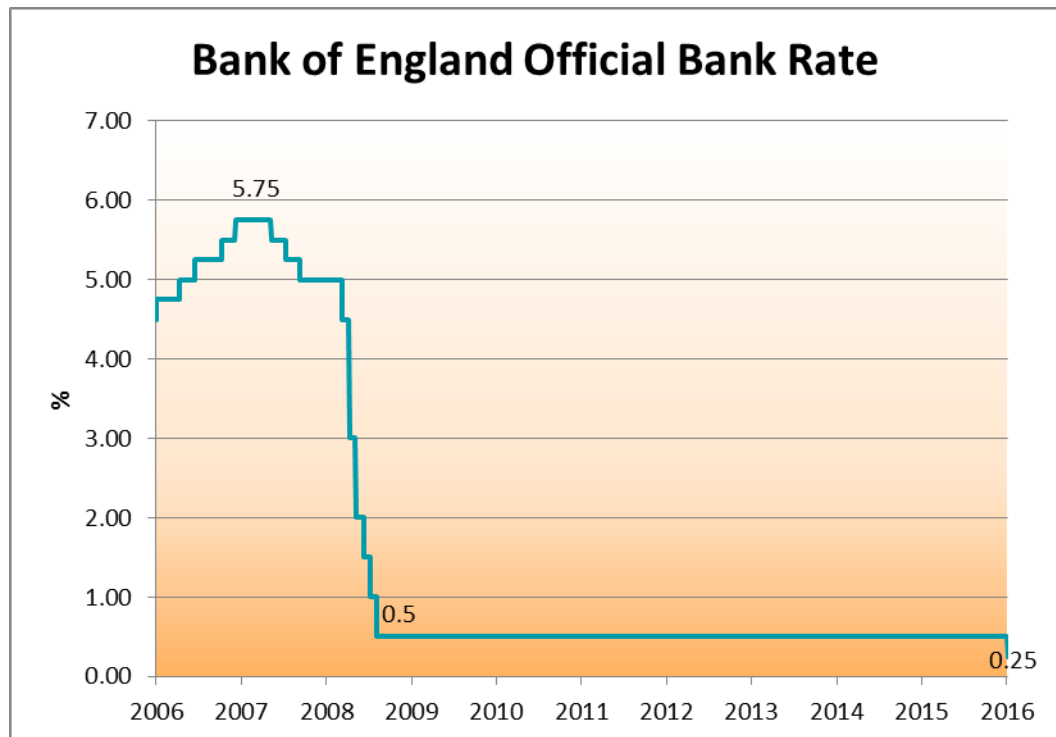


Chart 1: New Homes Bonus Allocations and Forecast

3.8 Investment interest:

3.8..1 The forecast income generated from investments placed on behalf of the council in 2016/17 is £843k. This figure has been reduced by £24k since the last version of the MTFP. The Bank of England Monetary Policy Committee (MPC) voted to reduce the base rate by 0.25% to 0.25% on 4 Aug 2016. The recent history of the base rate is shown in Chart 2 below.

Chart 2: Bank of England Official Bank Rate



- 3.8..2 The impact of this reduction is that income generated from short term investments is likely to fall. This shortfall can be funded from the Interest Equalisation Reserve should it be required.
- 3.8..3 The long term investments in Property Funds continue to perform well following the referendum vote to leave the EU. There are two elements to these investments; the capital unit value and the revenue rental return. The capital unit value fell by an average of 1.2% in July 2016 although the performance year to date is flat. The revenue rental returns do not appear to be adversely affected and are performing well. The continued performance of the Property Fund investments will continue to be closely monitored.

4 Financial Strategy

- 4.1 The current financial strategy is included in **Essential Reference Paper D**.
- 4.2 The financial strategy and the MTFP have a 5 year focus and for the purposes of the strategy this remains sound. Strategic Finance officers will continue to model the impact of financial decisions and other scenarios that have an impact upon Council funding.
- 4.3 Following the referendum to leave the EU there is a new Prime Minister, Chancellor of the Exchequer and a new ministerial team at

the DCLG. The effect of a new Government being formed on the future funding allocation to Local Government is unclear. There has been no emergency Budget and the next budget will follow the usual cycle in the autumn.

- 4.4 The DCLG are continuing with their work on 100% NDR retention with a target implementation date of 1 April 2019 with no indication that this will be affected by the referendum vote.
- 4.5 The continuation of the New Homes Bonus scheme in its current form is also uncertain. This source of funding will be revised following a consultation process the results of which are not yet known. The implementation of a revised scheme is expected from 1 April 2017.
- 4.6 As the impact of these funding changes becomes clear these will be fed into the MTFP.
- 4.7 There are other emerging issues that may have an impact on the MTFP including the development of devolution within Local Government. The impact on East Herts is not yet quantifiable but as these issues continue to develop and their impact can be measured they will be incorporated into the MTFP.

5 Review of Reserves

- 5.1 Reserves are either usable or unusable. Unusable reserves arise from statutory accounting transactions and cannot be used to fund revenue or capital expenditure. This report only considers the Council's usable reserves. The Council's Reserves Policy is included in **Essential Reference Paper E**.
- 5.2 A review of reserves has been carried out as at 31 March 2016 and balances based on the draft final accounts are summarised in **Essential Reference Paper E**.
- 5.3 At 31 March 2016 general reserves totalled £5.043m, a reduction of £0.124m during 2015/16. The general reserve balances are within the maximum level of reserves set out in **Essential Reference Paper E**.
- 5.4 At 31 March 2016 earmarked reserves totalled £11.601m. Net transfers out of earmarked reserves during 2015/16 totalled £2.218m including transfers from general reserves. This included the following appropriations:
 - £1,068k Collection Fund deficit transferred from the Collection Fund Reserve to fund NDR appeals provisions.

This will smooth the effect of income volatility in NDR funding in future years.

- £1,000k utilised to from the Pension Fund Additional Contribution Fund.
- £380k utilised from the Transformation Fund to fund one-off investments in service improvement.
- £265k utilised from the New Homes Bonus Priority Spend reserve including funding the Stamp Duty Land Tax costs associated with the purchase of the site on Old River Lane.
- £771k transferred into the Commercial Property Fund to support the development of commercial investment opportunities.

5.5 These reserve movements are summarised in the table below:

	Balance at 31 March 2015 £m	Balance at 31 March 2016 £m
General Reserves	5.167	5.043
Earmarked Reserves	13.819	11.601
Total Reserves	18.986	16.644

6 Underlying Assumptions

6.1 **Essential Reference Paper C** refers to the assumptions that have been made in terms of inflation and other price increases during the medium term which have been incorporated within the MTFP.

6.2 The MTFP model highlights that there are unidentified savings that will need to be delivered from 2017/18. The Finance and Business Planning process that is currently underway will ensure that these are fully met and a balanced budget is set.

7 MTFP Development

7.1 The MTFP model and assumptions will continue to be assessed and revised throughout the year with particular attention being paid to the announcements made the Local Government Settlement expected in December.

7.2 The Council Tax base will continue to be monitored throughout the year. Any emerging increases or decreases in the tax base will be modelled and impact included in the MTFP.

- 7.3 The Finance and Business Planning process will identify future funding requirements and future savings required to deliver a balanced budget from 2017/18. This will include an assessment of historic trend patterns in order to reduce future underspends and ensure that resources are directed to reflect the priorities of the Council. Any growth or savings proposals that result from this process must be contained within the resources available to the Council as set out in the MTFP.
- 7.4 The Investment Strategy will be revised to ensure that the return on investment achieved is optimised based on market expectations and performance. The MTFP will be updated to reflect the impact on the interest income received.
- 7.5 Reserve balances will be monitored throughout the year to ensure that the general reserves remain within the limit set out in the Council's Reserves Policy and that earmarked reserves are utilised appropriately.
- 7.6 The next MTFP will be presented to members to adopt at Council on 1 March 2017 including recommendations from Executive and Corporate Business Scrutiny.

8 Budget Setting Risk Management

- 8.1 There are a number of risks that should be considered in setting the budget for 2017/18. These are outlined in the table below:

Risk
Agreed savings for 2017/18 are not achieved resulting in overspends and budget shortfalls in future years.
Fees and Charges do not generate the expected income in 2017/18 with knock-on effects in future years.
The level of Council Tax for 2017/18 is reduced resulting in a funding shortfall.
Government funding is reduced at a faster rate than expected and/or the New Homes Bonus Scheme is revised or ended following DCLG consultation.
The assumed increases in Fees and Charges for 2017/18 onwards are not agreed.
Interest rates rise above 0.5% earlier than expected.
Inflation rises faster than expected resulting in increasing costs.
Investments do not generate the forecast return on investment.

Risk

An unforeseen event occurs which requires significant financial resources.

9 Implications/Conclusion

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

Background Papers

Budget Report to Executive; 17 February 2016.

Contact Member: Cllr Geoffrey Williamson – Executive Member for Finance & Support Services
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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives <i>(delete as appropriate):</i>	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 The report summarises the governance of the Council in 2015/16 and contributes to all the Corporate Priorities.
Consultation:	Consultation has taken place with the Leadership team on the development of the MTFP.
Legal:	No specific implications arise from this report.
Financial:	This report sets out the forecast financial position of the Council for the next four years.
Human Resource:	No specific implications arise from this report
Risk Management:	This report documents significant matters related to the ongoing financial position of the council.
Health and wellbeing – issues and impacts:	No specific implications arise from this report.

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ESSENTIAL REFERENCE PAPER B

REVENUE BUDGET - MEDIUM TERM FINANCIAL PLAN

Summary Model - Summer 2016

2015/16 Outturn	2016/17	2017/18	2018/19	2019/20	2020/2021
£'000	£'000	£'000	£'000	£'000	£'000

Net Cost of Services	16,157	14,159	14,058	14,567	15,213	15,511
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Financial Planning

Efficiency savings - to be identified	-	-	(728)	(1,376)	(1,757)	(1,972)
Efficiency savings (one off) - to be identified	-	-	-	(111)	-	-
Fees & Charges Annual Review	-	-	(45)	(91)	(139)	(189)

Corporate Budgets

New Homes Bonus Priority Spend	660	901	820	665	679	601
NHB Grants to Town & Parish Councils	699	901	820	665	679	601
Contingency Budget	-	150	150	150	150	150
Interest Payments	686	662	662	662	662	662
Interest & Investment Income	(1,089)	(902)	(1,084)	(1,090)	(1,277)	(1,277)
RCCO	1,001	25	25	25	25	25
Pension Fund Deficit Contribution	483	600	600	600	600	600
Net Expenditure	18,597	16,495	15,278	14,668	14,835	14,712

Reserves

Contributions to Earmarked Reserves	1,609	1,227	257	232	332	439
Contributions from Earmarked Reserves	(4,486)	(2,174)	(237)	(301)	(150)	(150)
Use of General Reserve	(124)	-	-	-	-	-
Net Expenditure after reserves	15,595	15,548	15,298	14,599	15,017	15,001

Funding

Revenue Support Grant	(2,057)	(1,145)	(351)	-	-	-
Council Tax Freeze Grant	(95)	-	-	-	-	-
NDR	(2,385)	(1,956)	(1,975)	(1,886)	(1,948)	(1,948)
Section 31 Grants	(820)	(712)	(522)	(533)	(548)	(548)
(Surplus)/Deficit on Collection Fund	1,368	917	149	-	-	-
Other general grants	(9)	(120)	(120)	-	-	-
New Homes Bonus	(2,798)	(3,602)	(3,279)	(2,662)	(2,716)	(2,404)
Demand on Collection Fund	8,801	8,930	9,200	9,518	9,805	10,101

Council Taxbase	56,425	57,254	57,827	58,655	59,239	59,829
Council Tax at Band D (£)	155.97	155.97	159.09	162.27	165.51	168.83

Percentage Increase in Council Tax	(1.00%)	0.00%	2.00%	2.00%	2.00%	2.00%
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Planning assumptions for August 2016 MTFP Update:

FACTOR	NOTE	2017/18	2018/19	2019/20	2020/21
Council Tax Increase		2.00%	2.00%	2.00%	2.00%
Pay Settlement	1	2.25%	2.25%	2.25%	2.25%
Members Allowances	2	1.50%	1.50%	1.50%	1.50%
Price inflation	3	1.70%	2.20%	2.00%	2.00%
Contract inflation	4	1.70%	2.20%	2.00%	2.00%
Council Tax Base	5	1.00%	1.00%	1.00%	1.00%
Fees and Charges	6	2.50%	2.50%	2.50%	2.50%

Notes:

1. Based on continued pay restraint through the life of the MTFP period. Includes an annual 0.75% increase to allow for increments and local award.
2. Members allowances are set by an Independent Remuneration Panel but for MTFP planning purpose this is assumed to be in line with officer pay awards.
3. Price inflation is based upon OBR inflation forecasts for future years as at March 2016 (CPI).
4. Contract inflation is based upon OBR inflation forecasts for future years as at March 2016 (CPI).
5. Council Tax base increases have been calculated using trend information. Further revisions may occur once certainty around the scale and timing of future developments becomes clear.
6. Fees and Charges are assumed to increase by 2.5% year on year. This may be achieved through a combination of appropriate price increases or new sources of income being identified.

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The Financial Strategy 2017/18 – 2020/21

What is it and why is it important?

The medium term financial strategy is a statement of the objectives and principles that underpin the Council's approach to managing its resources looking ahead over a period of three years or more. It sets out the framework within which the Medium Term Financial Plan (MTFP) is developed and reviewed.

The strategy is important because the council must ensure that its plans for services are affordable and sustainable in the light of the resources it can reasonably expect to be available. This allows the Council to take decisions about prioritising the resources it has. Included in those resources is income from council tax as well as funding from Business Rates, grants and other income streams from fees and charges. The future is inherently uncertain and the strategy considers that uncertainty and how the council can mitigate the risks.

Business rates retention and local council tax support were introduced from April 2013 and the risk profile of our funding changed. In the medium term the pace and strength of economic recovery indicate a longer period of spending restraint. In this context the proposed strategy is to maximise the Council's financial resilience and consider ways to become more self-sufficient where possible.

What outcomes is the strategy designed to achieve?

The objectives of the strategy are:

- To ensure the Council is well placed to meet uncertainty about the level of funding that the government will be able to provide acknowledging that such funding will be constrained.
- To ensure that tax payers, service users, partner agencies and Council employees are aware of the funding issues faced by the council and are given the opportunity to help shape the Council's planning.
- To ensure that funding is available to meet the highest priority future revenue and capital needs of the Council as they arise.
- To maximise the effective use of resources by annual review of the Council's resources corporately and by redirecting funding to higher priority areas as identified in the Corporate Strategic Plan and individual service plans.
- To ensure funding is available for priority service improvements.

- To inform service planning and ensure that the immediate and future financial implications of all decisions are taken into account in a timely manner and in the context of the Council's overall financial situation.
- To minimise volatility of council tax and ensure that increases are within limits set by the government.
- To manage risks including keeping adequate reserves to ensure so far as is reasonably possible that service delivery is not disturbed by calls on funding from short term, unforeseeable events.
- To achieve value for money from all spending.
- To be aware of and take up funding opportunities where these are consistent with the Council's objectives and where the obligations taken on are manageable by the council and commensurate with the sums received. In particular consider options that enable a greater self-reliance on our own funding and reduce the reliance on Central Government funding.
- To achieve efficiency in the use of resources including invest to save opportunities by taking into consideration relevant life cycle costs.
- To secure, maintain and renew a stock of physical assets consistent with the Council's corporate priorities as detailed in the Asset Management Strategy.
- To ensure the Financial Strategy and all the Council's other strategies are consistent.

What principles underpin the strategy?

The principles underlying the strategy are those of sustainability, transparency and consistency as evidenced by:

- The Council will adopt a prudent approach to assumptions and forecasts of its income and spending including assessment of:
 - the resources available to it from government and other external sources;
 - changes in input prices both generally - including pay and specific price changes where these have significant impact on individual services by means of indexation clauses in contracts;
 - interest rates and the growth of the wider economy so far as these affect the Council's ability to generate income from charges;
 - the council tax base and rates of council tax collection and of other incomes;

- investment returns and factors affecting pension costs as advised by the scheme's actuary;
 - its ability to generate cashable efficiency gains;
 - exposure to VAT and other tax liabilities;
 - exposure to uninsured risks.
- The council will establish spending plans consistent with its forecast of income other than where existing reserves are planned to be used.
 - The council will not commit to ongoing spending from incomes of a one off nature without a clear exit strategy in the absence of alternative funding.
 - The council will limit its borrowing by reference to CIPFA's prudential code and will make a prudent provision for repayment in accordance with that code.
 - The council has adopted and will keep under review a policy on the level of reserves to ensure adequate but not excessive reserves.
 - The council has adopted and will review a charging policy that is fair in terms of:
 - different service users;
 - the call on the tax payer as against the service user;
 - competition with other providers
 - The council will maintain sound financial management practices set out in Financial Regulations and Financial Procedure Rules.
 - The Council will maintain the accounts in accordance with relevant codes of accounting practice and in particular the CIPFA Service Reporting Code of Practice (SeRCOP) and financial planning will be consistent with those requirements.
 - The strategy will be reviewed annually.

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East Herts Council Reserves Policy

1.0 The Council's Reserves Policy

- 1.1 The current Reserves Policy was approved by Council at its meeting in February 2011.
- 1.2 The Policy sets out a maximum and minimum level of General Reserves. There is no maximum or minimum level set for Earmarked Reserves but the Policy states that they generally will be expected to be used within the period of the MTFP.
- 1.3 General reserves are a working balance to manage cash flows and limit the need for temporary borrowing and to provide a contingency for unforeseeable events and emergency spending. Earmarked reserves are set aside for a defined purpose to meet known or predicted future liabilities.
- 1.4 The minimum level of General Reserves to be held under the Policy is £3m: to be specific the sum of the General Fund and General Reserve (less any amount in the Building Control Account) should not normally be less than £3m.
- 1.5 The maximum level of general reserves is based on adding a basket of figures and proportions to give a quantum figure, as follows:

Table 1: Calculation of the maximum level of general reserves to be held

CALCULATION	POSITION AS AT 31/03/16 £m
40% of the budget requirement at start of year (2015/16: £8.801m)	3.520
2.5% of total assets in the last audited financial statements (2014/15: £130.878m)	3.272
The sum of future planned withdrawals and/or contributions to the general reserve in the last approved MTFP	0.000
Less any sum held as an insurance reserve	(1.010)
TOTAL	5.782

- 1.6 General Reserves at the end of the 2015/16 financial year stood at £5.043m, £0.739m within the Policy threshold.

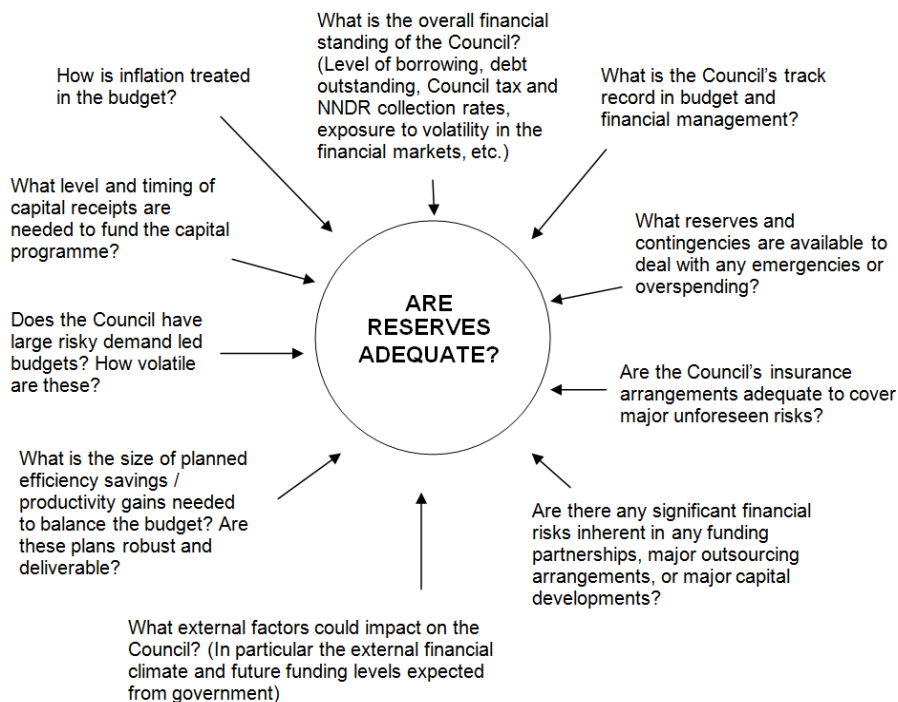
2.0 Why Councils need to hold Reserves

2.1 Reserves are an essential part of good financial management. They help Councils cope with unpredictable financial pressures, help them smooth the impact of known spending requirements over time, and help to fund any in-year overspending. The level, purpose, and planned use of reserves are important factors for elected Members and council officers to consider in developing medium-term financial plans and setting annual budgets.

2.2 There is no set formula for deciding what level of reserves is appropriate and councils are free to determine the level of reserves they hold. Where councils hold very low reserves there may be little resilience to financial shocks and sustained financial challenges. However where reserves are too high there may be opportunity costs involved in holding these reserves (for example a lack of investment in making service changes that could generate better outcomes for residents and/or increased savings or revenue generation for the Council).

2.3 The requirement for financial reserves is acknowledged in statute (Local Government Finance Act 1992). Full Council is responsible for approving the level of reserves and the Reserves Policy whilst the Section 151 Officer has a statutory duty to report publically to Council on the adequacy of reserves when calculating the annual budget requirement.

2.4 CIPFA issues guidance on reserves and the latest guidance (LAAP Bulletin 99) identifies the issues to consider in determining an appropriate level of reserves as follows:



3.0 Reporting of Reserves

3.1 As a minimum, the annual budget report and the final accounts report will set out opening balances, expected or actual transfers to and from reserves together with closing balances. The Head of Strategic Finance and Property as S151 officer will comment on the adequacy of reserves in those reports.

3.2 During the year the adequacy of reserves will be reviewed as part of the health check monitoring in the light of any significant budget variances. If the balance on general reserves appears likely to move outside of the minimum boundary the need for corrective action will be considered in the next planned health check report or earlier if the Council's S151 officer so requires.

4.0 Governance arrangements in respect of reserves (extracted from Financial Regulations (section 3.8))

4.1 In the event of a department underspend the Executive may establish an earmarked reserve and approve appropriations thereto where the purpose of that reserve is to defer expenditure included in a budget (or supplementary budget) approved by the Council where the expenditure in subsequent years will be in respect of the purpose for which the original budget (or supplementary budget) was approved.

4.2 Proposals to appropriate more than £100,000 to a single reserve or more than £500,000 in aggregate in any year beyond sums set out in the Medium Term Financial Plan shall be subject to the prior approval of the Council.

5.0 Current Reserve balances

5.1 The table below summarises the balances currently held in Earmarked Reserves:

ESSENTIAL REFERENCE PAPER E

Table 2: Statement of Earmarked Reserve Balances

	Balance 31 March 2015 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance 31 March 2016 £000
Interest Equalisation Reserve	(1,503)	300	(311)	(1,514)
Insurance Fund	(1,010)	-	-	(1,010)
Emergency Planning Reserve	(37)	-	-	(37)
LDF/Green Belt Reserve	(519)	120	-	(399)
Housing Condition Survey Reserve	(93)	36	(14)	(71)
Council Elections Reserve	(77)	100	(28)	(5)
Sinking fund - Leisure Utilities / Pension Reserve	(231)	3	-	(228)
Performance Reward Grant Reserve	(22)	11	-	(11)
Waste Recycling Income Volatility Reserve	(300)	-	-	(300)
Footbridge Reserve	(150)	-	-	(150)
Transformation Reserve	(2,782)	741	(361)	(2,402)
DCLG Preventing Repossessions	(30)	2	-	(28)
Environmental Pollution	(14)	14	-	-
New Homes Bonus Priority Spend	(3,816)	925	(660)	(3,551)
Collection Fund Reserve	(1,551)	1,368	(300)	(483)
DEFRA Flood Support	(93)	56	-	(37)
Commercial Property Fund	(500)	99	(870)	(1,271)
Pension Fund Additional Contribution Reserve	(1,000)	1,000	-	-
Single Person Homelessness	(12)	12	-	-
Neighbourhood Planning	(45)	-	(20)	(65)
IER	(34)	-	-	(34)
Traffic Regulation Order Consolidation Reserve	-	-	(5)	(5)
Total	(13,819)	4,787	(2,569)	(11,601)

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 30 AUGUST 2016

REPORT BY THE CHIEF EXECUTIVE

HERTFORD URBAN DESIGN STRATEGY – REQUEST TO FUND TOWN CENTRE IMPROVEMENTS

WARD(S) AFFECTED: Hertford Wards.

Purpose/Summary of Report

Hertford Urban Design Strategy was adopted by East Herts Council in May 2016 and a member steering group comprising councillors from Hertfordshire County Council, East Herts Council and Hertford Town Council has been established to implement or support the implementation of the recommendations. This is the first significant step forward in implementation, and addresses the areas of The Wash, Maidenhead Street and Bull Plain.

<u>RECOMMENDATION FOR DECISION:</u>	
That the Executive be advised that:	
(A)	East Herts Council commits 50% of the £1m required to implement key improvements to The Wash, Maidenhead Street and Bull Plain Hertford, as detailed in the Hertford Urban Design Strategy.

1.0 Background

1.1 The Hertford Urban Design Strategy sets out a vision for Hertford Town Centre, and addresses the key issues of movement, design and public realm – all of which play a critical role in the success of any town centre and particularly so in Hertford.

1.2 Extensive research and consultation was undertaken during the development of the strategy, which has been formally adopted by both East Herts and Hertford Town Councils, creating a clear set of priorities for town centre improvements. The final report can be found at:

<http://democracy.eastherts.gov.uk/documents/s32498/Hertford%20Town%20Centre%20UDS%20-%20ERP%20B%20strategy.pdf>

1.3 Hertford Urban Design Steering Group is a member group representing all three tiers of local government (HCC, EHDC and HTC). The group has drawn up an action plan of short, medium and long term actions and its role is to implement, or support the implementation of these actions.

2.0 Report

2.1 **Maidenhead Street, Bull Plain and The Wash**

An early piece of work that the group believes is deliverable, and would make significant impact, is to improve the public realm and traffic flows on these three key streets in the town centre. The three locations intersect each other and are all within the historic heart of the town, within the conservation area.

2.2 The Place-making objectives, as set out in the Hertford Urban Design Strategy, are to:

- Reduce the number of cars in the area and reduce pedestrian / vehicle conflict.
- Create a unified public realm to strengthen the east west link of Maidenhead Street, Salisbury Square and Railway Street.
- Create a focus for Hertford and enlarge the focal point around Salisbury Square with high quality public realm and retail units.
- Improve wayfinding with a focus on signposting, retail areas cultural and historic assets, such as the museum and the River Lea.
- Improve the management of Maidenhead Street, reinforce the pedestrianisation order and restrict servicing.
- Make the most of the Town's heritage and character. Enhancing the setting of Bull Plain and redefining as a public space.

2.3 HCC (through their consultants, Opus) have indicated that work to improve these three streets is a significant scheme, which would take 18-24 months and cost in the region of £1m. Significant consultation will be required to develop the scheme. In the current climate, HCC has also made it clear that whilst very supportive in principle, there is no highways funding available for this type of work.

- 2.4 The option we therefore face is to put the proposals on hold, pending funding from HCC, or to look for other sources of funding. Hertford is the second largest town in East Herts, and whilst buoyant, does not deliver what might be expected of a town of its historic importance and demographic make-up. It is a town that has significant potential to punch well above its weight. Implementing the recommendations in the design strategy will be critical for Hertford's future success.
- 2.5 To enable the project to proceed it is therefore recommended that East Herts Council commit to funding 50% of the £1m (using unallocated capital funds). Hertford Town Council have already committed £100,000 to Maidenhead Street improvements and are considering whether more funding can be directed towards this wider project. The councils are also investigating whether it would be possible to access Local Enterprise Partnership (LEP) funding.
- 2.6 An update on funding secured/likely will be provided at the meeting.
- 3.0 Implications/Consultations
- 3.1 Information on the financial and corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

The final report can be found at:

<http://democracy.eastherts.gov.uk/documents/s32498/Hertford%20Town%20Centre%20UDS%20%20ERP%20B%20strategy.pdf>

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS:

Contribution to the Council's Corporate Priorities/ Objectives	Priority 3: Enable a flourishing local economy Objective 2: Vibrant Town Centres
Consultation:	Hertford Town Council, HCC, HUDS Member Steering group.
Legal:	N/A
Financial:	As specified within the report
Human Resource:	n/a
Risk Management:	The key risk to this project is that the remaining funding is not secured. However, no EH funding will be spent until the whole project is funded; therefore this is not a risk that will materialise.
Health and wellbeing – issues and impacts:	Making Hertford town centre a more attractive and welcoming place will encourage visitors and residents to use the town.

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EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 30 AUGUST
2016

REPORT BY COUNCILLOR ERIC BUCKMASTER, EXECUTIVE
MEMBER FOR HEALTH AND WELLBEING

PROPOSAL TO SET UP A COUNTY WIDE HOME IMPROVEMENT
AGENCY SERVICE IN HERTFORDSHIRE

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report sets out a proposal to establish a county-wide Home Improvement Agency, HIA, to help elderly and vulnerable persons to remain living independently at home. The initial focus would be the provision of statutory Disabled Facilities Grants, DFGs. In time, the HIA could provide handyperson schemes and promote measures to tackle fuel poverty and the like.
- East Herts Council has been working with other Hertfordshire districts and the County Council on a business case for a shared service with the aim of providing a consistent, high quality service that has the potential for financial efficiencies.
- All participating authorities are now being asked to confirm their commitment to participate in a shared service to enable detailed implementation plans to be devised with a view to the service 'going live' in 2017/18.

RECOMMENDATION FOR CORPORATE BUSINESS SCRUTINY:

That:

(A)	the proposal that East Herts Council becomes a partner in the Hertfordshire Home Improvement Agency be supported;
(B)	the Council's revenue and capital budgets earmarked for processing and paying for Disabled Facilities Grants for 2017/18 onwards, fund East Herts' contributions to the shared Home Improvement Service be supported;

(C)	the Executive be asked to authorise the Head of Housing and Health, acting in consultation with the Executive Member for Health and Wellbeing, to contribute to and agree the detailed arrangements to establish the HIA; and
(D)	The Executive authorise the Head of Housing and Health acting in consultation with the Executive Member for Health and Wellbeing, to amend the Council’s Private Sector Housing Assistance Policy to accommodate the new arrangements.

1.0 Background

The legislative basis for Disabled Facilities Grants

1.1 The Housing Grants, Construction and Regeneration Act 1996 requires Local Housing Authorities (LHAs), including East Herts Council, to provide financial assistance with adaptations to the homes of disabled people, save those living in council housing whose works are funded through those councils’ overall rental income stream. The financial assistance to an individual takes the form of a means-tested Disabled Facilities Grant for adult disabled people and a non-means tested DFG for disabled children.

1.2 The grant administration process has remained largely unchanged for some years, namely:

- East Herts Council promotes DFGs locally
- when someone in East Herts applies for assistance, the County Council’s Occupational Therapy service carries out an assessment and makes recommendations about the necessary and appropriate adaptations
- East Herts Council receives the referral, assesses whether the works are reasonable and practicable, undertakes a means test to determine whether the client is required to make a contribution to the cost of works, and oversees the undertaking of the works.

Adaptation services for disabled people in Hertfordshire

1.3 LHAs receive a capital grant from central Government to support the requirement to give grants. Unlike in previous years, there is now no requirement to provide any match-funding locally. That said, East Herts, just as do all districts in Hertfordshire, supplements the national grant monies..

- 1.4 Since 2013, central Government's capital grant has been paid to Social Services authorities through the Better Care Fund. So, locally, Hertfordshire County Council receives the resources and passes them onto the districts. In 2016/17, the national DFGs allocations were increased markedly, with East Herts receiving £530,136, an uplift of £237,009 between 2015/16 and 2016/17.
- 1.5 In addition to DFGs, disabled people can benefit from Hertfordshire County Council's Equipment Service which provides minor adaptations such as grab rails, ramps and the like free of charge for recipients. It is understood that there is increased pressure on this budget due to the County Council's wider preventative duties under the Care Act 2014.
- 1.6 There are a number of handyperson services operating in Hertfordshire that undertake very minor works, such as repairing dripping taps. There are generally modest charges for these services. There is currently only a limited service in East Herts covering smoke alarm installation, security measures and the like.

The need to review services

- 1.7 There are a number of significant drivers for a fundamental reform of home adaptations services in Hertfordshire, principally:
 - East Herts has an ageing population, with increasing numbers wishing to remain living independently in their own homes
 - many LHAs lack the scale to provide DFGs services consistently
 - two-tier working arrangements are inherently confusing and can introduce inconsistency, delays and inefficiency
 - there is a track record in Hertfordshire of developing consistent, sustainable services for older and disabled people, such as Hertfordshire Community Meals, and Hertfordshire Careline, on which the HIA proposals can build
 - there is growing evidence that DFGs and related intervention can reduce hospital admissions, hasten patient discharge and delay moves to expensive residential care
 - older and disabled people's support needs are multi-faceted and not necessarily solely reliant on financial support –guidance and being able to access trusted traders can be helpful.

The benefits of a proposed shared service HIA

1.8 Bringing both tiers together and pooling staffing in a shared service HIA has a number of significant benefits, including:

- the processing of applications can become more streamlined. Of note, in recent years the number of Occupational Therapist referrals for DFGs in East Herts has fallen below expected trends. The reasons for this are unclear, but closer working and communication should help ensure residents receive timely and appropriate advice and assistance
- a combined service would be more resilient to staffing absences and turnover
- a county-wide integrated service is an investment opportunity for the Clinical Commissioning Groups operating in Hertfordshire. The current arrangement of 11 providers with different service standards is arguably less likely to attract such investment.

1.10 East Herts Health and Wellbeing Scrutiny Committee considered an update report on the DFG programme on 16th February 2016. This included the background to the County-wide project. The Committee supported the principle of the proposed approach.

2.0 The Proposal for a Hertfordshire Home Improvement Agency

2.1 Given the context described above, the Hertfordshire districts have together with the County Council reviewed the current delivery of services across all authorities, considered examples of alternative delivery models in other parts of the country and assessed the future needs of residents across the County.

2.2 The outcome is this proposal for a shared Home Improvement Agency, HIA. The vision for the shared HIA is to:

- establish a cost effective service that will not only deliver statutory services such as DFGs but will also be able to provide a service to those who fall outside of the grant eligibility
- promote independent living more generally by offering residents housing related services, such as housing advice, a handyman service, and home improvements.

2.4 The objectives of the shared HIA would be to:

- ensure all individuals in Hertfordshire who need housing adaptations can access a timely, accessible, equitable and fit for purpose service
- reduce health inequalities across the county
- deliver a fully standardised and streamlined service, enhancing operational efficiency, customer satisfaction and improving value for money
- implement robust monitoring arrangements against key performance indicators
- improve service resilience
- support the wider health and social care integration programme across Hertfordshire.

Outline operating model

2.5 The proposed operating model is as follows:

- a shared service model, not an outsourced service, hosted by the County Council
- Occupational Therapists drawn from the County Council's Occupational Therapy Service
- technical staff drawn from the district and borough councils choosing to join the shared service
- case officers would act as a single point of contact for the client with other professionals such as the Occupational Therapists and technical staff drawn in as required, thus reducing multiple handoffs between authorities. Of note, having Occupational Therapists and technical staff in the same team will significantly shorten the process of commissioning adaptation works compared with the current arrangements.

2.6 It is intended to deliver efficiencies in the costs of works by procuring a contractor framework for common adaptation works such as stair lifts and level access showers. This should also simplify the ordering of works.

2.7 The business case demonstrates that the service can be delivered across the county in a revenue neutral way – see **Essential Reference Paper 'B'** for the full business case.

2.8 The Business Case assumes that the Council maintains its capital

contribution for provision of disabled facilities grants to residents in the district at current or similar levels.

- 2.9 It is also believed that the proposed service has the potential to generate income by offering other housing services, for example to people wanting adaptations who do not qualify for a disabled facilities grant, in return for a fee.
- 2.10 The exact arrangements for the new service will depend on the number of authorities deciding to join the service. It is hoped that at least half of the ten districts along with the County Council will join at the outset. The intention is to launch the service in 2017/18.

3.0 Implications/Consultations

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

Human Resources

- 3.2 As the Home Improvement Agency proposals include the provision of services currently carried out by East Herts Council staff, TUPE rules may apply. The extent to which TUPE applies, and to which staff if any, will be fully explored as part of the work to produce a full, final business case during the remainder of 2016/17.
- 3.3 At this stage, it is considered that there may be TUPE and re-location implications for at least one member of staff. There are also possibly additional staff whose workload includes some functions that would be transferred to the HIA, albeit to a smaller extent.
- 3.4 The staff potentially affected have been kept abreast of work to date on the HIA proposals, as have HR officers. Full consultation and engagement with staff would be completed as part of preparation of the full business case.

Finance

- 3.5 The Council's Finance team has worked closely with colleagues in the other participating districts and the County Council to pull together and scrutinise the financial case for the shared HIA.
- 3.6 The overall business case is predicated on the East Herts using current revenue and capital resources allocated for the processing and payment of DFGs as the Council's contribution to the HIA. It

is recognised, however, that as functions are transferred, there is likely to be a small level of residual costs remaining with the Council. This has been allowed for in the outline business case – see **Essential Reference Paper ‘B’** – which shows that overall, the proposals are cost neutral to the Council.

- 3.7 It will be important to review both the revenue and capital contributions to the HIA on a regular basis to ensure best value for East Herts is being maximised.

Background Papers

Review of DFG Services in Hertfordshire. Nov 2014

Supporting Independent Living Options Paper. Report to Chief Executives Co-ordinating Group. Jan 2016

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives <i>(delete as appropriate):</i>	<p>Priority 1 – Improve the health and wellbeing of our communities</p> <p>Priority 2 – Enhance the quality of people's lives</p> <p>Priority 3 – Enable a flourishing local economy</p> <p>The proposal is to deliver a stronger service for home adaptations to more residents, to enhance quality of life, health and wellbeing. The proposal allows for continued use of local builders to carry out these works.</p>
Consultation:	The proposals were developed in partnership with Hertfordshire District and Borough Councils and Hertfordshire County Council.
Legal:	The proposal seeks to continue to meet statutory obligations for Disabled Facilities Grants under the Housing Grants, Construction and Regeneration Act 2004, and to better meet joint obligations under the Care Act 2014.
Financial:	<p>The Council's Finance team has worked closely with colleagues in the other participating districts and the County Council to pull together and scrutinise the financial case for the shared HIA. The overall business case is predicated on the East Herts using current revenue and capital resources allocated for the processing and payment of DFGs as the Council's contribution to the HIA.</p> <p>It will be imperative to review the funding arrangement on a regular basis.</p>
Human Resource:	There are TUPE and re-location implications for at least one member of staff. The agency is most likely to be located at the Hertfordshire County Council offices in Stevenage, with touch-down bases in the District/Borough offices. There are other staff affected whose duties currently include DFG functions but to a lesser percentage than would trigger TUPE. HR officers have been involved during the review.

Risk Management:	The overall project group has considered the risks of the project and risk log is regularly reviewed.
Health and wellbeing – issues and impacts:	The DFG service contributes directly to the health and wellbeing of affected residents. Improvements in service through the proposal aim to address needs of residents with disabilities.

Hertfordshire Shared Home Improvement Agency (HIA)

Final Business Case

July 2016

**Jamie Sutterby- Assistant Director, Health
Integration**

**Helen Maneuf - Assistant Director, Integrated
Planning & Resources**

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APPENDICES

Appendix A	Options Analysis
Appendix B	Home Improvement Service Process Draft
Appendix C	High Level Timeline
Appendix D	List of Tables and Figures

Relevant papers available on request
Shared Home Improvement Agency Function - Options Paper <ul style="list-style-type: none">• Presented to the Chief Executive's Co-ordination Group (CECG) in January 2016• Presented to HCFO in March 2016
Shared Home Improvement Agency Function - Financial Business Case <ul style="list-style-type: none">• Presented to HCFO in May 2016

REVISION RECORD			
Author	Creation Date	Version	Status
Jenny Howell	04/07/16	1	Draft
Inclusions from Helen Maneuf / Jamie Sutterby / Hayley King	12/07/16	1.01	Draft
Updated following comments from HCFO meeting on 21/07/2016	26/07/2016	2	Draft

EXECUTIVE SUMMARY

Introduction

The purpose of this document is to establish the financial case and final business case for the setting up of a Shared Home Improvement Agency function.

The Business Case offers the Hertfordshire Chief Financial Officers (HCFO) Chief Executive's Co-ordination Group (CECG) the opportunity to consider the merits of the proposal and the investment required before deciding on their appetite to proceed.

For the purposes of clarity the costing assumptions have been presented in two ways in this business case:

1. For a smaller group of six authorities which have indicated a significant interest in progressing with the shared service, *and*
2. For the 'full' shared service which at present would include ten district authorities, plus the county council. Welwyn Hatfield Borough Council (WHBC) has an external contract until 2017 and so has not been shown in these calculations

Table 1: Representation of authorities

Model 1. Smaller group of six District authorities	Model 2. Full Shared Service – Ten District authorities exc WHBC
<ul style="list-style-type: none"> • Dacorum Borough Council (DBC) • East Herts Council (EHC) • Hertfordshire County Council (HCC) • Hertsmere Borough Council (HBC) • North Hertfordshire District Council • Watford Borough Council (WBC) 	<ul style="list-style-type: none"> • Dacorum Borough Council (DBC) • East Herts Council (EHC) • Hertfordshire County Council (HCC) • Hertsmere Borough Council (HBC) • North Hertfordshire District Council (NHDC) • Watford Borough Council (WBC) • Broxbourne Borough Council (BBC) • St Albans City & District Council (SACDC) • Stevenage Borough Council (SBC) • Three Rivers District Council (TRDC)

Vision and Objectives

The vision for the DFG proposal is to create a Shared Home Improvement Agency function inclusive of Disabled Facilities Grant service and integrated Occupational Therapy.

The background to the proposed new service is described in **Section 1**.

The objectives of a Shared Home Improvement Agency function are to:

- Ensure that all individuals in Hertfordshire who need housing adaptations to support independent living will have access to an appropriate service that is timely, accessible, equitable and fit for purpose to address rising demographic pressures
- Deliver a fully standardised service, enhancing operational efficiency, customer satisfaction and improving value for money
- Implement robust monitoring arrangements against key performance indicators

- Improve service resilience through joined up working, adopting a common methodology and service standards, sharing staff knowledge, skills and expertise
- Open up future opportunities to expand into private sector adaptations and align to wider Clinical Commissioning Group activity in order to maximise income generation, efficiency and value and impact of the DFG element of the Better Care Fund.

The strategic drivers and benefits are further described in **Section 2**.

High Level Proposals

The preferred proposals recommended as a result of this Business Case are to:

- Provide a common framework for procuring contractors to deliver adaptations in clients' homes, and the centralisation of the assessment and administrative functions
- Deliver a professional Home Improvement function to meet the needs of the partner Councils and the requirements defined in Housing Grants, Construction and Regeneration Act 1996 and the Care Act 2014
- Ensure ongoing value for money of home improvement services in the Councils which participate in the Shared Service, in order to maximise the housing, health and social care system benefits of the DFG element of the Better Care Fund
- Governance of the shared service by a Memorandum of Understanding which will set out the detailed arrangements for the Shared Service. Partners will be required to sign up to the terms and conditions of this document for a set period of time in order to be part of the Shared Service.

The scope of the proposed Service is described in **Section 5**.

Financial Summary

Total spend on DFG and HRA adaptations by district councils within the county has been of the order of an average of £6.2m per year in recent years. In addition, HCC funds minor works: £378k was budgeted for these in 2014/15. In the same year, District Council staffing costs totalled an estimated £624k, with HCC's Housing Occupational Therapy service delivered via Serco costing £804k.

A number of national developments created an opportunity to review the delivery of DFG within the county area and consider how to integrate provision of help with home adaptations across housing, health and social care system.

Table 2 – 6 below provide a summary of the current cost and funding position, and proposed ongoing cost of the Shared Home Improvement Agency Service.

Table 2 Existing Cost & Funding - District Average Annual Cost of Home Improvement Services

Table 2 reflects the following

- Gross and net costs of running the Home Improvement service, and details how this is financed in each authority.

Table 2: District Average Annual Cost of DFG and Home Improvement Related Spend

The table below summarises the average annual cost of DFG and Home Improvement related services in the participating authorities.

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	WHBC	Districts total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running Costs	133	101	113	82	50	70	80	94	111	49	882
Disabled Facilities	450	567	384	435	605	701	350	418	386	442	4,738
HRA adaptations	0	0	0	0	0	0	500	0	0	0	500
Gross cost of service	583	668	497	517	655	771	930	512	497	490	6,120
Client contributions	(15)	(8)	0	0	(99)	0	0	0	(39)	0	(160)
Agency fee income	0	(35)	0	0	(50)	0	0	0	0	0	(85)
Net cost of service	568	626	497	517	506	771	930	512	459	490	5,875
Funded by											
Grant	(314)	(366)	(293)	(295)	(360)	(291)	(305)	(250)	(279)	(316)	(3,070)
Revenue resources	(80)	(32)	(113)	(82)	(0)	(70)	(80)	0	(36)	(49)	(541)
HRA resources (revenue and capital)	0	0	0	0	0	0	(500)	0	0	0	(500)
Other capital financing (usually capital receipts)	(174)	(228)	(90)	(140)	(146)	(409)	(45)	(262)	(144)	(126)	(1,765)
Total financing	(568)	(626)	(497)	(517)	(506)	(771)	(930)	(512)	(459)	(490)	(5,875)

Notes

- Baseline figures have been investigated thoroughly since the outline business case; the most significant changes are that running costs have been amended from £539k to an increased figure of £882k. This is following the verification of district information, and the inclusion in running costs of system costs, overheads, and travel costs, where previously only staffing costs were known.
- There is differing treatment among districts regarding whether staffing costs are charged to revenue or capital.
- Registered housing providers also fund some adaptations, in some cases in full but more commonly by contributing a percentage towards the cost of works; these figures are not generally included in table 2.
- Three Rivers, St Albans and Welwyn Hatfield did not respond to the request for updated and verified information, therefore, the original information received has been used.

Table 3 Total HIA Related Expenditure

Table 3 reflects the following

- HCC's total adaptations expenditure (2015/16 figures) alongside the countywide OT resource. This is added to the district total (from above – see table 2)
- This gives a Hertfordshire wide total for all HIA related expenditure, and details how this is financed.

	HCC	Districts Total	Hertfordshire Total
	£000s	£000s	£000s
Running Costs	800	882	1,682
Disabled Facilities	559	4,738	5,297
HRA adaptations	0	500	500
Gross cost of service	1,359	6,120	7,479
Client contributions	(153)	(160)	(313)
Agency fee income	0	(85)	(85)
Net cost of service	1,206	5,875	7,081
Funded by			
Grant	0	(3,070)	(3,070)
Revenue resources	(1,206)	(541)	(1,747)
HRA resources (revenue and capital)	0	(500)	(500)
Other capital financing (usually capital receipts)	0	(1,765)	(1,765)
Total financing	(1,206)	(5,875)	(7,081)

Table 4 Proposed Ongoing cost of the Shared Home Improvement Agency Service

Table 4 reflects the following:

- The model allows the costs of the shared service to be flexed according to the level of resource needed to run activities with different numbers of participating councils.
- Costs of adaptations are forecast in the model to continue as in current operations.
- Forecast running costs exceed the running costs noted in Table 2 above; solutions to this are shown in Table 5 below.
- The Shared Home Improvement Agency function has been costed at a level which will deliver sufficient capacity to work to develop specialisms and build new service offerings.
- The proposed size of the OT service will remain constant under both the six authority model and the all authority model. OT's will continue to provide a service to all districts whether they are in or out of the shared service model. This will be fully funded by HCC.

	Six authority model	All authority model
	£000s	£000s
HIA Service staffing	390	505
OT Service	671	671
HIA Service costs and overheads	51	59
Total running costs	1,112	1,236

Table 5 and 6 Revenue and Capital Impact per Authority

Table 5.1: Six Authority Model - Revenue Impact

	DBC	EHC	HBC	NHDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running costs of shared service	103	69	79	109	70	682	1,112
Client contributions	(8)	0	0	(99)	(39)	(153)	(299)
Net cost of service	95	69	79	10	31	529	813
Current revenue budget for DFG	32	113	82	0	36	1,206	1,469
Residual costs in district i.e. non cashable savings	22	48	38	31	36	559	733
Extra revenue budget required	85	4	35	41	31	(118)	77
Fee income at 10% of DFG spend	(57)	(38)	(44)	(60)	(39)	n/a	(238)
Extra revenue budget required if charge fee income	28	(35)	(9)	(20)	(8)	n/a	(42)

- To show the revenue impact on each authority, client contributions (assumed to continue at current levels) have been subtracted from running costs of the proposed shared service to give a net cost of service.
- Residual costs in each authority have been identified; these are non-cashable savings if the district moved to the shared service model such as IT system costs, overhead recharges – which would still need to be met from other budgets.
- Residual costs of £559k in HCC reflect the current spend on adaptations, which is assumed to continue at this point, and is out of scope of the shared service model.
- The revenue cost of the shared service has been compared to the current revenue budget for DFG taking into account residual costs. This shows that all districts would have to make an extra revenue contribution.
- Due to the caveat given by districts that the shared service would only be a feasible option if costs were maintained at current levels, the option of using fee income has also been included. If this option was approved, this would result in revenue savings for all districts apart from Dacorum. For all districts to show revenue savings, fee income of 15% would need to be charged, as shown below:

	DBC	EHC	HBC	NHDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Extra revenue budget required with fee income at 13%	17	(42)	(18)	(32)	(15)	n/a	(90)
Extra revenue budget required with fee income at 14%	6	(50)	(26)	(44)	(23)	n/a	(138)
Extra revenue budget required with fee income at 15%	(0)	(54)	(31)	(50)	(27)	n/a	(161)

Table 5.2: All Authority Model – Revenue Impact

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running costs of shared service	58	74	50	57	79	91	45	54	50	678	1,236
Client contributions	(15)	(8)	0	0	(99)	0	0	0	(39)	(153)	(313)
Net cost of service	44	66	50	57	(21)	91	45	54	11	525	922
Current revenue budget for DFG	80	32	113	82	0	70	80	0	36	1,206	1,698
Residual costs in district i.e. non-cashable savings	79	22	48	38	31	43	40	0	36	559	895
Extra revenue budget required for shared service	43	56	(16)	12	10	64	6	54	11	(122)	119
Fee income at 10% of DFG spend	(45)	(57)	(38)	(44)	(60)	(70)	(35)	(42)	(39)	n/a	(430)
Extra revenue budget required if charge fee income	(2)	(1)	(54)	(31)	(50)	(6)	(29)	13	(27)	n/a	(188)

- To show the revenue impact on each authority, client contributions (assumed to continue at current levels) have been subtracted from running costs of the proposed shared service to give a net cost of service.
- Residual costs in each authority have been identified; these are non-cashable savings if the district moved to the shared service model such as IT system costs, overhead recharges – which would still need to be met from other budgets.
- Residual costs of £559k in HCC reflect the current spend on adaptations, which is assumed to continue at this point, and is out of scope of the shared service model.
- The revenue cost of the shared service has been compared to the current revenue budget for DFG taking into account residual costs. This shows that all districts, apart from East Herts, would have to make an extra revenue contribution.
- Due to the caveat given by districts that the shared service would only be a feasible option if costs were maintained at current levels, the option of using fee income has also been included. If this option was approved, this would result in revenue savings for all districts apart from Three Rivers. For all districts to show revenue neutrality or savings, fee income of 13% would need to be charged, as shown below:

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Extra revenue budget required with fee income at 12%	(11)	(12)	(62)	(40)	(62)	(20)	(36)	4	(35)	n/a	(274)
Extra revenue budget required with fee income at 13%	(16)	(18)	(66)	(44)	(69)	(27)	(39)	(0)	(39)	n/a	(317)

In the tables above, fee income is based on DFG spend. During the implementation phase, other options for distribution of the fee income will be investigated. It may be that a fairer method will be to give each district enough fee income to generate a net nil budget and then pool any surplus for joint investment.

Table 6 reflects:

- The current level of spend on DFG's continuing, as well as the current capital contributions from each district
- Each district will receive a significant increase in capital grant available to them

Table 6.1: Six Authority Model – Capital Impact

	DBC	EHC	HBC	NHDC	WBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
DFG works spend	567	384	435	605	386	2,377
District capital contribution	(228)	(90)	(140)	(146)	(144)	(748)
Increased DFG grant 16/17	(675)	(530)	(538)	(654)	(523)	(2,920)
Extra capital money available	(336)	(237)	(242)	(195)	(281)	(1,290)

Table 6.2: All Authority Model – Capital Impact

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
DFG works spend	450	567	384	435	605	701	350	418	386	4,296
District capital contribution	(174)	(228)	(90)	(140)	(146)	(409)	(45)	(262)	(144)	(1,639)
Increased DFG grant 16/17	(577)	(675)	(530)	(538)	(654)	(531)	(576)	(456)	(523)	(5,060)
										0
Extra capital money available	(301)	(336)	(237)	(242)	(195)	(240)	(271)	(300)	(281)	(2,402)

Districts are asked to consider investing some of the extra capital money in county-wide preventative work, which would meet the grant conditions. The BCF Policy Framework clearly encourages innovative use of DFGs and sets out the expectation that local authorities with housing responsibility are expected to engage in joint BCF planning with welfare and health authorities. It is expected that health priorities, such as delayed transfer of care and readmission to hospital, will become more important in the way DFG is spent. Top-slicing 10% of the extra capital funding would provide £240,000 for preventative investment, and 20% would provide £480,000.

Any remaining Disabled Facilities Grant, which is not jointly pooled, will be retained by each district. However, there are restrictions around the use of the grant as outlined under the Regulatory Reform Order, detailed in Section 6.5.

Next Steps

The next phase of the project will include:

- Defining governance and oversight arrangements
- Developing a change management approach
- Designing the management and operating model for the Shared HIA Service including processes, vision, structures, behaviours, location, Service Level Agreements, Key Performance Indicators
- Establishing targets for delivery (see Appendix C for timeline and next steps)
- Compiling an implementation plan including systems convergence, policy harmonisation

A shadow form of the service will be in operation from April 2017 with full go-live from September 2017. A high level timeline is contained within Appendix C.

The next steps for the project are further described in **Section 7**.

Required Decisions

The Project Team is seeking the following from the Hertfordshire Chief Financial Officers (HCFO) Group:

1) Agreement to the high level recommendations

- Create a Shared Home Improvement Agency function inclusive of Disabled Facilities Grant service and integrated Occupational Therapy.
- Consideration as to the opportunity presented by the increase in funding from the Better Care Fund to consider the best way of investing this capital

2) Approval to progress to Service Development phase

The service development phase incorporates the governance arrangements, the operating model, charging arrangements, and the detailed implementation plan, to be in place by autumn 2016

3) Commitment to this project

Delivery of the project requires:

- A commitment to fund set up costs and preparations for the recruitment to the Head of Service role to commence by the Autumn, as detailed on p32
- Covering of any revenue pressures arising from the new service

- A commitment to maintain local contribution levels to home adaptations for a two year period, thereafter this will be subject to an annual review of budgets by participating authorities

4) Recommend the Business Case to their Members

To review the Business Case and assess its merits against the local baseline financial position, and to recommend to Members the adoption of a Shared Home Improvement Agency function by using the September / October political processes. A clear decision should be reached as to whether districts are in or out by the **end of October 2016**.

1 INTRODUCTION

1.1 National Background

The Spending Review 2015 has detailed one of its main objectives for the next four years is to develop an integrated health and care system, and that there would be £500m available by 2019-20 for the Disabled Facilities Grant. The grant is currently worth £220m in 2015-16. It has been stated that this increased level of funding will enable around 85,000 home adaptations in 2019-20, which is expected to prevent 8,500 people that year from needing to move to residential care.

1.2 Local Background

Disabled Facilities Grant is used to fund adaptations to property to help disabled people to remain independent in their homes. The requirement for Councils to deliver a Disabled Facilities Grant (DFG) service is a mandatory and statutory function for local housing authorities. The delivery of this function sits within District Council housing services. It is governed by the Housing Grants, Construction and Regeneration Act 1996.

Total spend on DFG and HRA adaptations by district councils within the county has been of the order of an average of £6.2m per year in recent years. In addition, HCC funds minor works: £378k was budgeted for these in 2014/15. In the same year, District Council staffing costs totalled an estimated £624k, with HCC's Housing Occupational Therapy service delivered via Serco costing £804k.

A number of national developments created an opportunity to review the delivery of DFG within the county area and consider how to integrate provision of help with home adaptations across housing, health and social care systems:

In 2013, the Government announced the creation of the Better Care Fund (BCF), as part of ongoing changes to the delivery of health and social care services across the country. Health and social care services were required to create a single pooled fund to support closer working between organisations in the area.

The BCF includes the Government's capital grant contribution for Disabled Facilities Grants (DFG). This had previously been provided to District Councils directly from Central Government. This funding change for DFG provided an ideal opportunity, especially as the BCF may not have the requirement to passport funds directly through to local authorities in the future.

For the first time the contribution of housing to the care and support system has been recognised via the Care Act, defining housing as a 'health related' activity

The Care Act 2014 also stipulates that Hertfordshire County Council retains social care duties in relation to the delivery of home adaptations.

In response, a partnership review between the District and Borough Councils and the County Council was commissioned by the Chief Executive's Co-Ordination Group (CECG). The governance arrangements for the review include a Steering Group with representatives from each of the Councils and a project group made up of two representatives from the local authorities, HCC project management resource, a professional lead and an external subject matter expert.

The partnership has undertaken work to develop a proposal for a Shared HIA Service and brought a paper to the CECG in December 2015 setting out the options for the delivery of the service.

1.3 Purpose of the Business Case

The purpose of this document is to establish whether there is a sufficient business case for exploring in more detail the setting up of a Shared Housing Improvement Agency (HIA) function and whether there is a particular way of sharing this service that is preferred.

The business case will test how far the potential partner Councils are prepared to work together towards common ends, informed by a high level analysis of whether a shared service model has sufficient cost and service benefits to proceed with the initiative.

The business case offers the Project Board and members of the respective Councils the opportunity to consider the merits of the proposal and the investment required before committing further resource.

The Business Case document describes:

- Why the Councils are considering sharing Housing Improvement Services
- The objectives of the project
- The approach taken
- The options that were considered
- The recommendation that is being proposed with associated costs and timescales
- The major implications and risks of the project

If the proposal is accepted, the Business Case will be developed further into a Service Development phase which will require approval before any potential implementation.

2 STRATEGIC CONTEXT

2.1 Why Consider Sharing Home Improvement Services

Councils across Hertfordshire work effectively in a wide range of partnerships in many service areas. The drivers behind a Shared Home Improvement Agency (HIA) Service are:

- To think strategically about the use of home adaptations and take a joined up approach to improving outcomes across health, social care and housing
- Supporting independent living by enabling Hertfordshire residents access to an appropriate service that is robust and equitable with transparency of delivery.
- More efficient and resilient service that helps local authorities deal with increased budget pressures
- The existing track record of effective two-tier working in the County
- The opportunity to explore new and innovative ways of working such as development of a Home Improvement hub
- The wish to avoid duplication of improvement efforts

2.2 Project Vision, Objectives and Benefits

Vision

The vision for the DFG proposal is to create a Shared Home Improvement Agency function inclusive of Disabled Facilities Grant service and integrated Occupational Therapy.

Objectives

The key deliverables of the Shared Home Improvement Service are set out below

- Ensure that all individuals in Hertfordshire who need housing adaptations to support independent living will have access to an appropriate service that is timely, accessible, equitable and fit for purpose to address rising demographic pressures
- Deliver a fully standardised service, enhancing operational efficiency, customer satisfaction and improving value for money
- Implement robust monitoring arrangements against key performance indicators

- Improve service resilience through joined up working, adopting a common methodology and service standards, sharing staff knowledge, skills and expertise
- Open up future opportunities to expand into private sector adaptations and align to wider Clinical Commissioning Group activity in order to maximise income generation, efficiency and value and impact of the DFG element of the Better Care Fund.

Benefits

The benefits of a Shared Home Improvement Service are:

- Increasingly effective use of the total DFG resource available to participating authorities resulting from knowledge sharing and efficiency of process
- Economies of scale in terms of staffing structure, working practices and systems
- A resilient service able to deal with fluctuations of demand, and therefore accessible to those when needed
- Increased customer satisfaction
- A solution which is available to all Hertfordshire councils
- A size of team which allows for career progression

3 APPROACH TO DEVELOPING THE BUSINESS CASE

3.1 Remit of the Project

The purpose of this document is to establish whether there is a sufficient business case for exploring in more detail the setting up of a Shared Housing Improvement Agency (HIA) function and whether there is a particular way of sharing this service that is preferred.

The business case will test how far the potential partner Councils are prepared to work together towards common ends, informed by a high level analysis of whether a shared service model has sufficient cost and service benefits to proceed with the initiative.

In light of the change in funding stream for DFGs, the district councils, in partnership with the County Council held a workshop in August 2015 to discuss current DFG service arrangements and areas for improvement. It was agreed that it would be useful to conduct a review of the way DFG services are accessed and delivered across the county.

In January 2016 the Chief Executive's Co-ordination Group (CECG) considered an options paper. CECG authorised the creation of a project to examine the Business Case for a Shared Home Improvement Agency function, committing to funding project management support to achieve this.

Subject to Business Case approval, the intention is to implement new structural arrangements in 2017/18 year followed by a two year period of service development as new ways of working are established.

For the purposes of clarity the costing assumptions have been presented in two ways in this Business Case:

1. For a smaller group of six authorities which have indicated a significant interest in progressing with the shared service, and
2. For the 'full' shared service which at present would include ten district authorities, plus the county council. Welwyn Hatfield Borough Council has an external contract until 2017 and so has not been shown in these calculations

Underpinning this Business Case is a set of workings which can easily be flexed for other combinations of authorities depending on appetite for inclusion within the proposal. This would include WHBC should this authority wish to participate in the shared service from 2017 or at a future point in time. The authorities are treated as follows according to the project team's current understanding of each individual authority's position on this project:

Table 1: Representation of authorities within the Business Case

Model 1. Smaller group of six authorities	Model 2. Full Shared Service – Ten authorities
<ul style="list-style-type: none"> • Dacorum Borough Council • East Herts Council • Hertfordshire County Council • Hertsmere Borough Council • North Hertfordshire District Council • Watford Borough Council • Hertfordshire County Council 	<ul style="list-style-type: none"> • Dacorum Borough Council • East Herts Council • Hertfordshire County Council • Hertsmere Borough Council • North Hertfordshire District Council • Watford Borough Council • Broxbourne Borough Council • St Albans City & District Council • Stevenage Borough Council • Three Rivers District Council

3.2 Setting up the Project

Following the August workshop the project structure was agreed as set out below. A Project Lead was identified and Operational Group established.

Project Governance

The following governance groups are already in existence for this project:

- Fortnightly Operational Group (Project Team) chaired by the Project Lead – Jamie Sutterby, with representatives from two District Councils.
- Steering Group (Project Team) chaired by a District Council lead, representatives from every District councils attend
- Chief Executive’s Co-ordination Group (CECG) to provide steer where necessary
- Member updates where necessary for decision making

3.3 Stages in Developing the Business Case Below are the key phases which make up the Business Case process:

Figure 1: Business Case Development Stages



Following approval of this Outline Business Case the project will progress to developing the Final Business Case, including Implementation Plan over Summer 2016. This will include a detailed Service Specification, more detailed financial information including a re-charging mechanism. See Appendix C for a high-level timeline of the project.

Section 4 Establish Baseline

This section seeks to outline the position each authority in relation to the cost of their current service, performance, staffing numbers, grades, roles, and IT systems.

Section 5 Appraise Option

This section seeks analyse options that have been considered and provide appropriate recommendations as to the preferred option.

Section 6 Define Scope

This section seeks to clarify what the shared service could deliver, as well as boundaries of its activity and how these activities will interface with partner Councils.

Section 7 Quantify Costs and Benefits

This section seeks to set out the quantitative benefits of the shared service model, and detail both the current running costs for each authority, as well as the future running costs under the proposal, including set-up costs, and ongoing staffing costs. It looks at methods of apportioning the costs between the authorities involved

Section 8 Project Management Delivery and Next Steps

This sections seeks to outline of how the project is set-up, will be managed and the key risks involved.

4 ESTABLISHING THE BASELINE

4.1 Current Cost of Home Improvement Services

Since the outline business case, baseline cost information has been rechecked with districts. The most significant change resulting from this is that running costs have been amended from £539k to an increased figure of £882k.

The following caveats were noted regarding the baseline cost information:

- There is a mixture of information from both financial and service records, not all of which was consistent within individual authorities.
- DFG staffing is set up in a number of different ways in authorities which made it hard to compare costs on a like for like basis.
- Not all authorities took the same approach regarding the charging of costs to capital and costs were not always separately identified to DFG activity.

With these caveats in mind, the exercise demonstrated that total spending on DFG and HRA adaptations by district councils within the county has been of the order of an average of £6.2m per year in recent years. DBC spends an additional £1.5m on HRA adaptation works and equipment, but these are currently delivered through an outsourced arrangement so have been excluded.

The baseline position of district council expenditure on Disabled Facilities Grant and other adaptations, along with funding is summarised as shown in table 2 below. The table summarises average costs using all available data provided by district councils which, depending on the authority, covered the period 2012/13 to 2015/16

Table 2: District Average Annual Cost of DFG and Home Improvement Related Spend

The table below summarises the average annual cost of DFG and Home Improvement related services in the participating authorities.

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	WHBC	Districts total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running Costs	133	101	113	82	50	70	80	94	111	49	882
Disabled Facilities	450	567	384	435	605	701	350	418	386	442	4,738
HRA adaptations	0	0	0	0	0	0	500	0	0	0	500
Gross cost of service	583	668	497	517	655	771	930	512	497	490	6,120
Client contributions	(15)	(8)	0	0	(99)	0	0	0	(39)	0	(160)
Agency fee income	0	(35)	0	0	(50)	0	0	0	0	0	(85)
Net cost of service	568	626	497	517	506	771	930	512	459	490	5,875
Funded by											
Grant	(314)	(366)	(293)	(295)	(360)	(291)	(305)	(250)	(279)	(316)	(3,070)
Revenue resources	(80)	(32)	(113)	(82)	(0)	(70)	(80)	0	(36)	(49)	(541)
HRA resources (revenue and capital)	0	0	0	0	0	0	(500)	0	0	0	(500)
Other capital financing (usually capital receipts)	(174)	(228)	(90)	(140)	(146)	(409)	(45)	(262)	(144)	(126)	(1,765)
Total financing	(568)	(626)	(497)	(517)	(506)	(771)	(930)	(512)	(459)	(490)	(5,875)

Notes

- Baseline figures have been investigated thoroughly since the outline business case; the most significant changes are that running costs have been amended from £539k to an increased figure of £882k. This is following the verification of district information, and the inclusion in running costs of system costs, overheads, and travel costs, where previously only staffing costs were shown.
- There is differing treatment among districts regarding whether staffing costs are charged to revenue or capital.
- Registered housing providers also fund some adaptations, in some cases in full but more commonly by contributing a percentage towards the cost of works; these figures are not generally included in table 2.
- Three Rivers, St Albans and Welwyn Hatfield did not respond to the request for updated and verified information, therefore, the original information received has been used.

4.1.2 County Council Overview

HCC funds minor adaptations including grab rails, stair rails, bath rails or other works that are below £1,000. If the work is over £1,000 and the person is eligible for a Disabled Facilities Grant they are encouraged to apply for the grant unless the work is urgent (i.e. to facilitate hospital discharge or if the person is terminally ill). For those who are assessed to pay a contribution to the Disabled Facilities Grant and the work costs less than £1,000, HCC can pay the person's contribution.

Major adaptations may be arranged and funded in various ways, depending on the cost of the adaptation, whether the property is Council, Housing Association, privately rented or owner-occupied, the financial circumstances of the person and the differing policies and practices of other agencies. Funding for major adaptations may be available where the person is deemed to be eligible, and no other sources of funding are available.

Given the focus on DFG via the BCFs, in March 2016 the Department of Health discontinued the Social Care Capital Grant (SCCG) from 2016/17. The SCCG in Hertfordshire was worth £2.302m in 2015/16.

In respect of Adult Social Care, HCC employs Occupational Therapists (OTs) under its contract with Serco. The OTs work in partnership with district council DFG services, giving advice and making prescriptions in relation to DFG activity. Staffing costs currently relating to the OT resource are estimated at £800k, and ongoing OT staffing costs are expected to be fully funded by HCC in any shared service arrangement. Serco advise that an OT resource of 13 FTE would be required in the new arrangement.

Table 3 shows HCC's total adaptations expenditure (2015/16 figures) alongside the countywide OT resource. This is added to the district total (from above) to show a Hertfordshire total.

Table 3: Total HIA Related expenditure

	HCC	Districts Total	Hertfordshire Total
	£000s	£000s	£000s
Running Costs	800	882	1,682
Disabled Facilities	559	4,738	5,297
HRA adaptations	0	500	500
Gross cost of service	1,359	6,120	7,479
Client contributions	(153)	(160)	(313)
Agency fee income	0	(85)	(85)
Net cost of service	1,206	5,875	7,081
Funded by			
Grant	0	(3,070)	(3,070)
Revenue resources	(1,206)	(541)	(1,747)
HRA resources (revenue and capital)	0	(500)	(500)
Other capital financing (usually capital receipts)	0	(1,765)	(1,765)
Total financing	(1,206)	(5,875)	(7,081)

4.1.3 DFG Grant Funding

BCF allocations of DFG to individual authorities increased in 2016/17 as per Table 4 below.

Table 4: DFG Grant Allocation 2015/16 and 2016/17

	2015/16	2016/17	Change
	£'000s	£'000s	£'000s
BBC	314	577	263
DBC	366	675	309
EHC	293	530	237
HBC	295	538	242
NHDC	360	654	294
SADC	291	531	240
SBC	305	576	271
TRDC	250	456	206
WBC	279	523	244
WHBC	316	592	276
Hertfordshire Total	3,070	5,652	2,581

4.2 Current Services

Making comparisons between districts is very difficult because each authority has developed a DFG service in its own way to respond to local needs and maximise use of resources within their organisation.

4.2.1 Service type

In six authorities, the service is managed within the environmental health service and in the other four districts, it sits within the housing service. In most authorities, the DFG service is part of the wider private sector housing function although in one authority, it is in a different part of the housing service altogether.

There are a number of different delivery models. All authorities have some direct input into the grant process although the range of involvement varies from minimal with the main activity being grant approvals and completions, to more detailed involvement akin to that provided by an HIA. This might include discussing options around adaptations, supporting clients in completing application paperwork, obtaining estimates on behalf of clients and overseeing works.

Staffing levels vary between different authorities. In most authorities, the DFG function is carried out by officers who provide a range of services and it has been necessary to estimate the proportion related to the DFG function. The required officer resource is also affected by the extent to which agents or other support services are used.

4.2.2 Waiting Lists

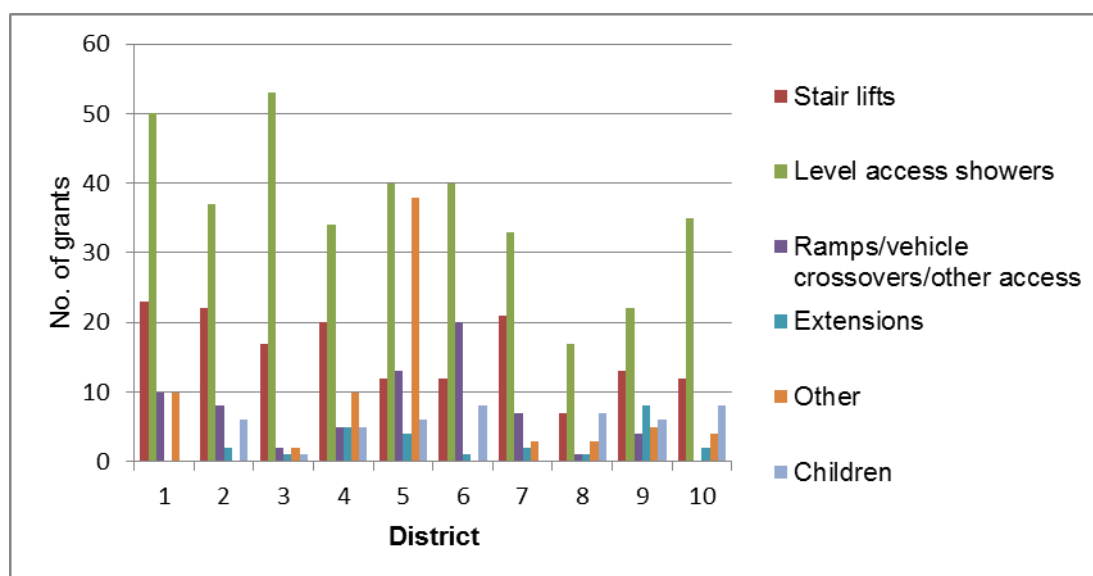
HCC has reported that the current average waiting time for an Occupational Therapy assessment is 8-12 weeks.

Districts have reported that once a referral is received from the OT Service, an initial response is made within 2 weeks or less, so effectively there are no waiting lists across districts. Completion of the adaptation required will depend on a number of factors including the nature of the works, input from the client, and availability of contractors.

4.2.3 Types of adaptation

The charts below indicate the main types of adaptation that DFGs are used to fund. It can be seen that in every district, level access showers are the most common adaptation, a total of 361 accounting for nearly 50% of all adaptations across the County. Level access showers and stair lifts total around 70% of all adaptations

Figure 2 Adaptation type by district authority

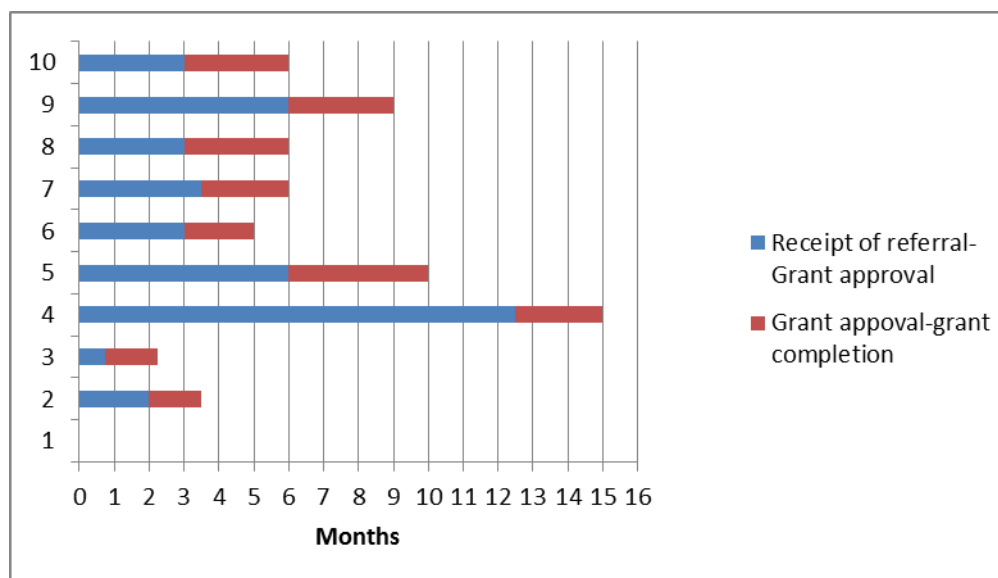


4.2.4 Timescales

The timescales for assessment, processing of grant applications and completion of works were investigated as part of a previous project. However, it was impossible to even provide an indication of how long the process is from a client perspective.

Once district councils receive a referral, there are a number of stages that need to be gone through, first to complete an application and then, once a grant is approved, to complete the works. District councils were asked to estimate the typical time for these two stages, the results of which are shown in the chart below. Again, it has to be accepted that there will be variations because larger jobs, for example an extension to incorporate a bathroom, will obviously take longer than the fitting of a stair lift.

Figure 3 Timescales for processing grant applications by district councils



5 SCOPE OF SERVICES

The scope section of this Business Case seeks to clarify what the shared service could deliver, as well as boundaries of its activity and how these activities will interface with partner Councils.

The Operational Group considered which responsibilities and functions within the DFG service could be shared across the participating Councils.

5.1 Overview

The vision for the HIA is that it will provide a range of services to support independent living. The core element of the service would be delivery of the disabled facilities grant function. However, it is envisaged that this core service can be enhanced in a number of ways to provide an improved service to clients who qualify for a DFG and those who do not qualify but nonetheless need adaptations or other support, which if not provided, could result in increased costs to the health and social care authorities.

5.2 Core Service

The service will both manage the application process for Disabled Facility Grants (DFGs) and discretionary grants, assessment of applications and applicants (including Occupational Therapist (OT) assessments) plus the delivery, including supporting people through the repairs and adaptation to their home.

The key objective will be to provide an advice service which ensures people have information about their housing options and where the choice is made to enable older people, people with disabilities (including children) and those on low incomes to remain living in their homes safely, securely and independently. Support provided will be delivered to people in their own home.

The services to be provided will include:

- Information, advice and guidance, including administration of grant applications, test of resources and income management advice/benefit checks
- Advice about housing options and other support/housing schemes plus sign posting as appropriate to schemes such as equity release
- OT assessments
- Scheme design and project management including letting the works contract.

By integrating the OT assessment and adaptation delivery elements of the process into a single service, it is envisaged that the timescales for delivery of adaptations can be significantly reduced from many months to weeks for straight forward adaptations.

5.3 Enhanced Services

Currently, some clients are assessed as requiring adaptations but due to their financial situation are not entitled to a DFG. At present no further support is offered and clients are expected to make their own arrangements for the adaptations that they require. The HIA would be in a position to offer assistance in arranging the required adaptation work for a proportionate fee. This fee income would contribute to the overall cost of running the service.

Many HIA services around the country offer a handyman service to assist people in carrying out basic maintenance and repair tasks in their own homes. A reasonable fee is charged, which may be a fixed fee for specific tasks or a reasonable hourly rate. Such services from reliable agencies are valued by elderly people or other vulnerable groups. The aim would be to operate this service on at least a cost neutral basis, with any surplus contributing to the Service's overall costs.

5.4 Future Service Development

The Care Act 2014 sought to put in place significant changes in how health and social care services are delivered, which all authorities and agencies working in this sector need to respond to. The Better Care Fund presents an opportunity to integrate provision of help with home adaptations across housing, health and social care systems to achieve better health and wellbeing outcomes. The success of this regime will be measured by outcomes including:

- Numbers of people admitted to residential and care homes;
- Effectiveness of reablement;
- Delayed transfers of care ('bed-blocking');
- Avoidable emergency admissions; and
- Patient / service user experience

The HIA will be well placed to develop enhanced services to contribute towards these outcomes, for example by enabling people to continue to live independently at home rather than being admitted to residential and care homes.

The table below uses the workshop results to give a view, based on the mapping exercise, of which activities would be performed by the shared service, and which by council partners.

Table 5: Core HIA Process: Boundaries and Interfaces with Councils

Activity	Shared Service	Councils
Home Improvement Risk Assessment	Maintain risk assessment of activity & use this to inform work planning	Contribute information to the risk assessment
Work Planning	Formulate an annual plan of activity	Consider, influence and accept the annual plan
Work Allocation	Determine how resources to be allocated and when activity will occur	Agree the timing of activity and make available resources to support this
Reporting	Report on activity to Councils	Share reports with stakeholders

5.5 Business Management and Support Processes

The service will have business management needs as set out below:

Figure 4: Business Management and Support

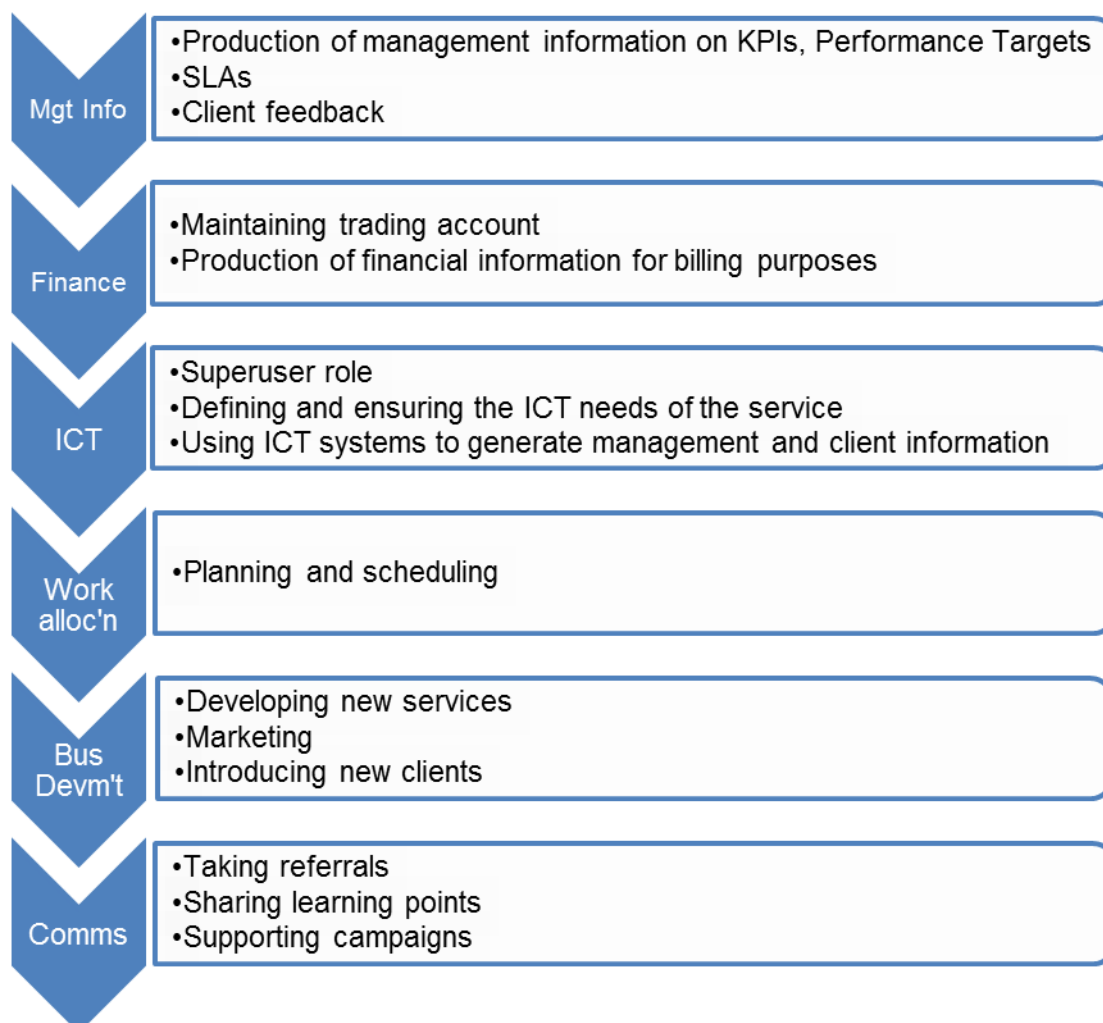


Table 6: Business Management and Support: Boundaries and Interfaces with Councils

This table gives a view of the allocation of business management and support tasks between a shared service and partner councils.

Task	Distribution	
	Shared Service	Councils
Performance reporting	Generate performance reports according to agreed format and timetable	Monitor and review activity
Finance	Generate bills Maintain trading account	
ICT	Implement and maintain ICT systems	Provide access to local systems
Work allocation	Determine how resources to be allocated and when activity will occur	Agree the timing of activity and make available resources to support this
Business Development	Identify and develop opportunities to grow the service	
Communications	Communicate the results of activity	Provide feedback on service performance Communicate the work of the service to stakeholders

5.6 Exclusions

The following areas are excluded from the scope of this business case:

Extended Involvement Team OTs – the EIT OTs remit is large and varied and a large proportion of their time is spent on other work besides adaptations. For this reason it would be too complicated to extract from the service now. However the EIT will be a key interface with the new Shared Housing Improvement Agency and with a view to include this in the future.

6. QUANTIFYING COSTS AND BENEFITS OF THE PROPOSED MODEL

6.1 Proposal

The Business Case proposal is to set up a Shared Service to deliver a Shared Housing Improvement Agency function across Hertfordshire.

6.2 Benefits

A shared service model will deliver financial and qualitative benefits that meet the project's objectives. Qualitative benefits were outlined in the executive summary.

Financial benefits, which would accrue even in the six authority approach, include:

- Joint procurement
- Sharing of management overheads & other specialist and process-related economies of scale
- Opportunity for a consolidated financial assessments process.

6.3 Costs

A model has been developed which allows the costs of the service to be developed for any combination of authorities joining the service. The assumptions and caveats relating to this modelling are:

- Figures include HRA adaptations information where available, so the total movements may be split between General Fund and HRA.
- Staffing structure and grading of the proposed service will require HAY evaluation (or similar).
- We have not attempted to model for increasing demand or costs.
- We have not estimated savings from changes to procurement practice.
- We have made no estimate of savings from financial assessments - there may be duplication between financial assessments carried out by districts and by HCC, providing scope for efficiency savings.
- We have assumed that the OT service for DFGs will transfer to the shared service and this will be fully funded by HCC.
- There may be scope for savings or increased capacity on the part of the service by flexing the mix of professionally qualified and non-qualified staff in the proposed structure.

6.3.1 Sizing the Team

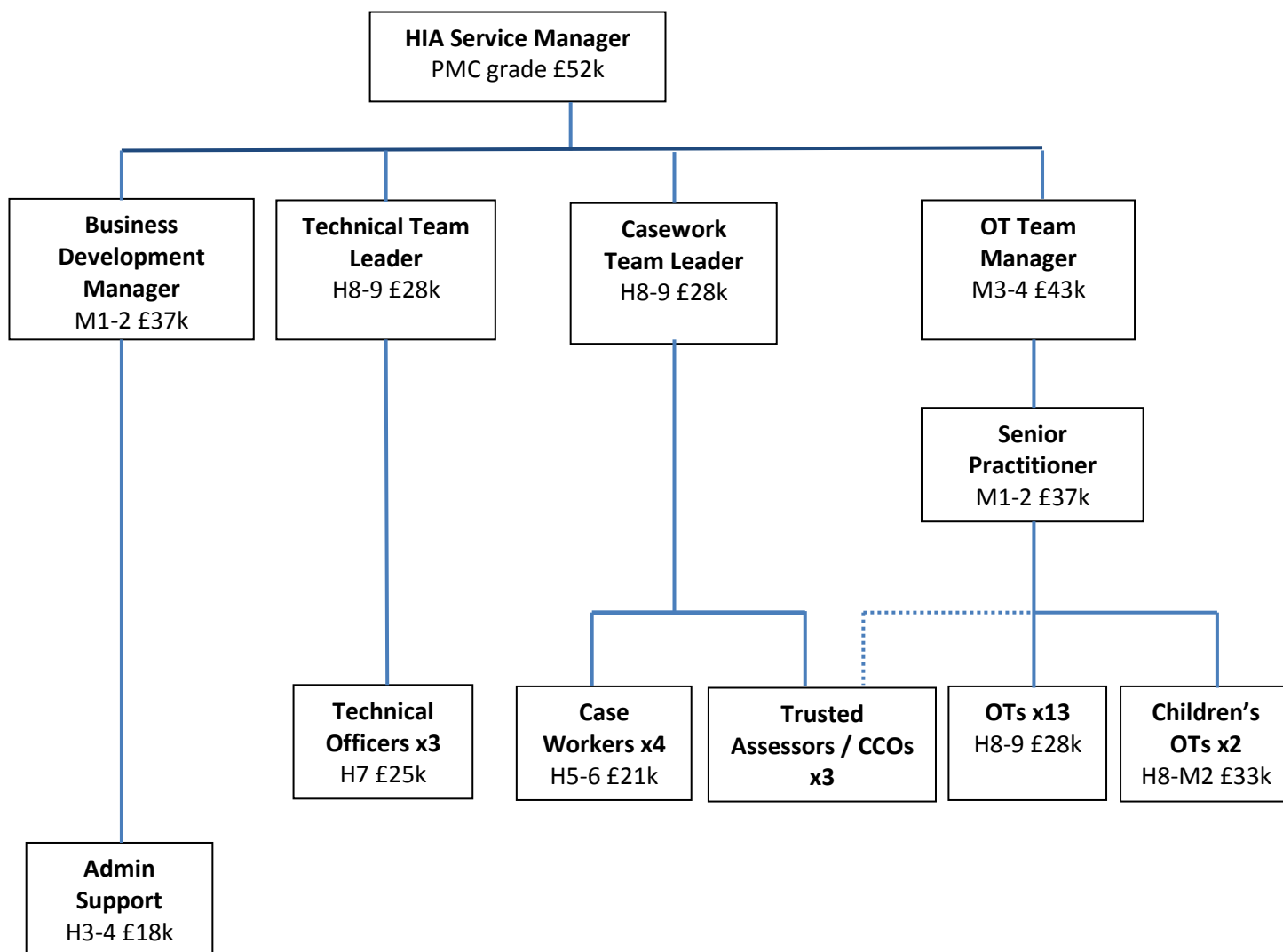
In order to determine a model for the team the caseload numbers of the district and borough councils and of the OT service were obtained.

Benchmarking states that a Technical Officer (TO) working in a high-performing HIA, with a good efficient system, a contractor framework and a robust case management IT system, should be able to process around 175 cases a year and a Caseworker (CO) between 120 and 150, depending on the complexity of the case.

For OT activity a figure of 4.4 cases per week (taken from the HCC Performance Dashboard) has been used, along with an average leave, sickness, and training absence of 15%). This was then used to develop the staffing model shown in Figure 5 below.

This staffing model is for the scenario where all the districts and borough councils join the shared service, and is reduced accordingly in the scenario where a smaller number of authorities joint the shared service.

Figure 5: Staffing Model for Shared Home Improvement Agency Function



6.3.2 Proposed Ongoing Costs of the model

The annual running costs of the above model are demonstrated in table 7 below:

Table 7: Proposed Ongoing cost of the Shared Home Improvement Agency Service

	Six authority model	All authority model
	£000s	£000s
HIA Service staffing	390	505
OT Service	671	671
HIA Service costs and overheads	51	59
Total running costs	1,112	1,236

OT Service costs above include the cost of two Children’s Occupational Therapists; however there are still ongoing discussions about where these posts will be funded from.

Costs of adaptations are forecast in the model to continue as in current operations.

The forecast running costs exceed the current running costs noted in Table 2 above; solutions to this potential barrier are discussed in Section 7.4.

It will be helpful to design a service with a structure that is fit for purpose going forward in view of rising levels of demand resulting from demographic pressures, and the government’s wish to invest more funding in this area through to 2019/20.

The proposed size of the OT service will remain constant under both the six authority model and the all authority model. OT’s will continue to provide a service to all districts whether they are in or out of the shared service model. This will be fully funded by HCC.

6.3.3 Initial Set-up Costs

Areas of expenditure have been identified below; these are estimates of costs based on the experience of setting up a Shared Anti-Fraud Service. Extra costs may be identified once more detailed implementation planning has taken place but costs are not likely to be material to each authority involved.

Table 8: Set-up costs of the Shared Service

Description of expenditure	Cost
	£000s
Project management	Covered by BCF
Legal support	1.5 per partner
Case management system; assumes new system purchased	25
IT, telephony, other supplies and services set-up costs	25
Head of Service from Jan 2017 - April 2017	17
Cost per partner based on six authority model	13
Cost per partner based on all authority model	7

6.4 Apportionment of Running Costs

Grant conditions relating to DFG advise that the monies can only be used to fund capital expenditure. Therefore we have assumed for these purposes that the running costs of the shared service need to be charged to revenue

Three options for apportionment of running costs were set out in the outline business case and Option A was recommended. This option entailed apportioning the running costs based on the expenditure on aids and adaptations, using a three year average over the period 2013/14 to 2015/16. All further financial information is based on this option.

In all three scenarios it is assumed that HCC pays for the full costs of the OT resource, plus a proportionate amount of the overall head of service, and does not bear any of the other running costs.

Tables 9 and 10 below show the overall before and after position for each authority of joining the shared service. This has been split to show separately the revenue and capital impact on the authorities.

The option to charge fee income has been included in order to maintain revenue costs within the current funding envelope as far as possible, as requested by district CFO's. Currently, a number of districts charge an agency fee on DFG works. This process involves using an agent to carry out the works which enables a project management fee to be charged. This can then be used to offset the extra revenue costs.

Districts who charge fee income charge a percentage of between 8-10% currently but there is scope to charge more if necessary.

Table 9.1: Six Authority Model - Revenue Impact

	DBC	EHC	HBC	NHDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running costs of shared service	103	69	79	109	70	682	1,112
Client contributions	(8)	0	0	(99)	(39)	(153)	(299)
Net cost of service	95	69	79	10	31	529	813
Current revenue budget for DFG	32	113	82	0	36	1,206	1,469
Residual costs in district i.e. non cashable savings	22	48	38	31	36	559	733
Extra revenue budget required	85	4	35	41	31	(118)	77
Fee income at 10% of DFG spend	(57)	(38)	(44)	(60)	(39)	n/a	(238)
Extra revenue budget required if charge fee income	28	(35)	(9)	(20)	(8)	n/a	(42)

Notes

- To show the revenue impact on each authority, client contributions (assumed to continue at current levels) have been subtracted from running costs of the proposed shared service to give a net cost of service.
- Residual costs in each authority have been identified; these are non-cashable savings if the district moved to the shared service model such as IT system costs, overhead recharges – which would still need to be met from other budgets.
- Residual costs of £559k in HCC reflect the current spend on adaptations, which is assumed to continue at this point, and is out of scope of the shared service model.
- The revenue cost of the shared service has been compared to the current revenue budget for DFG taking into account residual costs. This shows that all districts would have to make an extra revenue contribution.
- Due to the caveat given by districts that the shared service would only be a feasible option if costs were maintained at current levels, the option of using fee income has also been included. If this option was approved, this would result in revenue savings for all districts apart from Dacorum. For all districts to show revenue savings, fee income of 15% would need to be charged, as shown below:

	DBC	EHC	HBC	NHDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Extra revenue budget required with fee income at 13%	17	(42)	(18)	(32)	(15)	n/a	(90)
Extra revenue budget required with fee income at 14%	6	(50)	(26)	(44)	(23)	n/a	(138)
Extra revenue budget required with fee income at 15%	(0)	(54)	(31)	(50)	(27)	n/a	(161)

In the tables above, fee income is based on DFG spend. During the implementation phase, other options for distribution of the fee income will be investigated. It may be that a fairer method will be to give each district enough fee income to generate a net nil budget and then pool any surplus for joint investment.

Table 9.2: All Authority Model – Revenue Impact

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Running costs of shared service	58	74	50	57	79	91	45	54	50	678	1,236
Client contributions	(15)	(8)	0	0	(99)	0	0	0	(39)	(153)	(313)
Net cost of service	44	66	50	57	(21)	91	45	54	11	525	922
Current revenue budget for DFG	80	32	113	82	0	70	80	0	36	1,206	1,698
Residual costs in district i.e. non-cashable savings	79	22	48	38	31	43	40	0	36	559	895
Extra revenue budget required for shared service	43	56	(16)	12	10	64	6	54	11	(122)	119
Fee income at 10% of DFG spend	(45)	(57)	(38)	(44)	(60)	(70)	(35)	(42)	(39)	n/a	(430)
Extra revenue budget required if charge fee income	(2)	(1)	(54)	(31)	(50)	(6)	(29)	13	(27)	n/a	(188)

Notes

- To show the revenue impact on each authority, client contributions (assumed to continue at current levels) have been subtracted from running costs of the proposed shared service to give a net cost of service.
- Residual costs in each authority have been identified; these are non-cashable savings if the district moved to the shared service model such as IT system costs, overhead recharges – which would still need to be met from other budgets.
- Residual costs of £559k in HCC reflect the current spend on adaptations, which is assumed to continue at this point, and is out of scope of the shared service model.
- The revenue cost of the shared service has been compared to the current revenue budget for DFG taking into account residual costs. This shows that all districts, apart from East Herts, would have to make an extra revenue contribution.
- Due to the caveat given by districts that the shared service would only be a feasible option if costs were maintained at current levels, the option of using fee income has also been included. If this option was approved, this would result in revenue savings for all districts apart from Three Rivers. For all districts to show revenue savings, fee income of 13% would need to be charged, as shown below:

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	HCC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Extra revenue budget required with fee income at 12%	(11)	(12)	(62)	(40)	(62)	(20)	(36)	4	(35)	n/a	(274)
Extra revenue budget required with fee income at 13%	(16)	(18)	(66)	(44)	(69)	(27)	(39)	(0)	(39)	n/a	(317)

In the tables above, fee income is based on DFG spend. During the implementation phase, other options for distribution of the fee income will be investigated. It may be that a fairer method will be to give each district enough fee income to generate a net nil budget and then pool any surplus for joint investment.

Table 10.1: Six Authority Model – Capital Impact

	DBC	EHC	HBC	NHDC	WBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
DFG works spend	567	384	435	605	386	2,377
District capital contribution	(228)	(90)	(140)	(146)	(144)	(748)
Increased DFG grant 16/17	(675)	(530)	(538)	(654)	(523)	(2,920)
Extra capital money available	(336)	(237)	(242)	(195)	(281)	(1,290)

Table 10.2: All Authority Model – Capital Impact

	BBC	DBC	EHC	HBC	NHDC	SADC	SBC	TRDC	WBC	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
DFG works spend	450	567	384	435	605	701	350	418	386	4,296
District capital contribution	(174)	(228)	(90)	(140)	(146)	(409)	(45)	(262)	(144)	(1,639)
Increased DFG grant 16/17	(577)	(675)	(530)	(538)	(654)	(531)	(576)	(456)	(523)	(5,060)
										0
Extra capital money available	(301)	(336)	(237)	(242)	(195)	(240)	(271)	(300)	(281)	(2,402)

Notes

- The capital impact tables above assume the current level of spend on DFG works will continue, as well as districts putting in the same capital contributions going forward. The impact on each individual district is the same regardless of which model is taken forward.
- Due to the increased DFG grant levels from 16/17 onwards, each authority will have a significant increase in capital money available.
- HCC is excluded from the capital tables as it is not awarded DFG.

6.5 Future Planning

6.5.1 Alternative Use of DFG

The BCF Policy Framework clearly encourages innovative use of DFG, as well as setting out an expectation that local authorities with housing responsibility are expected to engage in joint BCF planning with welfare and Health authorities, and it is expected that health priorities, such as delayed transfer of care and readmission to hospital, will become more important in the way DFG is spent. The scope of the Regulatory Reform Order was also extended in 2008-09 to include use of DFG money, which enables authorities to use this money for wider preventative purposes.

Hertfordshire's demographics show an increasingly ageing population and therefore investing in more preventative services is key to reducing demand on services and avoiding higher costs in the future.

HCC has already begun focusing on prevention as a strategic priority. Strategic Management Board and Health and Wellbeing Board have both endorsed the strategic shift to prevention.

Based on this BCF guidance and the focus on prevention, there is a proposal to gain agreement from each district that a proportion of this extra capital money can be top-sliced and pooled together to be spent collectively on Hertfordshire wide projects, for example, provision of telecare or reablement. A number of other authorities have already adopted this approach.

Top-slicing 10% of the extra capital funding for each district would give the Hertfordshire BCF £240,000 to invest in preventative work. Top-slicing 20% would provide £480,000. However, this would need agreement from all authorities to proceed.

7 PROJECT MANAGEMENT DELIVERY AND NEXT STEPS

7.1 Project Constraints, Assumptions and Dependencies

Key **constraints** for consideration by the Chief Executive's Co-ordination Group (CECG) in supporting the Business Case:

- Work stream leads will not be dedicated to the project on a full time basis so capacity, particularly for key elements, will need to be kept under review
- Availability of stakeholders will affect the delivery of the project, for example OT and District staff participation in focus groups and scoping exercises

Key **assumptions** for consideration by the CECG in supporting the Business Case:

- A Finance Manager is assigned to support the project

- The initial phase of the new service will be from implementation to go-live
- Go-live is planned for the start of the new financial year 17/18

Key **dependencies** for consideration by the CECG in supporting the Business Case:

- Harmonising systems or procuring a brand new system
- The establishment of effective and workable governance arrangements
- The need to recognise the transitional period into the Shared Service and any requirements to support DFG activity over this period
- The partnership continues for at least five years to ensure the opportunity to develop a sustainable solution. Reviews of the partnership would take place periodically.
- The provision of services which meet each organisation's needs and strategic objectives

7.2 Project Next Steps

It is proposed that the current governance arrangements continue into the next phase of the project i.e. that the Business Case is presented to the respective Cabinets, that senior Members are kept informed of progress through the usual channels, and all Members generally through joint communications where appropriate.

Governance arrangements and decision-making arrangements for the shared service operation will be explored in more detail in the next phase of the programme.

7.2.1 Formalising the Commitment of the Participating Councils

The Operational Group agreed in April 2016 that after this Business Case has been approved, each potential partner will make its own assessment of the merits of the case in relation to its own position. Each Council will apply its own decision-making process and confirm the outcome to the Board.

It is **recommended** that each authority agrees to formally commit to participate in the shared service by a date to be agreed.

7.2.2 Resourcing the Project

At all levels of our organisations, working on this project is a rapid learning curve. The engagement of staff and the way they have worked together in the project teams has been positive, and needs to continue. Ensuring that staff in each Council at all levels of the project are able to continue to commit the necessary time and effort is critical to the success of the programme.

It is **recommended** that the programme continues to be resourced by the participating Councils to work alongside the Project Manager to prepare the Service Development phase and start preparations for implementation. This resource is required to ensure that the project can be delivered in accordance with the proposed timetable.

7.2.3 Change Management

The proposed project will impact significantly on how DFG services are provided, commissioned and managed throughout the participating Councils. This will affect not only those staff directly engaged in the provision of this service but also the Councils receiving the service.

A key success factor will be the ability of the participating Councils to communicate with a wide range of stakeholders and ensure that each is adequately informed and actively and positively engaged in the development and delivery of change.

It is vital that all stakeholders in all the participating Councils are kept apprised of the Boards decisions, the scope and aims of the project and of project progress. Stakeholder management and change management will be run as an integral part of the project management process in order to inform and improve the development of the project, identify potential resistance at an early stage, shorten delivery timescales and increase the likelihood of all potential project benefits being realised.

7.2.4 Implementation plan

The service will need to work to an agreed implementation plan post go-live to prioritise how each of these service elements will be brought on stream. It will be beneficial to have additional project support during the early stages of the new service to support this.

7.2.5 Shared Service Operation

Detailed work will need to be carried out on what the Shared Home Improvement Service model will look like (business process re-engineering), how it can most effectively operate (management and governance arrangements), where it will be accommodated and how each council can best monitor its operation (client function). Some consideration will also need to be given to branding and how the service is distinguished from other related services.

7.2.6 Shared Service Performance

It will be necessary to define performance indicators and targets for the Shared Home Improvement Service. These will need to reflect the benefit delivered by the service to partners in terms of savings and improvements made, and ideally should incentivise the service to increase the value of supported living services. The data required to produce performance information will need to be straightforward to obtain.

7.2.7 Systems Convergence

It is **recommended** that the participating Councils agree in principle to agree to adopt a single case management system in order to gain the benefits of moving to a common system.

7.2.8 Harmonising policies

Each Council has its own set of policies in relation to this area. Variance in key policies is potentially an area of diseconomy to a future shared services operation. It is **recommended** that policy harmonisation is progressed where it is straightforward to do so, for example in the areas of:

- General operation procedure including performance criteria
- Financial inclusion or debt management policies
- Social care strategies, including carers, mental health and older people

Harmonisation will help achieve efficiency in terms of minimising any resource required to administer divergent policies, and reduced potential for errors in advice given.

7.3 Project Stakeholders

- Council staff
- Council senior managers and CFOs / Chief Executives
- Serco contract leads
- Elected Members
- Voluntary/Health / Housing / Social Care sectors
- Residents of Hertfordshire
- CFOs of all interested parties
- East and North Hertfordshire CCG
- Herts Valleys CCG
- NHS England

7.4 Project Issues and Risks

A detailed issue log and risk register will be developed by the project team. These registers will be monitored and maintained together with appropriate rating and controls. High impact issues and risks will be escalated by the Project Manager to the Project Lead and Sponsors as appropriate.

Key **issues** for consideration in supporting the business case:

- How should any funding / charging model work
- Need for completion of financial baseline activity
- Difficult to estimate possible TUPE/pension costs to the project
- Lack of service user input so far
- Awareness of bringing all professional referral routes into one service e.g. referrals that come from Health, independent therapists or those from out of area if a service user moves

Key **risks** for consideration in supporting the business case:

Summary of Key Risks	Probability	Impact	Risk Rating	Containment
There is a risk that the existing variability in provision and contractual arrangements of local authorities' DFG services may result in the project not being able to deliver the desired model	4 Likely	4 Medium	12 Significant	Early engagement with Districts to understand their existing arrangements
There is a risk that the Framework agreement may be too expensive	3 Possible	4 Medium	12 Significant	Early market testing and learning from other similar models
There is a risk that we are unable to include Housing OTs in the initial set up as the service is part of the Serco contract – this runs for another three years.	3 Possible	8 High	24 Significant	Early engagement with Serco to discuss cost implications of the service being transferred back to the Council early

There is a risk staff retention and motivation could drop resulting in a turnover of workforce, loss of historical knowledge and skills and associated costs	3 Possible	8 High	24 Significant	Mitigate risk by working with HR to develop and implement communications and staff engagement strategy
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Appendix A Options Analysis for Procurement Review

Option	Benefits	Drawbacks
A. Framework Agreement	<ul style="list-style-type: none"> • Potential to reduce costs and time associated with delivering works • Time-saving efficiencies related to administrative function and handling times • Ensures consistency and equity across districts signed up to it • Resilience of labour supply • Can support small providers (continuing stream of work, less time on admin and pricing, better procurement arrangements) • If frameworks are delivered independently to other organisational changes then benefits can be realised quickly • Can be used effectively with schedule of rates to improve cost and budgeting control • Not paying more than market value for works • Flexible for customers to choose preferred provider • Encourages competitive pricing 	<ul style="list-style-type: none"> • Procurement procedure required • Will need to be reviewed regularly (at suitable intervals) to allow new entrants and release those who no longer want to participate without penalty • Time consuming to set up • Will need significant district/borough buy-in to make effective • Frequent review to ensure best value is achieved • Providers may not want to work on complex jobs where margins are small
B. Direct contract	<ul style="list-style-type: none"> • Potential to reduce costs and time associated with procurement • Time-saving efficiencies related to administrative function and handling times • Ensures consistency and equity across districts signed up to it • Resilience of labour supply 	<ul style="list-style-type: none"> • Procurement procedure required • Could be paying more than market value for works • Provider may lose out if market value fluctuates • Time consuming to set up • Will need significant district/borough buy-in to make effective • Large, non-local providers are likely to win business

	<ul style="list-style-type: none"> • Develop partnership relationship • Greater savings from guaranteed work 	<ul style="list-style-type: none"> • Less flexibility/viable options if provider is underperforming
C. Do nothing	<ul style="list-style-type: none"> • Good contractual arrangements in place • Knowledgeable, committed staff • Trusted brand • Support local business 	<ul style="list-style-type: none"> • Not a standardised approach to costs • Time-consuming • Admin-heavy • Paying too much for big-ticket items • 'postcode lottery' for self-funders and those with contributions who may have to pay more for the same adaptation

B.1 Options Analysis for Delivery Model

Option	Benefits	Drawbacks
A: DFG service	<ul style="list-style-type: none"> • Relatively low-cost • Retained control of budget for local authorities • Strong trusted brand • Better use of staff resources • Knowledgeable, committed staff 	<ul style="list-style-type: none"> • Needs a strong lead from within • Still not a fully integrated, holistic approach • Possible TUPE/redundancy issues • May not be seen as delivering sufficient benefits for effort required
B: Small Home Improvement Agency (HIA)	<ul style="list-style-type: none"> • Opportunity for technical officer, caseworkers and integrated OT service in one place • Future opportunities to develop as social enterprise • Some resilience from fluctuating demand in the system • Single system/database used • Eradicates issues with local authority recruitment (workforce recruited externally) • Less bureaucracy in decision-making • Improved customer experience including reduced waiting times for clients • Better use of staff resources and reduced revenue costs 	<ul style="list-style-type: none"> • Cost of incorporating organisation • Still only a partially integrated, holistic approach • Possible TUPE/redundancy issues
C. Complete Home Improvement	<ul style="list-style-type: none"> • Opportunity for technical officer, caseworkers and integrated OT service and minor adaptations in one place • Opportunity to develop as social enterprise • Strong resilience from fluctuating demand in the system 	<ul style="list-style-type: none"> • Cost of incorporating organisation • Possible TUPE/redundancy issues

Agency (HIA)	<ul style="list-style-type: none"> • Single system/database used • Improved customer experience including reduced waiting times for clients • Better use of staff resources and reduced revenue costs 	
D. Do nothing	<ul style="list-style-type: none"> • Effective service currently being delivered • Good contractual arrangements in place • Adult OT referrals have improved consistently • Open budget for legal charges • Districts top-up BCF budget • Good political buy-in • Added value – picking up on other needs • Knowledgeable, committed staff • Strong trusted brand • Supports local business • Driven by need not profit • Stays local • No need to delegate grant paying powers 	<ul style="list-style-type: none"> • Missing out on opportunities to improve service and realise benefits • Current timescales across the whole chain • Lack of consistency between districts (variation in cost and response times) • Client support/agency work is varied • Process is complicated for vulnerable clients • Poor support for clients not eligible for DFG • Lack of promotion of DFG services • Lack of work with GPs to promote independent living • Lacking a single point of contact • Poor management of expectations initial assessment then OT closes the case • Lack of good housing advice at the start of the process • Lack of integration around the individual • No economies of scale • Lack of monitoring • Does not have a multi-channel view of independent living – more integration required for this • HES would continue to incur costs for contractor fees for minor adaptations work

B.2 Options Analysis for Delivery Approach

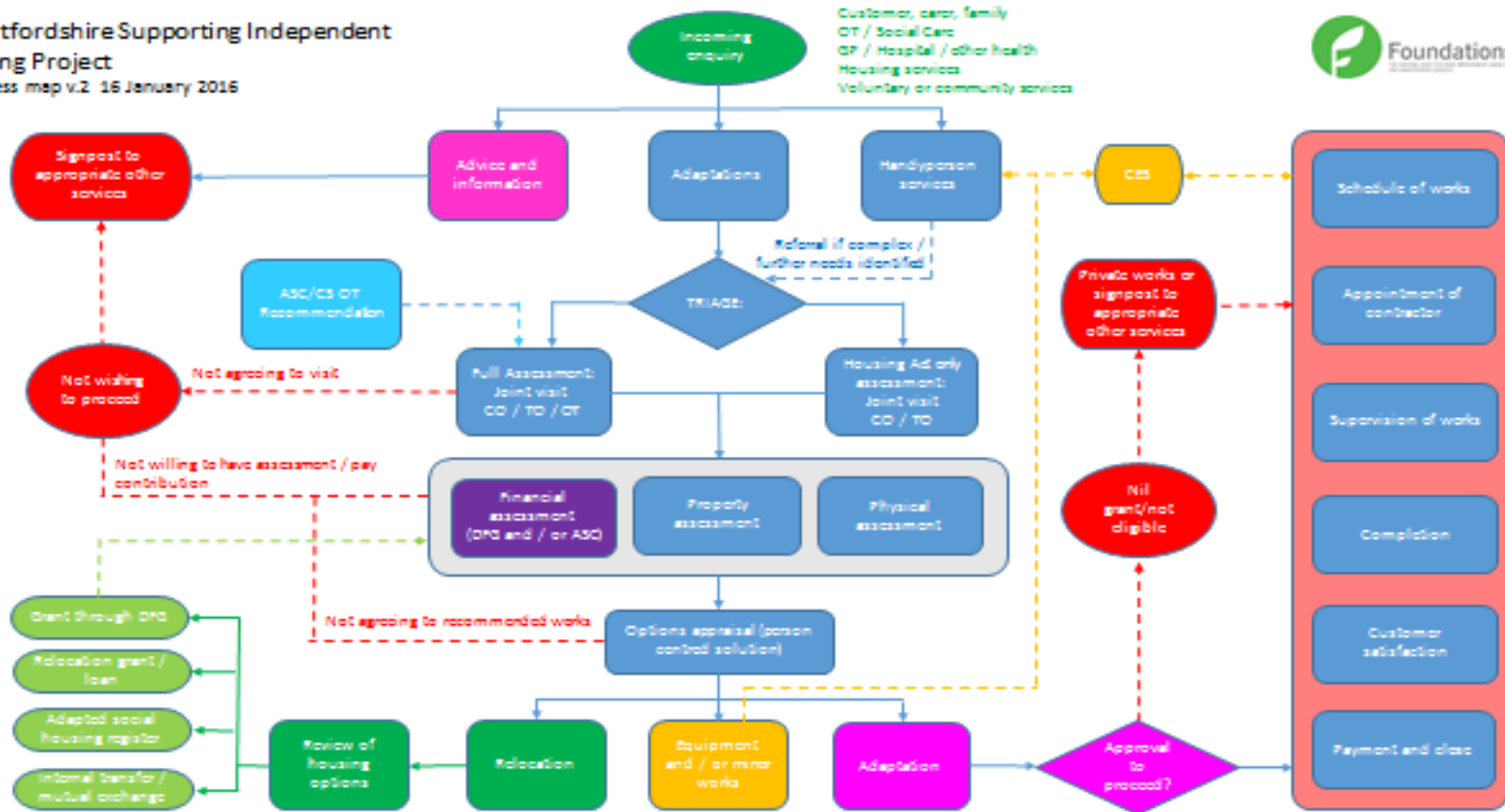
Option	Benefits	Drawbacks
A. Shared service model	<ul style="list-style-type: none"> • Greater resilience • Opportunity for caseworkers and integrated OT service • Not costly to set-up • Fits with Care Act 2014 • Future opportunities to develop as social enterprise • Driven by need not profit • Retained control of budget • Strong trusted brand • Stays local • More unified ownership of service/problem/budget • Single entity for range of outcomes and monitoring • Allows less interested LAs to still meet legal obligations vicariously • No need to delegate grant paying powers • Better use of staff resources • Knowledgeable, committed staff 	<ul style="list-style-type: none"> • Could be complicated to set-up • Needs a strong lead from within • Still not a fully integrated, holistic approach • Possible TUPE/redundancy issues • Financial risk to LA managing shared staff if made redundant – to be flagged as shared risk if taken forward
B. Outsourcing to external contractor	<ul style="list-style-type: none"> • Cost effective approach, possible savings • Almost total resilience from fluctuating demand in the system • Good customer service with 'One-stop shop' approach • Commercial approach – becomes Trusted Trader for advice, home improvements and adaptations • Single system/database used • Eradicates issues with local authority recruitment (workforce recruited externally) • Less bureaucracy in decision-making 	<ul style="list-style-type: none"> • Perceived loss of control/ local expertise and knowledge • Possible TUPE/redundancy issues • An outsourced service will only deliver to specification (only what is in the contract) • Political lack of will for contracted services • Private sector focus may lead to poor service for customers • Lack of access/control to external databases/data protection • Need for tight legal contact with provider • Different political groups across districts and different agendas • Governance arrangements • On-going financial stability of external agency • 3 - 5 year contracts could lead to disruption of service to customers when contracts come to an end, or a new provider is appointed

		<ul style="list-style-type: none"> • Local authority still responsible party if contractor fails to deliver • Possible implications for OTs such as clinical oversight, registration etc.
C. A local authority arms-length organisation managing the DFG and adaptation services across Hertfordshire	<ul style="list-style-type: none"> • Strong CCG/HCC influence • Buy-in from LAs • Standardised practice across the county • Resilience of capacity • History of this approach in the county with HILS • Better use of staff resources • Freedom to innovate • Opportunity to develop private work for able to pay market • Opportunity for caseworkers and integrated OT service • Driven by need not profit • Stays local • More unified ownership of service/problem/budget • Knowledgeable, committed staff 	<ul style="list-style-type: none"> • Cost of incorporating organisation • Lack of support • Possible TUPE/redundancy issues

Appendix B Home Improvement Service Process Draft

Hertfordshire Supporting Independent Living Project
 Process map v.2 16 January 2016

Customer, carer, family
 OT / Social Care
 GP / Hospital / other health
 Housing services
 Voluntary or community services



Appendix C Home Improvement Service High Level Timeline

1. Initiation and Options September - January 16	2. Outline Business Case January - May 16	3. Political Process May 16- September 16	4. Procurement April 16-October 16	5. High-Level Solution Design July- October 16	6. Implementation October - March 17	7. Go Live - Shadow HIA Service 3rd April 2017	8. Go Live - formal launch of service Sep 2017
<ul style="list-style-type: none"> •Project Initiation Document •Data gathering with districts •Initial In Scope / Out of Scope •Appraise Options for Model Delivery and Procurement •Develop Options paper •CECG Sign-off 	<ul style="list-style-type: none"> •Outline Business Case •Define Vision & Objectives •Define Scope •Establish Baseline •Quantify Cost & Benefits •Identify Challenges, Risks & Issues •Staff Briefings •Equality Impact Assessment 	<ul style="list-style-type: none"> •Sign-off Process •County Council sign-off processes •SMB 9th/23rd May •HCFO 12th May/2nd June •CECG 1st June •CLG 15th June •Cabinet 11th July •District council sign-off processes 	<ul style="list-style-type: none"> •Framework Agreement •Outline spec and PPME documentation •PPME exercise •Formal spec •Out to tender •Evaluate submissions •Award contract 	<ul style="list-style-type: none"> •Service Design •Define New Service Structure & Job Roles •Define Service Specification •Define Governance/Legal Arrangements •Define IT requirements •Define Accommodation & Location preferences. •Define Framework Agreement •Define HR Requirements - Employment Model, Joint Consultation Approach etc •Service Delivery Workshops •Final Business Case (August) 	<ul style="list-style-type: none"> •Implementation •Joint Staff Consultation •Selection & Interview Process •HIA Case Management System 	<ul style="list-style-type: none"> •Go Live with the Shadow HIA Service - testing period •Inductions and team building •Training •Process Design and testing •Business planning 2017/18 •Creating and testing reporting arrangements •Define individual and team objectives 	<ul style="list-style-type: none"> •Formal launch of HIA Service •Finalise and carry out individual and team objectives •Determine ongoing training needs •Finalise and carry out processes and reporting arrangements

→
Go/No-Go Decision Point

Appendix D

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EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY – 30 AUGUST 2016

REPORT BY THE HEAD OF HOUSING AND HEALTH

PROPOSAL TO ASSESS FEASIBILITY OF A HOUSING COMPANY

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report outlines the proposed approach to assessing the financial viability of setting up a housing company, wholly-owned by East Herts Council.
- It is proposed to first assess the case for establishing a housing investment company to acquire properties and rent them out at market rents, thus generating a revenue income for the Council.
- The report notes that should a housing investment company be established, it is proposed that the feasibility of a council-owned housing development company to build homes in all tenures is then explored.
- The policy aims for the establishment of a housing investment and development company and its proposed operating model, as detailed in paragraphs 2.2 – 2.4 and 2.10.

RECOMMENDATIONS FOR CORPORATE BUSINESS SCRUTINY:

That:

(A)	the preparation of a full business case be endorsed, and
(B)	the establishment of a housing development company, as detailed in paragraph 2.10, be considered.

1.0 Background

1.1 East Herts Council's Corporate Strategic Plan 2016/17 – 2019/20 includes conducting feasibility work on the establishment of a housing company.

1.2 Housing companies are typically set up by authorities to create a revenue income stream and/or address specific housing requirements.

- 1.3 There are a number of models although the main approaches are:
- housing *investment* companies which buy existing properties and then rent them at market rents – examples include companies set up by Broxbourne Borough Council and South Cambridgeshire District Council, and
 - housing *development* companies set up to build both market and affordable housing – examples include work by Thurrock Council, Daventry District Council and the London Borough of Havering.
- 1.4 It is proposed that in East Herts a stepwise approach is adopted whereby setting up a housing investment company is assessed first before then considering a housing development company.

2.0 Report

First phase – assessing the case for a housing investment company

- 2.1 It is proposed to first consider establishing a company, wholly-owned by East Herts Council, to acquire homes to then rent out in the private rented market.
- 2.2 The company would:
- purchase existing homes in the open market, and/or
 - buy properties off-plan, and/or
 - receive properties currently held by East Herts Council.
- 2.3 This would essentially be an investment vehicle, herein termed Invest Co. The aims of Invest Co would be:
- primary aim – create revenue income for the Council
 - secondary aim – provide good quality private rented housing in East Herts and potentially outside of East Herts.
- 2.4 The Council would be able to generate a financial return in the following ways – see Essential Reference Paper B for more details:
- lending money to the company at a higher interest rate than it either costs the Council to borrow or the Council is receiving on cash held on deposit
 - recharging the company for the cost of Council officer time spent on the company

- receive annual dividends from the company deriving from profits net of tax made by the company from rental income and uplifts in the value of any assets sold by the company.

Initial financial modelling

2.5 A new private sector company would typically be able to access 65% of its funding requirements via borrowing, with 35% of resources needing to be in the form of 35%. Initial in-house modelling has used this ratio and suggests that acquiring a portfolio of 25 properties over a five year period would require:

- equity investment by the Council of £2.5m
- lending to the Company by the Council of £4.75m on a 30 year term.

2.6 Currently modelling of income to the Council indicates:

- an average of c£98k a year in the first ten years of the 30 year business plan
- c£188k a year in years 11-20
- c£293k a year in years 21-30.

2.7 See Essential Reference Paper B for more details

Provisional timetable for establishing a housing investment company

2.8 It is proposed that as part of the decision-making process, Corporate Business Scrutiny would receive a report including the full business case for the company prior to presentation to Exec and Council. This is recognised in the key milestones below:

Key action		Date
Detailed viability and sensitivity modelling		Sept – Nov 2016
Identification of recommended company governance structure		Oct – Nov 2016
Consideration of full business case by: <i>(all dates to be confirmed)</i>	Corporate Business Scrutiny	29 Nov 2016
	Exec	6 Dec 2016
	Council	14 Dec 2016
Articles of Association and Shareholder Agreement signed off		Jan 2017

Key action	Date
Invest Co and holding company (to hold the interest in all East Herts' companies) incorporated	Feb 2016
Invest Co starts trading	March 2017

Second phase – assessing the case for a housing development company

2.9 Establishing a company to build homes is a more complex proposition. It is proposed that once the viability of Invest Co is established, work could commence on assessing the viability of a housing development company wholly-owned by East Herts Council, herein termed Dev Co.

2.10 Dev Co would:

- build homes – primarily for market rent and sale
- build affordable homes – in line with East Herts' planning policies and requirements
- create revenue income for the Council in much the same way as would Invest Co
- build and sell properties to generate a profit to cross-subsidise the provision of affordable housing just as private developers do.

A comparison of a housing investment company and a housing development company

2.11 The key differences between a housing investment company and a housing development company are as follows:

	Housing Invest Company	Housing Development Company
Who owns the company?	100% ownership by East Herts Council (via an East Herts holding company)	100% ownership by East Herts Council (via an East Herts holding company)
How are homes acquired?	Purchase of existing homes, similar to a 'buy-to-let' landlord	Builds homes (through contractors)
What tenures are provided?	Private rent	Private rent and sale, affordable rent, low cost home ownership
Who owns the rented homes?	Invest Co	Dev Co or Invest Co – <i>whichever is more tax efficient</i>

	Housing Invest Company	Housing Development Company
Who manages the rented homes?	A local letting agent under contract	Private rented homes by a local letting agent under contract Affordable homes by a local housing association under contract

3.0 Implications/Consultations

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

3.2 Based on experience from other authorities which have established housing companies, it is anticipated that the Council would benefit from external support on:

- business planning and financial modelling
- legal matters – advice on (a) powers and duties being used, (b) company structures and (c) the Company's articles of association and the shareholder agreement
- taxation to ensure the most tax efficient structure is pursued.

3.3 A budget requirement of £60,000 is anticipated at this stage. Funds are available to cover this expenditure.

3.4 An officer project group consisting of a Director, Housing and Health, Finance, Legal and Property has been formed to oversee the feasibility work.

Background Papers

None

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and
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ESSENTIAL REFERENCE PAPER A

IMPLICATIONS / CONSULTATION

<p>Contribution to the Council's Corporate Priorities / Objectives (delete as appropriate)</p>	<p>Priority 1 – Improve the health and well-being of our communities</p> <p>Access to good quality rented homes will contribute to mobility and the availability of homes in East Herts. This in turn will improve the well-being and both the mental and physical health of local residents.</p> <p>Priority 2 – Enhance the quality of people's lives</p> <p>The Corporate Strategic Plan has prioritised the investigation of the feasibility of a housing company as making a key contribution to people's lives. Notably, increasing the supply of good quality private rented homes will extend the range of local housing options.</p> <p>Priority 3 – Enable a flourishing local economy</p> <p>Private rented housing can often provide shorter term accommodation for those moving to the area to take up employment and/or those starting their career.</p>
<p>Consultation</p>	<p>None at this stage</p>
<p>Legal</p>	<p>The Council can rely on the general power of competence as defined in the Local Government Act 2003 to provide market housing subject to the Council forming a company through which to trade in line with the Localism Act 2011</p>
<p>Financial</p>	<p>There are adequate resources within the Commercial Property Reserve to employ consultants as required</p>
<p>Human resources</p>	<p>None</p>
<p>Risk management</p>	<p>Investment in housing would not be without risk, notably arising from drops in house prices, longer than anticipated void periods and higher than modelled management and maintenance costs. The feasibility work for this project will address these risks, including carrying out sensitivity modelling</p>

Health and Well-being Issues	Access to good quality rented homes will contribute to mobility and the availability of homes in East Herts. This in turn will improve the well-being and both the mental and physical health of local residents.
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Housing Company Proposals

1. Summary of the Proposal

East Herts Council's Corporate Strategic Plan 2016/17 – 2019/20 includes 'undertaking feasibility work on setting up a company to build new homes' as a means of furthering the Council's priority to 'enhance the quality of people's lives'. The Medium Term Financial Plan includes income targets for a housing company from 2017/18 onwards.

It is proposed to conduct a detailed feasibility study into the establishment of a company, wholly-owned by East Herts Council, to:

- purchase existing homes in the open market, and/or
- buy properties off-plan, and/or
- receive properties currently held by East Herts Council.

This would essentially be an investment vehicle, herein termed Invest Co.

The establishment of a housing *development* company, herein termed Dev Co, to build properties would be a more complex undertaking. It is proposed, therefore, to commence feasibility work on this once the viability of Invest Co has been established.

2. Initial approach

A number of local authorities have now set up companies or are in the process of doing so, principally for:

- financial purposes, including getting the best return on council-owned assets, creating an ongoing revenue income stream and benefitting from the uplift in the value of assets acquired or built, and/or
- housing purposes, including providing additional private rented, affordable and market housing, and/or specialist housing, for example older persons' accommodation.

These two drivers are not mutually exclusive. Providing much needed housing in whatever tenure can also give the Council a financial return.

It is proposed that the first piece of work will be to establish a company, wholly-owned by East Herts Council, to:

- purchase existing homes in the open market, and/or
- buy properties off-plan, and/or
- receive properties currently held by East Herts Council.

These properties would then be let at market rents. The initial geographic focus would be East Herts, stretching to neighbouring districts and beyond if and when a business case suggested this would give a good return on capital.

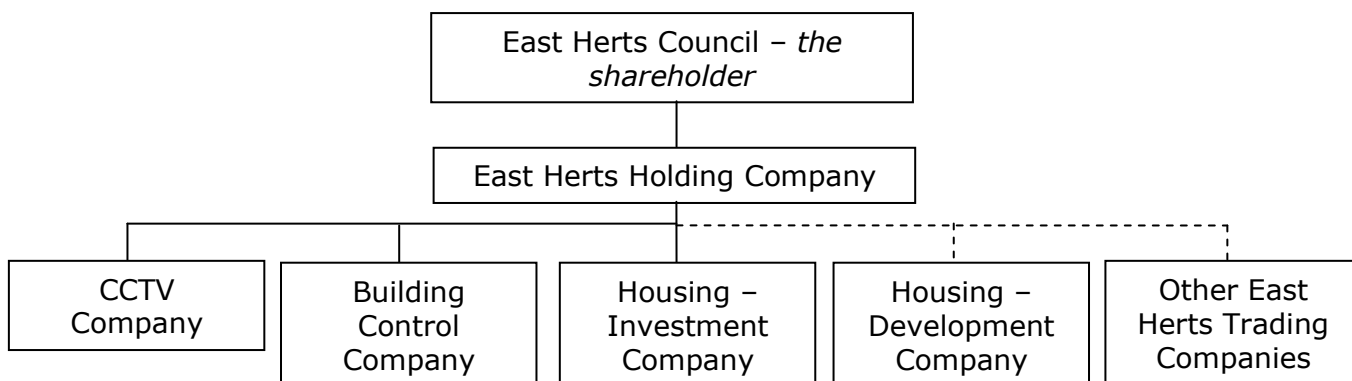
It is perhaps helpful to think of this as a housing investment company as the main aim at this stage will be to generate financial returns – the proposed company is thus referred to as Invest Co herein. This differentiates the proposed company from a housing *development* company which would *build* new homes. Housing development is markedly more complex than investing in existing properties, so it is proposed to focus first on the establishment of Invest Co, while at the same time working up proposals for a housing development company.

3. Potential structure

The Council has the power to acquire homes directly, however, the homes would then technically be counted as council housing. This would limit the type of tenancies that could be granted and would, in most cases, give tenants the right-to-buy. If more than 50 homes were acquired, the Council would need to reopen its Housing Revenue Account.

In addition, where a council is using its general power of competence to commercially trade, the Local Government Act 2003 requires that this be done through a company, rather than directly by the Council, and the Localism Act 2011 outlines the acceptable forms of company that can be used. The typical structure is a company limited by shares as this gives the maximum freedom over distribution of dividends to the shareholder, in this case, East Herts Council.

At the same time as setting up the proposed Invest Co, the Council may wish to establish a legal structure to accommodate all its current and potential future companies. In its simplest form, a structure would be as follows:

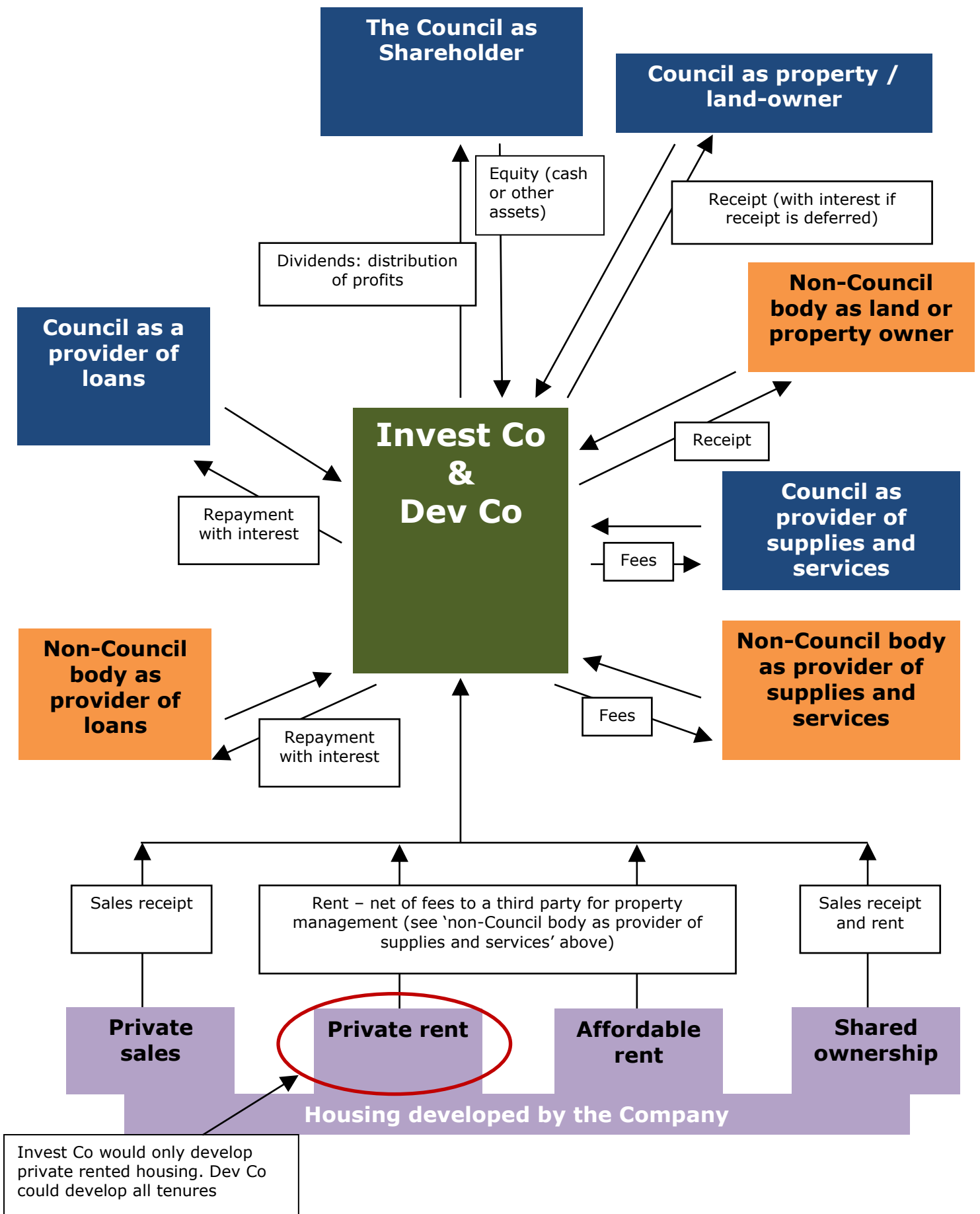


4. **Generating financial returns from a housing investment company**

The Council would be able to generate a financial return from an investment company in the following ways:

- lending money to the company at a higher interest rate than it either costs the Council to borrow or the Council is receiving on cash held on deposit
- recharging the company for the cost of Council officer time spent on the company
- annual dividends, that is, the profits net of tax made by the company from rental income and uplifts in the value of any assets sold by the company.

The diagram below shows the possible financial flows between the Company and the Council. In addition, it shows the Company's potential interactions with other organisations. Other non-Council bodies would include the third parties managing, maintaining or building the Company's properties and any owners of private land or properties which the Company acquires. This could also include other sources of loan funding available in the future.



5. Outputs from initial business planning

An initial 30 year business plan has been produced in-house. The initial business plan indicates the following:

Portfolio acquired

- acquisition of 25 units over five years at £275,000 per property (two bedroom flat in the district, lowest quartile price at July 2016. Source: rightmove.co.uk). NOTE: these 25 properties could include transferring in East Herts' properties at Old River Lane, caretakers' properties and those acquired through Compulsory Purchase Orders. Transfer would be at open market value as part of the Council's equity stake

Equity and lending at 'industry standard' 35% equity/65% debt ratio

- equity investment by the Council of £2.5m
- lending to the Company by the Council of £4.75m on a 30 year term
- loan repaid at year 30 from sale of seven of the properties held. Alternatively, the debt could be refinanced

Income for Council

- average of c£98k a year in the first ten years of the 30 year business plan
- c£188k a year in years 11-20
- c£293k a year in years 21-30

Illustrative yields

- rental yield accruing to Invest Co at year 10 of 4.0% (annual rent as a percentage of value of the property portfolio at year 10)
- the yield would build up over time. For illustrative purposes, by year 10 the return on capital accruing to East Herts Council is estimated to be 4.5% (annual income to the Council as a percentage of the Council's equity stake). NOTE: the returns to the Council would be higher if the Council lent its own cash to Invest Co rather than borrowing monies to then lend on as assumed in the current business plan.

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EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY – 30 AUGUST 2016

QUARTERLY CORPORATE HEALTHCHECK – QUARTER 1 JUNE 2016

REPORT BY THE HEAD OF STRATEGIC FINANCE AND PROPERTY AND HEAD OF COMMUNICATIONS, STRATEGY & POLICY

WARD (S) AFFECTED: All

Purpose/Summary of Report:

- To provide a report on finance, performance monitoring for East Herts Council for 2016/17. Information as at June 2016 for finance and strategic risk and July 2016 for performance.
- The revenue budget for 2016/17 is £14.134m. The forecast position as at 30 June 2016 shows an underspend of £424k in 2016/17.
- The capital budget for 2016/17 is £5.578 m. The forecast position shows a variance of £752k underspent.
- 11 out of the 15 performance indicators in the corporate basket (that have a target) are either on target or exceeding their target as at July/Quarter 1 for 2016. Three performance indicators are 6% or more off target (Red).
- For the short term trend seven indicators out of the 15 performance indicators in the corporate basket are showing an improvement when performance is compared to the previous period. Two indicators have maintained the same level of performance and five have declined.

<u>RECOMMENDATIONS FOR CORPORATE BUSINESS SCRUTINY COMMITTEE:</u>	
That	
(A)	the revenue budget forecast underspend of £424k (paragraph 2.1) be noted;
(B)	the capital budget forecast underspend of £752k

	(paragraph 6.1) be noted;
(C)	the reported performance for the period April 2016 to July 2016 be noted;
(D)	To advise of any concerns around the monthly and quarterly targets that have been set; (Paragraph 8.11)
The Executive be advised that the Corporate Business Scrutiny Committee has considered:	
(1)	Items (A), (B), (C) and (D) and has no comments to make

1 BACKGROUND

- 1.1 This is the finance, and performance for the council.
- 1.2 In February 2016 Council agreed a balanced budget for the 2016/17 financial year. This report sets out the financial position for the year to date and provides forecasts for the outturn position.
- 1.3 Following the Senior Management restructure in April 2016 the 2016/17 revenue and capital budgets have been realigned in line with the new structure.
- 1.4 In 2014 Council approved the performance measures that would be monitored. This report sets out the year to date performance against those targets
- 1.5 This report contains the following sections and Essential Reference Papers:

REPORT SECTIONS	
2	Revenue budgets
3	Corporate budgets
4	Reserves
5	Financing
6	Capital budgets
7	Debtors
8	Performance monitoring

ESSENTIAL REFERENCE PAPERS

B	Revenue budget
C	Capital Monitoring
D	Debtors, aged debt profile
E	Performance monitoring
F	2016/17 Performance indicators

2 REVENUE BUDGET

2.1 The Council is forecast to underspend in 2016/17 by £424k. Table 1 below shows the current forecast outturn position as at 30 June 2016 by Head of Service.

Table 1: Revenue forecast outturn

	Original Budget 2016/17	Forecast outturn	Variance
	£'000	£'000	£'000
Chief Executive & Directors	466	447	(19)
Communications, Strategy & Policy	1,162	1,165	3
HR & Organisational Development	469	458	(11)
Strategic Finance & Property	1,445	1,393	(52)
Housing & Health	2,434	2,293	(141)
Democratic and Legal	1,102	1,045	(57)
Planning & Building Control	1,045	1,014	(31)
Operations	4,439	4,314	(125)
Shared Revenues & Benefits Service	273	263	(10)
Shared Business & Technology Services	1,299	1,318	19
Total Net Cost of Services	14,134	13,710	(424)

2.3 The key service budget variances in the forecast outturn are summarised below in Table 2.

Table 2: Quarter one service budget variances.

Quarter One Variance	Variance £'000
Senior management restructure	(177)
Financial system consultation	40
Charringtons House vacant office space	52
Additional PCSO (Police Community Support Officer)	16
Housing government grant	(237)
Pole Hole works	59
Legal Services salaries	(38)
District plan expenditure	52
Building Control consultants	30
Pay and display income	(198)
Off street parking need	33
Other small variances	(56)
Total Variance	(424)

2.3 The main variances in the forecast outturn are set out below by Head of Service.

Strategic Finance and Property

2.4 Following the senior management restructure the salary budget has been aligned with the new structure resulting in a £177k predicted underspend.

2.5 The Council is looking to replace its finance system, consultants have been bought in to provide guidance and assistance. This will cost £39k in 2016/17 and will be funded through use of the Transformation reserve.

2.6 Up until 2015/16 the Council sublet its office space at Charringtons House to Circle Anglia Housing Association. The Housing Association no longer leases this space from the Council and therefore these costs now fall to East Herts, an overspend against budget of £52k is reported.

Housing and Health

- 2.7 The budget for PCSO's (Police Community Support Officers) will overspend by £16k as 4 posts are being funded rather than the budgeted 3.
- 2.8 Additional Housing government grant of £237k has been received this will be used to fund Disabled Facilities Grants in the Capital programme.
- 2.9 The total fee for the Pole hole site works has increased this is due to the requirements of additional equipment at the site as ground conditions were worse than originally anticipated and an increase in time taken for works to be carried out. This has resulted in a £59k cost in 2016/17.

Democratic and Legal

- 2.10 It is reported that there will be underspend of £38k on salaries.

Planning and Building Control

- 2.11 It is anticipated that an additional £52k will be spent on the district plan preparation in 2016/17. This will be funded from the Local Plan reserve.
- 2.12 Expenditure of £30k for consultation work in relation to the Building Control project, this will be funded from the transformation reserve.

Operations

- 2.13 It is anticipated that pay and display income from car parks will be 7% above the 2016/17 budget. Resulting in an additional £198k of income. This is due to car park usage being greater than assumed when the budget was set. This increase in income is in line with the 2015/16 outturn position.
- 2.14 Consultants have been engaged to carry out an off street parking need survey, to identify future parking provision requirements in the district. This is estimated to cost £33k and is to be funded through the additional pay and display income as per paragraph 2.13.

3 CORPORATE BUDGETS

3.1 Corporate budgets are costs and income received by the Council that are not service specific these include income from the Councils investments, pension deficit contributions and New Homes Bonus grants to Town and Parish Councils.

3.2 Table 3 below shows the forecast outturn position against the corporate budgets. Details of movements against the original budget are shown in the paragraphs below.

Table 3: Corporate budgets forecast outturn

	Original Budget 2016/17	Forecast outturn	Variance
	£'000	£'000	£'000
NHB Grants to Town & Parish Councils	901	901	-
Contingency Budget	150	2	(148)
Interest Payments	662	662	-
Interest & Investment income	(902)	(920)	(18)
RCCO (Revenue Contribution to Capital Outlay)	25	25	-
Pension Fund Deficit contribution	600	600	-
Corporate Budgets Total:	1,436	1,270	(166)

3.3 Currently there is only £2k committed from the contingency budget in 2016/17 this is to fund posts in Environmental Health. Any balance on this budget at the end of the year will be transferred to the transformation reserve.

3.4 Income from investments and interest is difficult to predict given recent events following the referendum decision to leave the European Union including uncertainty over the Bank of England interest rates. The £18k favourable forecast outturn position represents the additional income from the Councils investment in two property funds being above the budgeted figure, this is slightly below the 2015/16 outturn position.

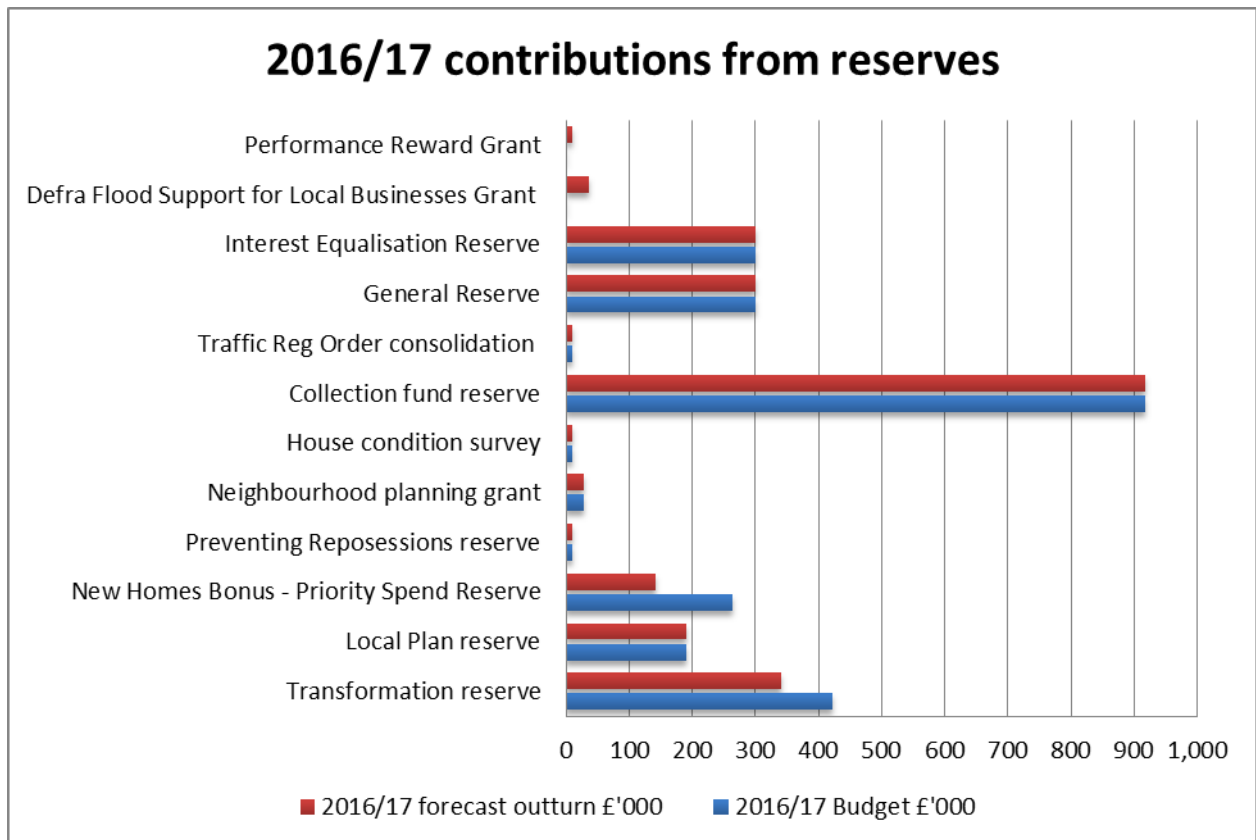
4 RESERVES

4.1 The Council holds earmarked reserves to fund unpredictable financial

pressures and to smooth the effect of known spending over time. Graphs 1 and 2 below reflect the forecast outturn position as at 30 June 2016.

4.2 Funding from reserves will offset expenditure shown in section 2 of this report whilst a contribution to reserves will be shown as income in the revenue forecast outturn.

Graph 1: 2016/17 forecast contributions from reserves



4.3 As at 30th June 2016 it is forecast that there will be contribution from reserves of £2.296m in 2016/17 this is £157k lower than approved as part of the 2016/17 budget setting process. The significant variances are reported in the following paragraphs.

4.4 The transformation reserve was created to fund transitional staffing costs and service improvements. The total use of reserve is £82k below 2016/17 budget. This is made up of:

- £39k funding for costs relating to consultants for the procurement of a new financial system
- £15k to fund a new graduate from October 2016
- £30k funding for Building Control project
- £200k reduced use of reserve relating to a review of

Community Safety Service

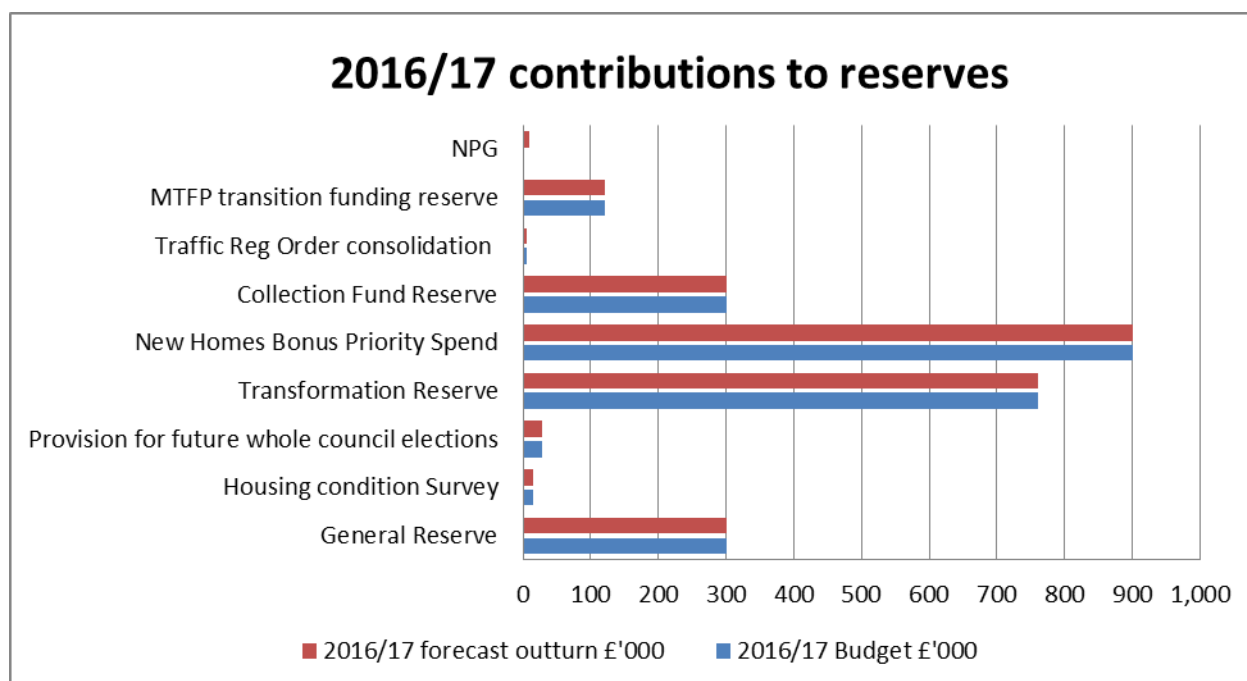
- £19k to fund temporary posts in Environmental Health

4.5 The New Homes Bonus – Priority spend reserve was established from unspent New Homes Bonus monies and utilised to fund items agreed by Leadership Team and Executive. The use of this reserve is £123k below budget. The main items are:

- £200k reduced use of reserve for Old River Lane Planning costs.
- £100k to fund East Herts contribution to Public Health projects, to match funding received from Hertfordshire county Council.

4.6 The DEFRA flood support for local business was established from an unspent element of a DEFRA grant received to enable the Council to support local businesses following flooding in 2013/14. It is anticipated that £37k (the balance on the reserve) will be spent in 2016/17.

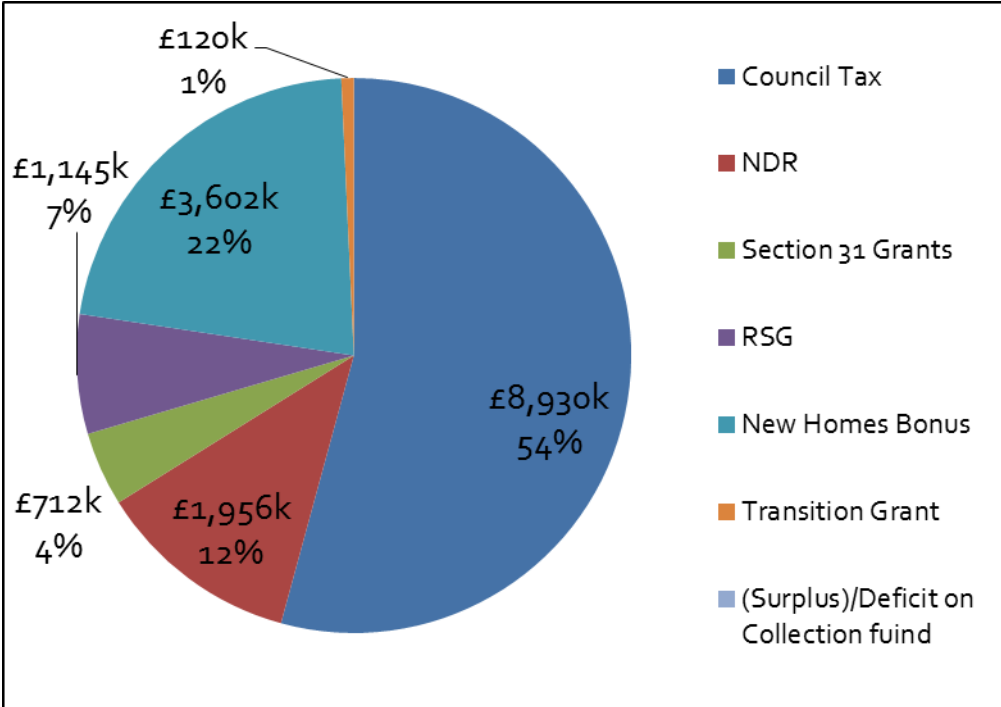
Graph 2: 2016/17 forecast contributions to reserves



4.7 The forecast outturn contribution to reserves has increased by £10k to £2.438m from the 2016 /17 budgeted position. This is due to a Neighbourhood Planning Grant received from the DCLG in relation to Bishop's Stortford south referendum which will be transferred to the Neighbourhood Planning Grant reserve at the end of the financial year.

5 FINANCING

5.1 These income budgets are general and non-service specific income sources. The following pie chart shows the value and percentage split of these budgets.



6 CAPITAL PROGRAMME

- 6.1 The revised capital programme for 2016/17 is £5.578m this includes slippage of £969k from 2015/16. As at 30th June 2016 an underspend of £752k is reported. Details of the movements against budget that make up this underspend can be found in the following paragraphs.
- 6.2 The 2015/16 capital forecast expenditure is summarised in Table 6 below. **Essential Reference Paper E** sets out the detailed forecast on each scheme.

Table 6: Capital forecast outturn

	2016/17 Original Budget	2016/17 Revised Budget	2016/17 Total to Date	2016/17 Forecast Outturn	Variance between Forecast Outturn & Revised Budget
	£'000	£'000	£'000	£'000	£'000
Strategic Finance & Property	764	928	62	934	6
Shared Business & Technology Services	675	1,075	12	1,003	(72)
Operations	1,030	1,353	101	1,360	7
Housing & Health	2,028	2,134	160	1,374	(760)
Planning & Building Control	92	68	8	68	-
Communications, Strategy & Policy	20	20	-	20	-
Director	-	-	-	67	67
TOTAL	4,609	5,578	343	4,826	(752)

- 6.3 It is anticipated that £72k of the £444k ICT (Information and communications Technology) rolling capital programme budget will not be utilised in 2016/17.
- 6.4 A capital grant of £500k is to be paid to Network Homes to build 120 new affordable housing units at the Ridgeway, Hertford. This is to be fully funded from S106 developer contributions.
- 6.5 It is anticipated that the Community Capital Grants budget will be £45k underspent in 2016/17. This scheme is dependent on successful applicants completing their project within the 6month/1 year timescale. As at 10th June 2016 it was agreed to make 9 awards. The next deadline for applications is September 2016.
- 6.6 There are no current commitments against the Future social housing schemes, the first priority is to utilise S106 contributions which have been collected relating to affordable housing schemes. This budget is therefore showing an £821k underspend at present.
- 6.7 A countywide review of Disabled Facilities Grants is underway. However the outcomes of this review are not expected to impact on

referral rates until 2017/18. In line with the 2015/16 outturn this budget is expected to be £294k underspent in 2016/17.

- 6.8 There is currently only £3k committed against the Decent Homes Grant capital scheme. It is unlikely that more than £50k will be required in 2016/17, resulting in an underspend of £50k.
- 6.9 There are only a few cases in the pipeline in respect of the capital Energy Grants, a maximum spend in 2016/17 of £100k is anticipated, this will leave £50k unspent.
- 6.10 Capital grants totalling £67k to town and parish councils will be fully funded from section 106 contributions in 2016/17, these are:
- Watton-at-Stone Parish Council - new tennis courts (£38k)
 - Bishops Stortford Town Council – path works on Sworders Field

7. DEBTORS

- 7.1 Total Outstanding debt as at 30th June 2016 is £1.213m. This is a 14% decrease from the previous quarter.
- 7.2 The outstanding debt over 120 days old totals £568k. Of this debt, over 90% relates to disputed invoices where negotiations are ongoing to collect the debt owed. The remainder of the debts over 120 days are invoices relating to environmental health enforcement, where a charge is held against property to pay the debt once the property is sold, or housing debts where repayments are being made with a payment plan over several months.
- 7.3 **Essential Reference Paper D** analyses the profile of aged debtors

8 PERFORMANCE ANALYSIS

Performance against targets

Corporate priority: Improve the health and wellbeing of our communities

- 8.1 Performance indicators for this priority are generally on target with only one indicator not meeting its monthly target:
- **EHPI 5.13c - Customer Satisfaction (GovMetric) – Website.**

Performance was 'Red' in July. Only 24% of respondents gave a 'Good' satisfaction score during July. 9% gave an 'Average' score whereas the majority, 67% gave a 'Poor' satisfaction score for the website. There were 107 respondents. However, after reviewing customer feedback/comments many of the reasons for giving a 'poor' satisfaction was related to queries that were the responsibility of Herts County Council i.e. road pot holes. Some customers did not know how to navigate the website as they didn't know how to articulate what they are looking for and assumed the information was not available. Given in July we had 30,031 visitors to our w/site feedback from 107 visitors is very low. As part of the emerging Digital East Herts project we are exploring more effective means of gathering customer feedback as govmetric is highly limited.

8.2 Please refer to performance indicator summary analysis in **Essential Reference Paper E** for full performance indicator analysis.

Corporate priority: Enhance the quality of people's lives

8.3 All performance indicators for this priority are meeting their performance target.

8.4 The following indicators did not have July performance data available at the time of writing this report and will be verbally updated by the Head of Operations:

- **EHPI 191** Residual household waste per household.
- **EHPI 192** Percentage of household waste sent for reuse, recycling and composting.

8.5 Please refer to performance indicator summary analysis in **Essential Reference Paper E** for full performance indicator analysis.

Corporate priority: Enable a flourishing local economy

8.6 All performance indicators for this priority are meeting their performance target.

8.7 Please refer to performance indicator summary analysis in **Essential Reference Paper E** for full performance indicator analysis.

Corporate priority: Corporate Health

8.8 There are mixed levels of performance for the indicators relating to corporate health with four performance indicators on target and the remaining two indicators off target (both relating to complaints):

- **EHPI 5.1 - Number of complaints resolved in 14 days or less.** Traditionally this indicator had a target of 70% (i.e. 70% all complaints received need to be resolved within 14 days to meet the target). However this was reviewed last year as overall numbers of complaints are low which can result in large percentage swings. Therefore we have stopped measuring this by percentage and instead aim to have all complaints resolved within 14 days. During the first quarter of this year 9 complaints (out of 13 received) were dealt with within 14 days. Of those that were not dealt with in time 1 was resolved on the 14th day but this was not uploaded to Covalent the day after and in another case the complaint was resolved on the 15th day. The remaining two complaints were complex in nature (relating to planning) and took longer to resolve.
- **EHPI 5.2a - Number of complaints about the Council and its services that are upheld a) 1st stage.** As per the above we no longer measure this in terms of percentages. Of the 13 complaints received, one was closed in August so will be reported in the next quarterly update. For the remaining 12, our target is to have no more than four upheld at stage one. Four complaints out of 12 were upheld at stage 1 meaning performance was off target. One related to a contractor driving badly which the contractor admitted, two relate to conditions of toilet facilities at Buntingford and two complaints relate to missed bin collections due to the location of where bins were placed (the service agreed with the customer the new location of where bins should be placed for future collections).

8.9 Please refer to performance indicator summary analysis in **Essential Reference Paper E** for full performance indicator analysis.

2016/17 missing performance indicators status and targets

8.10 Below is an update on two performance indicators which are present in the 2016/17 corporate monitoring basket but have previously been excluded from reporting:

- **EHPI 133 – Pilot council tax debt intervention project (total appointments attended).** The service have finalised the definitions and collection processes for this indicator and it will now be under the title description 'Pilot council tax debt intervention

project (total appointments attended)' and not as it was formerly known 'Number of referrals to money/debt advice'.

- **EHPI 141 – Participation in Team Herts volunteering (formerly 'participation in Time Banking')**. The service have finalised definitions and collection processes for this indicator and it will now be under the title description 'Participation in Team Herts volunteering' and not as it was formerly known 'participation in time banking'. The collection frequency of this indicator will be reported on a six monthly basis (financial year i.e. April to September) so first available data will be in quarter two.

Targets

- 8.11 Members did not previously receive a report to agree the 2016/17 performance indicator monthly and quarterly targets. Please advise if members have any concerns regarding the targets that have been set.
- 8.12 Please refer to performance indicator summary analysis in **Essential Reference Paper F** for full list of 2016/17 performance indicators.

9 IMPLICATIONS/CONSULTATIONS

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

Background Papers - None

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives (<i>delete as appropriate</i>):	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:	Discussions have taken place with Chief Executive, Directors, Heads of Service and external partners to construct an accurate revenue and capital financial forecast and performance report.
Legal:	There are no legal implications.
Financial:	Financial implications are included in the body of the report.
Human Resource:	There are no Human Resources implications.
Risk Management:	The Healthcheck report considers emerging risks to the in-year delivery of the Council budget and performance targets and sets out the mitigation of those risks.
Health and wellbeing – issues and impacts:	There no direct Health and Wellbeing issues arising as a result of the recommendations in this report.

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2016/17 Revenue Forecast - Month ending June 2016

		Original Budget 2016/17	Budget to date	Actual to date	Variance to date	Forecast outturn	Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Net Cost of Services	Chief Executive & Directors	466	115	88	(27)	447	(19)
	Communications, Strategy & Policy	1,162	285	319	34	1,165	3
	HR & Organisational Development	469	117	110	(7)	458	(11)
	Strategic Finance & Property	1,445	483	668	185	1,393	(52)
	Housing & Health	2,434	779	666	(113)	2,293	(141)
	Democratic and Legal	1,102	260	277	17	1,045	(57)
	Planning & Building Control	1,045	255	156	(99)	1,014	(31)
	Operations	4,439	1,530	772	(758)	4,314	(125)
	Shared Revenues & Benefits Service	273	9,557	8,165	(1,392)	263	(10)
	Shared Business & Technology Services	1,299	325	469	144	1,318	19
	Total Net Cost of Services	14,134	13,706	11,690	(2,016)	13,710	(424)
Corporate Budgets	NHB Grants to Town & Parish Councils	901	901	-	(901)	901	-
	Contingency Budget	150	150	-	(150)	2	(148)
	Interest Payments	662	662	-	(662)	662	-
	Interest & Investment income	(902)	(902)	-	902	(920)	(18)
	RCCO	25	25	-	(25)	25	-
	Pension Fund Deficit contribution	600	600	-	(600)	600	-
	Corporate Budgets Total:	1,436	1,436	-	(836)	1,270	(166)
Use of Reserves	Contributions to Earmarked reserves	2,429	2,428	-	(2,428)	2,438	9
	Contributions from Earmarked reserves	(2,453)	(2,453)	-	2,453	(2,296)	157
	Finance and Support Services Total:	(25)	(25)	-	25	142	166
Total:	15,545	15,117	11,690	(3,427)	15,122	(424)	
Funding	RSG	(1,145)	(1,145)	-	1,145	(1,145)	-
	NDR	(1,956)	(1,956)	-	1,956	(1,956)	-
	Section 31	(712)	(712)	-	712	(712)	-
	(Surplus)/Deficit on Collection fund	917	917	-	(917)	917	-
	Other General Grants	(120)	(120)	-	120	(120)	-
	New Homes Bonus	(3,602)	(3,602)	-	3,602	(3,602)	-
	Funding Total:	(6,618)	(6,618)	-	6,618	(6,618)	-
Total:	8,927	8,499	11,690	3,191	8,504	(424)	

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2016/17 CAPITAL MONITORING JUNE 2016

Exp Code	2016/17 Approved Schemes	Project Manager	Original Completion Date	Expected Completion Date	Project RAG Status	2016/17 Original Budget	2015/16 Slippage	2016/17 Amendments	2016/17 Revised Budget	2016/17 Actual to Date	2016/17 Commitment to Date	2016/17 Total to Date	2016/17 Forecast Outturn	Variance between Forecast Outturn & Revised Budget	Outturn RAG Status	COMMENTS
						£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
TOTAL						4,609	291	678	5,578	162	181	343	4,826	(752)		
RP - ROLLING PROGRAMME																
Head of Strategic Finance & Property																
72356/7502	Fabric Improvements to Swimming Pools	S. Whinnett		Mar-17	AMBER	40			40			-	40	-	GREEN	Survey & specification stage
72357/7502	Glazing & equalities access works to Swimming Pools	S. Whinnett		Mar-17	AMBER	40			40			-	40	-	GREEN	Survey & specification stage
72355/7502	Grange Paddocks Teaching Pool - Replace existing handrail & tiles to walls, steps & base of pool	S. Whinnett & M. Kingsland	Jan-16	Jan-17	RED			34	34			-	34	-	GREEN	Works programmed for Xmas closedown.
72338/7502	Leventhorpe Swimming Pool - Renew main supply fan to the main pool area	S. Whinnett	Sep-13	Mar-17	RED	25			25			-	25	-	GREEN	Need to review scheme as essential repairs already carried out. Awaiting decision on joint provision capital expenditure
72352/7531	Hartham Swimming Pool - Refurbishment of Pool Filters to ensure the efficiency of the pools filtration plant operation & to maintain the pools water quality	S. Whinnett	Dec-16	Jan-17	GREEN	25			25			-	25	-	GREEN	Works programmed for Xmas closedown.
72353/7502	Fanshawe Swimming Pool - Joint Provision Pools (Ward Freman, Leventhorpe & Fanshawe) - Replacement Air Conditioning to Offices	S. Whinnett	Apr-14	Mar-17	RED	15			15			-	15	-	GREEN	Awaiting decision on joint provision capital expenditure, dependant on the Leisure Strategy report due in July.
72345/7531	Fanshawe Swimming Pool - Refurbish/Replace Pool Filters, to maintain efficient operation of the pool filter & pool water quality	S. Whinnett	Not known	Mar-17	RED	20			20			-	20	-	GREEN	Awaiting decision on joint provision capital expenditure, dependant on the Leisure Strategy report due in July.
72346/7531	Fanshawe Swimming Pool - Replace Pool Circulating Pumps	S. Whinnett	Dec-13	Mar-17	RED	20			20			-	20	-	GREEN	Awaiting decision on joint provision capital expenditure, dependant on the Leisure Strategy report due in July.
OPERATIONAL BUILDINGS																
71280/7502	Rolling programme for planned preventative capital maintenance of operational buildings	S. Whinnett & J. Earley	RP	RP		195		105	300			-	300	-	GREEN	Budget in place to allow appropriate schemes to go forward upon provision of appropriate business case
Hertford Theatre																
72706/7502	Entrance Lobby Roof - to replace the existing defective roof with new leak	S. Whinnett & J. Earley	Sep-15	Sep-16	RED	19			19	15	15	-	19	-	GREEN	Orders placed, due to be completed August closedown of Theatre
72711/7502	Hertford Theatre - Flood Alleviation Works to Sump Pumps - To modify the existing sump pump installation to reduce the likelihood of any future flooding of the Theatre	S. Whinnett & J. Earley	Aug-16	Mar-17	RED	20			20			-	20	-	GREEN	Works need to be phased to suit Theatre bookings

Exp Code	2016/17 Approved Schemes	Project Manager	Original Completion Date	Expected Completion Date	Project RAG Status	2016/17 Original Budget	2015/16 Slippage	2016/17 Amendments	2016/17 Revised Budget	2016/17 Actual to Date	2016/17 Commitment to Date	2016/17 Total to Date	2016/17 Forecast Outturn	Variance between Forecast Outturn & Revised Budget	Outturn RAG Status	COMMENTS
						£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
71286/7502	Hertford Theatre - Emergency Lighting works to backstage areas	S. Whinnett & J. Earley	Jul-16	Jul-16	GREEN			11	11	5	6	11	11	-	GREEN	£11k drawn down from Rolling Programme for these emergency works
71284/7502	Buntingford Service Centre - Energy Saving Lighting - To replace the existing lighting in the recycling, workshop and storage area with energy efficient/low maintenance LED lighting	S. Whinnett & J. Earley	Jun-16	Sep-16	AMBER	35		10	45	1	33	34	45	-	GREEN	Quotations received, however, anticipated cost of works now likely to be £45,000, therefore, drawn down further £10,000 from Rolling Programme. Need to be phased to suit depot users
71203/7531	Replacement of Chairs & Desks	T. Smith	RP	RP		10	(6)		4	1	1	2	10	6	RED	
	Charringtons House 2nd Floor Suite Refurbishment															
71285/7502	Maximise return from Council assets by generating rental income & business rates income from Charringtons House for the Council once the suite is refurbished	A. Osborne	Apr-16	Aug-16	RED	300			300			-	300	-	GREEN	Refurbishment underway completion due 1st Aug. No tenant secured yet.
72568/7502	North Drive, Ware - reconstruct road & drainage	A. Osborne	Mar-10	Not known	RED		(2)	12	10			-	10	-	GREEN	Currently in negotiation with contractor, slow progress
	Total Strategic Finance & Property					764	(8)	172	928	7	55	62	934	6		
	Head of Shared Business & Technology Services															
71414/7531	Replacement Infrastructure	P. Wain	RP	RP		35	12		47			-	47	-	GREEN	SHARED SCHEME w/Stevenage BC A 5yr investment programme for the shared ICT Infrastructure is being developed and proposals will be brought forward shortly.
71416/7531	Merging IT systems - Licensing & Env Health	J. Geall		Aug-16			9	40	49	7		7	49	-	GREEN	Additional draw down from rolling programme for consultancy to support transition to the new system
71416/7513	Merging IT systems - Licensing & Env Health. Capital Salaries	J. Geall						15	15			-	25	10	RED	Budget drawn down from rolling programme to fund contract extension in Env Health to support the implementation project. Additional costs in relation to IDOX project to be incurred, contract further extended for existing member of staff. To be drawn down from Rolling Programme.
71431/7531	Establishment of LES & internet links to replace MPLS	H. Lewis		Oct-16			24		24	2		2	24	-	GREEN	Work to migrate the data connections is now completed. Planning to migrate the telephony connections is now underway with the majority of remaining spend expected in Q3.
71435/7531	Funding for Applications	P. Tyler	RP	RP		40		(40)	-			-	-	-	GREEN	This scheme has been superseded by the Rolling programme
71439/7531	Service Desk & Utilities	H. Lewis		Mar-17			25		25			-	25	-	GREEN	Work to harmonise security software is ongoing with implementation expected March 2017
71440/7531	Shared service print investment costs 50%	H. Lewis						21	21			-	21	-	GREEN	SHARED SCHEME w/Stevenage BC Work is currently being undertaken to review the way forward, as a number of new opportunities have been identified. A business case will be presented in the near future, clear identifying the investment required
71449/7531	New Desktop Software	H. Lewis					4	(4)	-			-	-	-	GREEN	Funds transferred to Rolling programme (71450/7531).

Exp Code	2016/17 Approved Schemes	Project Manager	Original Completion Date	Expected Completion Date	Project RAG Status	2016/17 Original Budget	2015/16 Slippage	2016/17 Amendments	2016/17 Revised Budget	2016/17 Actual to Date	2016/17 Commitment to Date	2016/17 Total to Date	2016/17 Forecast Outturn	Variance between Forecast Outturn & Revised Budget	Outturn RAG Status	COMMENTS
						£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
71453/7531	New HR & Payroll System	N. Roberson		Mar-17				55	55			-	55	-	GREEN	SHARED SCHEME w/Stevenage BC NGA selected as preferred solution and project kick off taking place in July. First payroll on new system anticipated in Apr-17, although some HR self-serve elements may be launched sooner.
71459/7531	New Finance System	P. Gregory		Mar-17		175			175			-	175	-	GREEN	Tender to go out Aug/Sept, update on prices once offered. Predict most will be in 16/17
71460/7531	New Asset Management System	P. Gregory	Sep-16	Dec-16		20			20			-	20	-	GREEN	System is the next in line for implementation following the upgrade of Uniform to v10, anticipated completion by Dec-16
71456/7531	Client Equipment	H. Lewis	RP	RP			5	10	15	3		3	15	-	GREEN	Budget used to service new and replacement equipment needs identified within year
71458/7531	Electoral Management Software							75	75			-	75	-	GREEN	The procurement documentation is complete, and the formal procurement process can start when it fits in with the service's timetable (the european referendum has delayed matters).
71461/7531	Revs & Bens EDM Solution	R. Brock		Dec-17				110	110			-	110	-	GREEN	Northgate I@W selected as the preferred solution and the project kick-off taking place in July.
71462/7531	Car Park Data Warehousing	P. Tyler							-			-	22	22	GREEN	
71450/7531	Rolling programme to be utilised on ICT projects subject to ITSG review	H. Lewis	RP	RP		405	171	(132)	444			-	340	(104)	AMBER	Additional draw down anticipated for infrastructure investment and any early projects to support the digital strategy
Total Shared Business & Technology Services						675	250	150	1,075	12	-	12	1,003	(72)		

Exp Code	2016/17 Approved Schemes	Project Manager	Original Completion Date	Expected Completion Date	Project RAG Status	2016/17 Original Budget	2015/16 Slippage	2016/17 Amendments	2016/17 Revised Budget	2016/17 Actual to Date	2016/17 Commitment to Date	2016/17 Total to Date	2016/17 Forecast Outturn	Variance between Forecast Outturn & Revised Budget	Outturn RAG Status	COMMENTS
						£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Head of Operations																
71253/7531	Car Park Management System - To implement a cost effective car park management system for the Council to manage its car parks for the next 10 years	A. Pulham	Sep-16	Dec-16	AMBER	340			340		2	2	340	-	GREEN	£300,000 Purchase Order placed 04/07/16. Still predict total spend of £340k when ancillary items such as tariff board amendments are included.
Refurbishment of Hertford Theatre Café/Bar																
72712/7502	The layout, design and equipment provision is in need of upgrade in order to meet the needs of our customers and maximise the potential for revenue generation	B. Cannell	Sep-16	Dec-16	AMBER	50			50			-	50	-	GREEN	Some preliminary works completed re sourcing equipment and services, and will be focusing fully on this project from June with completion in December
72710/7531	Hertford Theatre replacement of 6 lighting hoists	B. Cannell	Dec-15	Aug-16	RED			13	13			-	13	-	GREEN	Partly completed in 15/16, however, due to timescales of events at the Theatre, the remaining work will need to be completed in August 2016 when the Theatre closes for 2 weeks
Refuse Collection & Recycling																
75165/7531	Containers Replacement Programme	D. Allen	RP	RP		100	19	(10)	109	30	7	37	109	-	GREEN	Rolling programme for containers - on target
75145/7531	Replacement Litter Bins	D. Allen	RP	RP		6	3	(1)	8	4		4	8	-	GREEN	Rolling programme for litter bins - on target
75152/7531	Commercial Waste Bins	D. Allen	RP	RP		34	11	12	57		7	7	57	-	GREEN	Rolling programme for commercial bins - on target
72513/7502	Bell Street, Sawbridgeworth - Modernise the public convenience facilities, in preparation for transferring the operation to Sawbridgeworth Town Council under an agency agreement	D. Allen	Sep-15	Sep-16	RED			67	67	(2)	2	-	67	-	GREEN	The specification has now been agreed the procurement process will commence once the SLA has been agreed with STC.
72517/7502	Hartham Pavilion Refurbishment - Replace public toilets, redevelop existing café area, create functional changing area for footballers & incorporate meeting/training room	M. Kingsland & S. Whinnett	Dec-15	Mar-17	RED		1	58	59		1	1	59	-	GREEN	Application being prepared for Leadership Team to request additional funding to cover priced specification that came in above initial estimate. Works still planned to be completed in 2016/17
72522/7531	Play Area Grange Paddocks, B/S - Install new play area, to include new activity equipment & surfacing. New footpath & installation of new seating	I. Sharratt	Mar-17	Oct-16	GREEN	95			95			-	95	-	GREEN	Officers carried out desktop assessment of project in June. Site meeting to explore the location and review the PID due in July. Public engagement with stakeholders and residents is planned for late July 16 during the summer holidays. Construction should be completed by October 16.
72504/7531	Play equipment & infrastructure replacement	I. Sharratt	RP	RP		50			50			-	50	-	GREEN	A project is underway with CMS to design the Hartham Common & Beyond scheme part of which will be funded through this budget along with a range of play area and access improvements across the district to be finalised in August 16 and delivered by March 17.
72516/7531	Play Area, The Bourne, Ware (Phase 2) - Installation of a fitness & play facility for older children & open space access improvements	I. Sharratt	Mar-16	Aug-16	AMBER			41	41		45	45	48	7	GREEN	Public engagement completed. Tender awarded. Works on site stated 4 th July and the major elements of the project to be completed by end July. Supplier issues with product manufacture means that a final item of equipment to be installed by end August. Due to non delivery of expected grant, this scheme will overspend, however, it has been agreed that £6,500 is to be funded from Weston Homes S106 monies.
72508/7531	Hartham Common, Hertford - Preliminary works associated with the development of the major play site development project to be undertaken in 2016/17 in accordance with Hartham Common Development Plan	I. Sharratt	Mar-13	Mar-17	RED	25			25			-	25	-	GREEN	Early discussions under way with potential suppliers to gauge scope. CMS commissioned to assist in drawing up a draft brief. Works should be tendered by August 16 and designs delivered by December 16. Need to establish whether section 106 funds itemised in PID are now available, also to ensure that any emerging plans from Leisure Strategy are taken into consideration where wider scope may be beneficial.
72521/7502	Open Space improvements Bishop's Park, B/S - Installation of a car park, footpath improvements & health/play facilities	I. Sharratt	Mar-17	Mar-17	GREEN	106			106			-	106	-	GREEN	Early discussions under way with Hertfordshire Highways. Now arranging to liaise with County officers to explore Rights of Way further and opportunities for joined up approach with Safer Routes to School. Preliminary designs have been considered and public engagement is planned for August 16. Project to be delivered by March 17.
72507/7531	Pishiobury Park, Sawbridgeworth - Wetland Habitat Project - improvements to boardwalk/paths permitting safe access to the wetland area of the park	I. Sharratt	Mar-13	Oct-16	RED		12		12			-	12	-	GREEN	Plans still temporarily on hold due to delays in completing agreement with current owners of the Osier Bed woodland. EHC legal documents to secure the transfer have now been issued following agreement from the owners who are currently instructing their solicitors. Works are unlikely to be possible over the summer due to bird nesting but should go ahead in October 16.
72511/7531	Buryfield Recreation Ground, Ware - Installation of play area to encourage healthy activity for younger children	I. Sharratt					3		3		3	3	3	-	GREEN	Retention only

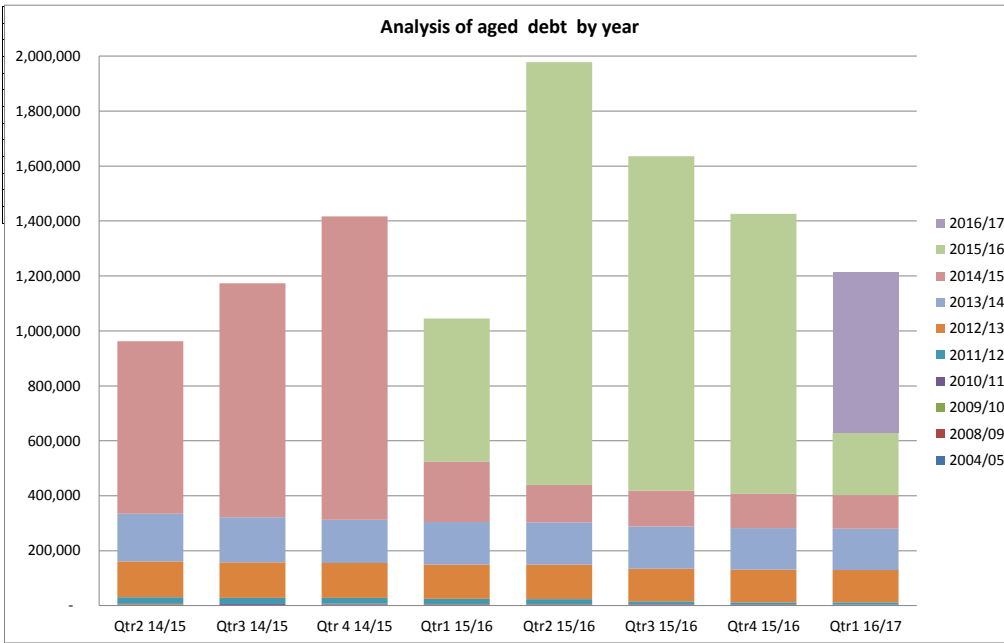
KEY: Project RAG status: Green = on schedule; Amber = 1-3 months delay; Red = over 3 months delay

KEY: Outturn RAG status: Green = up to 10% variance; Amber = 10-50% variance; Red = over 50% variance

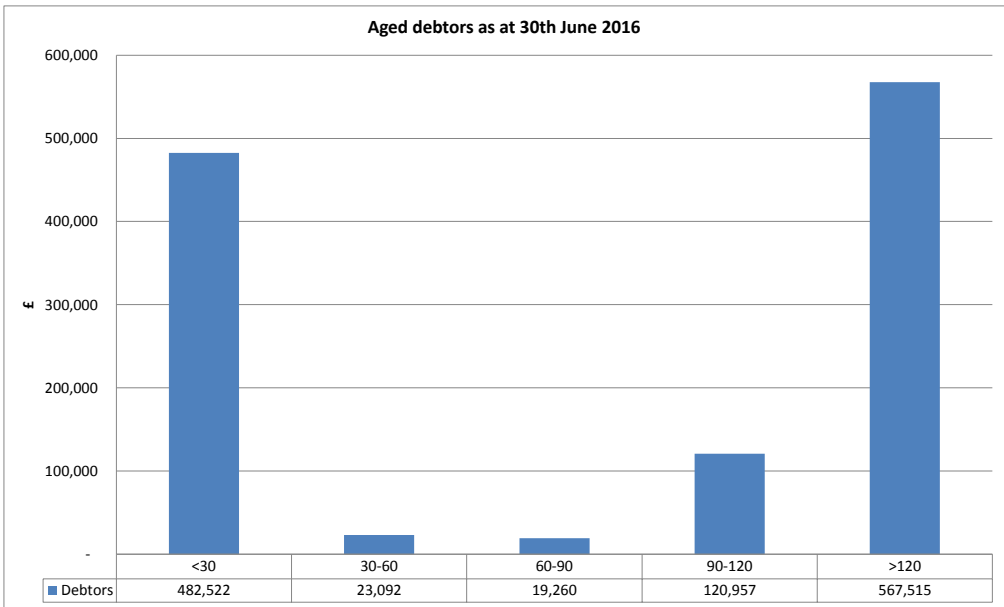
Exp Code	2016/17 Approved Schemes	Project Manager	Original Completion Date	Expected Completion Date	Project RAG Status	2016/17 Original Budget	2015/16 Slippage	2016/17 Amendments	2016/17 Revised Budget	2016/17 Actual to Date	2016/17 Commitment to Date	2016/17 Total to Date	2016/17 Forecast Outturn	Variance between Forecast Outturn & Revised Budget	Outturn RAG Status	COMMENTS
						£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
75168/7502	Energy Efficiency & Carbon Reduction Measures - Installation of solar panels at Wallfields, Hertford	D. Thorogood/S. Whinnett	Mar-12	Oct-16	RED			45	45			-	45	-	GREEN	Discussions taken place with possible suppliers regarding option feasibility. Potential contractors are being asked to provide revised costings and estimated FIT paybacks for the project (after revisions to government FIT payments earlier this year). Assuming paybacks are satisfactory scheme expected Autumn 2016.
72591/7502	Castle Weir Micro Hydro Scheme - To provide a small Hydro-electricity turbine in the river Lee at Hertford Weir. This is an invest to save project and will generate electricity providing power for Hertford Theatre and for sale to the Grid. The scheme is subject to a rigorous approval process by the Environment Agency for flood risk and protection of biodiversity.	D. Thorogood	Mar-12	Mar-17	RED	201			201			-	201	-	GREEN	Waiting for EA and their consultants to agree final operating protocols together with revised water flow data following improvement works and automation of the main weir gates, which impacts upon flood risk modelling for the hydro scheme. Once confirmed will allow revised modelling to be completed and scheme to progress. Project completion currently anticipated March 2017.
74105/7601	Environmental Enhancements to East Herts town centres	P. Pullin	Not known	Mar-17	RED			28	28			-	28	-	GREEN	This scheme was expected to complete last year but there have been delays in the delivery of the Tudor Square project by Ware Town Council. Town Council have given reassurances that the scheme will be delivered this year.
74106/7531	Market Improvement Scheme	P. Pullin		Mar-17	RED	23		21	44	2		2	44	-	GREEN	This expenditure is expected to be delivered in this financial year but is dependent on Herts Highways developing a Traffic Regulation Order for Bull Plain in Hertford. If there are any further delays then a recommendation will go forward to withdraw this scheme
Total Head of Operations						1,030	49	274	1,353	34	67	101	1,360	7		
Head of Housing & Health																
72442/7601	Community Capital grants - to provide the right tools for people to get involved with projects that improve facilities such as green spaces or community buildings – inspiring ownership and pride.	C. Pullen	RP	Jan-02		120	(24)	41	137	20		20	92	(45)	AMBER	As of 10/6/16, it was agreed to make 9 awards, leaving £51,423 in the budget to allocate in the next funding round. Next deadline is 5 September. Note: spending this budget is always dependant on successful applicants being able to complete their project within the 1 year time frame or 6 months in case of a small capital grant. It is estimated that 92k of the budget will be spent by the end of financial year.
72685/7601	Future Social Housing Schemes	L. Harris				821			821			-	0	(821)	RED	No current commitments. First priority is to spend S106 sums which have been collected for affordable housing.
72685/7601	Ridgeway Scheme, Hertford (Network Homes)	L. Harris							-			-	500	500	GREEN	Grant to be paid to Network Homes - fully funded from S106 commuted sum. To build 120 new build properties which will all be affordable housing units
Private Sector Improvement Grants																
72602/7601	Disabled Facilities (Govt funding of £530,136 rec'd for 16/17)	S. Winterburn	RP	RP		694			694	65		65	400	(294)	AMBER	Waiting for EA and their consultants to agree final operating protocols together with revised water flow data following improvement works and automation of the main weir gates, which impacts upon flood risk modelling for the hydro scheme. Once confirmed w
72605/7601	Disabled Facilities - Discretionary	S. Winterburn	RP	RP		100			100			-	50	(50)	RED	Current commitment on DDFG budget is only £3.1K. Unlikely to need more than £50K.
72606/7601	Decent Home Grants	S. Winterburn	RP	RP		150			150	8		8	100	(50)	AMBER	A few cases in pipeline. Current commitment +spend is £15k. Anticipate max spend of £100k.
72604/7601	Energy Grants	S. Winterburn	RP	RP		20		38	58			-	58	-	GREEN	Scope to expand range of measures was identified in energy strategy, to include higher cost measures enabling spend of budget.
71201/7513	Capital Salaries	P. Gregory	RP	RP		26			26			-	26	-	GREEN	
75160/7502	River & Watercourse Structures - Improve, maintain & renew structures along rivers and watercourses to alleviate possible flooding throughout the district.	G. Field	RP	RP		47	8		55		11	11	55	-	GREEN	Awaiting quotes from specialist contractor to carry out structural bridge surveys on East Herts owned bridges. These are carried out every 2 years and if remedial works are identified these will be carried out depending on priority & budget available.
75172/7502	Air Quality Capital Grant Scheme - Subway improvement works in Hertford to include bespoke artwork & signage	G. Field	Jul-15	Sep-16	RED			1	1			-	1	-	GREEN	Small underspend from 15/16 (from DEFRA Grant of £31,320), to be used to install information signage.

Exp Code	2016/17 Approved Schemes	Project Manager	Original Completion Date	Expected Completion Date	Project RAG Status	2016/17 Original Budget	2015/16 Slippage	2016/17 Amendments	2016/17 Revised Budget	2016/17 Actual to Date	2016/17 Commitment to Date	2016/17 Total to Date	2016/17 Forecast Outturn	Variance between Forecast Outturn & Revised Budget	Outturn RAG Status	COMMENTS
						£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
75163/7512	Land Management Programme - Land Management Asset Register & Associated Works	G. Field	RP	RP		50	(4)	22	68	8	28	36	68	-	GREEN	Works are ongoing. Many assets have been identified and surveyed with areas still to investigate. The data will be correlated and any remedial works that are identified will be carried out depending on priority & budget available.
75163/7513	Land Management Programme - Land Management Asset Register & Associated Works. Capital Salaries	G. Field	RP	RP				4	4			-	4	-	GREEN	To fund 7 1/2 hour post until September 16
75173/7531	Air Pollution Monitoring Equipment	G. Field	Feb-16	Jul-16	RED		20		20		20	20	20	-	GREEN	Fully funded from HCC Contribution
Total Housing & Health						2,028	1	105	2,134	101	59	160	1,374	(760)		
Head of Planning & Building Control																
74102/7601	Historic Building Grants - Enable grants to be offered to the owners of historic buildings to encourage their maintenance and upkeep.	K. Steptoe	RP	RP		92	(1)	(23)	68	8		8	68	-	GREEN	Claimants have 6 months from grant offer date to complete works. Maximum payment now £2,000. However, if a grant is approved for a property on the Buildings at Risk Register, maximum payment will be £10,000.
Head of Communications, Strategy &																
71252/7531	Device Responsive Template - Revised website templates including new navigation, enhanced accessibility and device responsiveness	A. McWilliams	Not known	Sep-16		20			20			-	20	-	GREEN	Officers working on action plan with Goss (supplier)
Director																
72523/7502	Watton-at-Stone Parish Council - New Tennis Courts (fully funded from S106)	A. Taylor							-			-	38	38	GREEN	Fully funded from S106 as agreed at CMT 9.2.16
72524/7502	Bishops Stortford Town Council - path works on Sworders Field (fully funded from S106)	A. Taylor							-			-	29	29	GREEN	Fully funded from S106 as agreed in May 2014

The following graph shows the Council's aged debt by year that the debt was raised. This position is shown for the most recent period and the preceding 7 periods. The debt outstanding as at 30th June 2016 is £1.2m



The following graph shows the age of the £1.2m of debts outstanding as at 30th June 2016.



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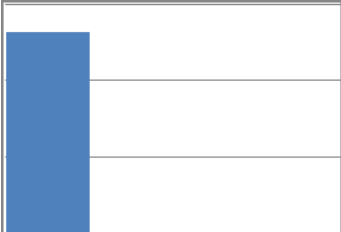
July/Quarter 1 Corporate Business Scrutiny and Executive

Corporate Priority 1: Improve the health and wellbeing of our communities

Period: July/Quarter 1 for 2016/17

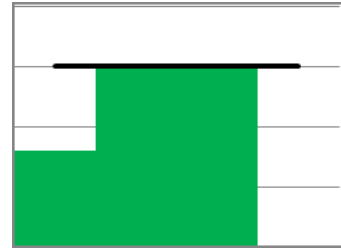
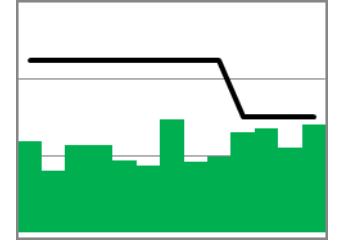
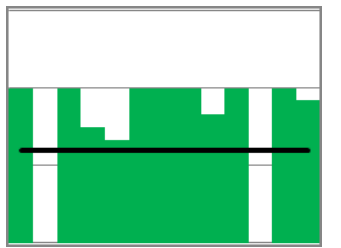
PI Code & Name	Status	Current Target	Value	Movement since last period	Direction of travel (rolling 12 months or 4 quarters)	Comments
Outcome: Residents living active and healthy lives						
EHPI 140 Number of over 50s participating in 'Forever Active' programme.	Trend only	Trend only	648	New PI for 2016/17 so no trend comparison for this quarter.		Attendance is within expectations of the project. 648 people mainly between the ages of 50 and 75 have participated in a Forever Active sports and physical activity class at least once. Future 'come and try' events in quarter three could further encourage participation.
Outcome: Support for our vulnerable families and individuals						
EHPI 181 Time taken to process Housing Benefit new claims and change events. (MINIMISING INDICATOR)	G	12.00 days	7.63 days			Performance exceeding target.
EHPI 151 Number of homeless households living in temporary accommodation at the end of the quarter. (MINIMISING INDICATOR)	Trend only	Trend only	23			At end of June 2016 there were 23 households in temporary accommodation. The council owned temporary accommodation (hostel) had 11 out of 12 flats occupied with a twelfth household due to move in on 1 July 2016 to take it to capacity. Five households were in B&B: one household was waiting for hostel accommodation the remaining were either due to move out soon or their circumstances are such that they are not suitable for hostel. Five households were in temporary supported accommodation due to mental health issues and two are in longer-term private sector leased property.
EHPI 150 Number of prevented homeless applications	Trend only	Trend only	61	New PI for 2016/17 so no trend comparison for this quarter.		The council prevented 61 households from becoming homeless by the provision of advice to relieve homelessness or securing alternative accommodation through the housing register, supported accommodation or actively assisting the household secure accommodation in the private rented sector.

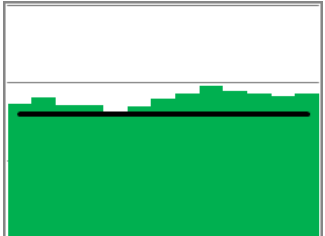

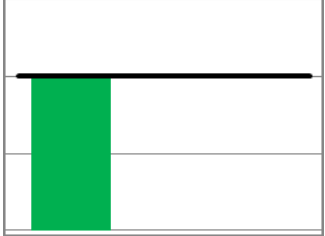
<p>EHPI 132 Percentage of full applications for Disabled Facilities Grant approved within 7 weeks.</p>		<p>95%</p>	<p>100%</p>			<p>Performance exceeding target. 3 grants approved in July all within the target time of 35 days.</p>
<p>EHPI 133 Pilot council tax debt intervention project (total appointments attended)</p>	<p>Trend only</p>	<p>Trend only</p>	<p>6</p>			<p>Three 1st appointments attended, One 2nd appointments attended and Two 3rd appointments attended.</p>
<p>Outcome: Communities engaged in local issues</p>						
<p>EHPI 5.13a Customer Satisfaction (GovMetric) - Face to Face.</p>		<p>80%</p>	<p>84%</p>			<p>In face to face interactions, 84% of respondents gave a 'Good' satisfaction level. 7.5% were 'Average' with 8.5% of respondents declaring a 'Poor' satisfaction. There were 212 respondents in total.</p>
<p>EHPI 5.13b Customer Satisfaction (GovMetric) - Telephone.</p>	<p>N/A</p>	<p>90%</p>	<p>N/A</p>	<p>N/A</p>		<p>No feedback was given in the July period.</p>
<p>EHPI 5.13c Customer Satisfaction (GovMetric) - Website.</p>		<p>35%</p>	<p>24%</p>			<p>Only 24% of respondents gave a 'Good' satisfaction score during July. 9% gave an 'Average' score whereas the majority, 67% gave a 'Poor' satisfaction score for the website. There were 107 respondents. However, after reviewing customer feedback/comments many of the reasons for giving a 'poor' satisfaction was related to queries that were the responsibility of Herts County Council i.e. road pot holes. Some customers did not know how to navigate the website as they didn't know how to articulate what they are looking for and assumed the information was not available. Given in July we had 30,031 visitors to our w/site feedback from 107 visitors is very low. As part of the emerging Digital East Herts project we are exploring more effective means of gathering customer feedback as govmetric is highly limited.</p>
<p>EHPI 5.12a Social Media: Number of followers (twitter followers).</p>	<p>Trend only</p>	<p>Trend only</p>	<p>6643</p>	<p>New PI for 2016/17 so no trend comparison for this quarter.</p>		<p>The breakdown for the quarter is as follows: April: 6382 May: 6498 June: 6643</p>

EHPI 5.12b Social Media: Number of followers (facebook likes).	Trend only	Trend only	1,321	New PI for 2016/17 so no trend comparison for this quarter.		The total number of likes for quarter 1 is 1321. The breakdown for the quarter is as follows: April: 425 May: 439 June: 457
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Corporate Priority 2: Enhance the quality of people’s lives

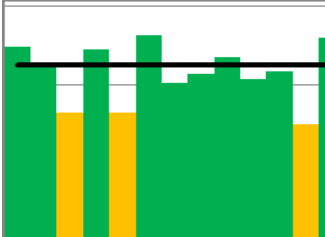
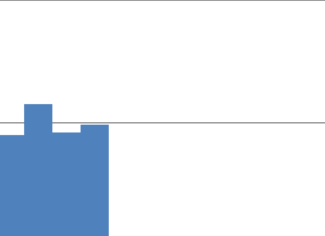
Period: July/Quarter 1 for 2016/17

PI Code & Name	Status	Current Target	Value	Movement since last period	Direction of travel (rolling 12 months or 4 quarters)	Comments
Outcome: Attractive places						
EHPI 2.4 (47) Fly-tips: removal. (MINIMISING INDICATOR)	G	2.00 days	1.68 days	↑		Performance is well within target and an improvement on quarter four last year.
EHPI 191 Residual household waste per household. (MINIMISING CUMULATIVE INDICATOR)	Trend only	Trend only	TBA	TBA	TBA	June performance data was available at the time of writing this report. The current update will be verbally presented by the Head of Operations.
EHPI 192 Percentage of household waste sent for reuse, recycling and composting. (MAXIMISING INDICATOR)	Trend only	Trend only	TBA	TBA	TBA	June performance data was available at the time of writing this report. The current update will be verbally presented by the Head of Operations.
EHPI 2.2 Waste: missed collections per 100,000 collections of household. (MINIMISING INDICATOR)	G	30.00	28.06	↓		Higher than the preceding month but within target. The service will discuss this with the contractor to ensure we remain within target.
Outcome: Future housing development meeting the needs of the district						
EHPI 157a Processing of planning applications: Major applications. (MAXIMISING INDICATOR)	G	60.00%	92.00%	↓		Performance exceeding target. 11 out of 12 applications processed on time.

<p>EHPI 157b Processing of planning applications: Minor applications. (MAXIMISING INDICATOR)</p>	<p>G</p>	<p>80.00%</p>	<p>93.00%</p>	<p>↑</p>		<p>Performance exceeding target. 106 out of 114 applications processed on time.</p>
<p>EHPI 157c Processing of planning applications: Other applications. (MAXIMISING INDICATOR)</p>	<p>G</p>	<p>90.00%</p>	<p>97.00%</p>	<p>↑</p>		<p>Performance exceeding target. 524 out of 548 applications processed on time.</p>
<p>EHPI 205 Percentage of site visits undertaken in relation to urgent cases within 2 working days of 'start date'.</p>	<p>G</p>	<p>100%</p>	<p>100%</p>	<p>▬</p>		<p>Performance on target. 3 out of 3 site visits undertaken within 2 working days of 'start date'</p>

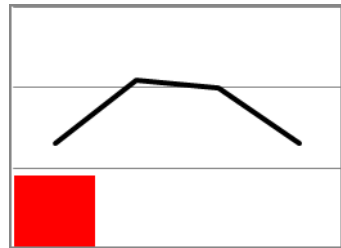
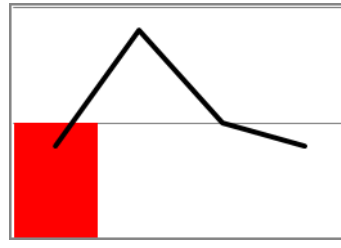
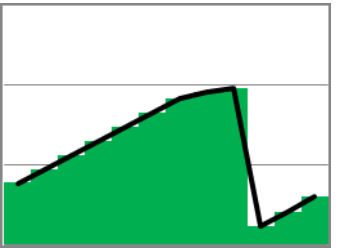
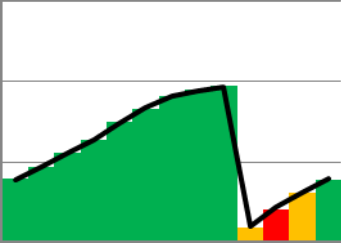
Corporate Priority 3: Enable a flourishing local economy

Period: July/Quarter 1 for 2016/17

PI Code & Name	Status	Current Target	Value	Movement since last period	Direction of travel (rolling 12 months or 4 quarters)	Comments
<p>Outcome: Support for our businesses and the local economy</p>						
<p>EHPI 8 % of invoices paid on time. (MAXIMISING INDICATOR)</p>	<p>G</p>	<p>98.50%</p>	<p>99.18</p>	<p>↑</p>		<p>Performance exceeding target.</p>
<p>Outcome: Vibrant town centres</p>						
<p>EHPI 11.6 Town centre footfall (proxy measure based on Wi-Fi connections on market days).</p>	<p>Trend only</p>	<p>Trend only</p>	<p>4,946</p>	<p>↑</p>		<p>There were a total of 4,946 distinct clients for the July period with a daily average of 463 clients. This indicator relates to market days in Bishops Stortford only and does not include those in Hertford or Ware etc.</p>

Corporate Priority: All three

Period: July/Quarter 1 for 2016/17

PI Code & Name	Status	Current Target	Value	Movement since last period	Direction of travel (rolling 12 months or 4 quarters)	Comments
Corporate Health						
EHPI 5.1 Number of complaints resolved in 14 days or less.	R	13	9	New PI for 2016/17 so no trend comparison for this quarter.		Traditionally this indicator had a target of 70% (i.e. 70% all complaints received need to be resolved within 14 days to meet the target). However this was reviewed last year as overall numbers of complaints are low which can result in large percentage swings. Therefore we have stopped measuring this by percentage and instead aim to have all complaints resolved within 14 days. During the first quarter of this year 9 complaints (out of 13 received) were dealt with within 14 days. Of those that were not dealt with in time 1 was resolved on the 14 th day but this was not uploaded to Covalent the day after and in another case the complaint was resolved on the 15 th day. The remaining two complaints were complex in nature (relating to planning) and took longer to resolve.
EHPI 5.2a Number of complaints about the Council and its services that are upheld a) 1st stage.	R	4	5	New PI for 2016/17 so no trend comparison for this quarter.		As per the above we no longer measure this in terms of percentages. Of the 13 complaints received, one was closed in August so will be reported in the next quarterly update. For the remaining 12, our target is to have no more than four upheld at stage one. Four complaints out of 12 were upheld at stage 1 meaning performance was off target. One related to a contractor driving badly which the contractor admitted, two relate to conditions of toilet facilities at Buntingford and two complaints relate to missed bin collections due to the location of where bins were placed (the service agreed with the customer the new location of where bins should be placed for future collections).
EHPI 10.2 Council tax collection, % of current year liability collected. (MAXIMISING CUMULATIVE INDICATOR)	G	38.8%	38.7%	↑		Collection rates remain on target.
EHPI 10.4 NNDR (Business rates) collection, % of current year liability collected. (MAXIMISING CUMULATIVE INDICATOR)	G	39.2%	38.9%	↑		Collection rates performing within target threshold.

Key:


G	Performance is on target or exceeding target		Performance has improved compared to the previous period
A	Performance is 1-5% off target		Performance has stayed the same compared to the previous period
R	Performance is 6% or more off target		Performance has declined compared to the previous period

In total the dashboard will report on 42 performance indicators, of which 28 will be reported in the quarterly report and 13 will be reported annually and 1 biannually. Some performance indicators still need targets set, however in the past if no data exists the first year has been used to establish the baseline.

Code	Indicator / Action	Lead Service / Data Source	Monitoring Frequency	2015/16 Outturn	Future targets - Annual			Portfolio Holder
					2016/17	2017/18	2018/19	
Corporate Priority 1: Improve the health and wellbeing of our communities								
Outcome: Residents living active and healthy lives								
NEW - EHPI 130	Number of Green Flag awards.	Operations	Annual	2	N/A - Trend only indicator			Environment and the Public Space
NEW - EHPI 140	Number of over 50s participating in 'Forever Active' programme.	Health and Housing	Six monthly (Calendar year) / Annual	New PI N/A	854	To be determined later		Health and Wellbeing
Outcome: Support for our vulnerable families and individuals								
EHPI 181	Time taken to process Housing Benefit new claims and change events.	Shared Revenues and Benefits	Monthly / Annual	9.73 days	10 days	10 days	10 days	Health and Wellbeing
EHPI 151	Number of households living in temporary accommodation.	Housing and Health	Quarterly / Annual	19	N/A - Trend only indicator			Health and Wellbeing
New - EHPI 150	Number of prevented homeless applications.	Housing and Health	Quarterly / Annual	229	N/A - Trend only indicator			Health and Wellbeing
EHPI 155	Number of affordable homes delivered (gross).	Housing and Health	Annual	147	125	125	125	Health and Wellbeing
NEW - EHPI 132	Percentage of full applications for Disabled Facilities Grant (DFG) approved within 7 weeks	Housing and Health	Monthly / Annual	100%	95%	95%	95%	Health and Wellbeing
NEW - EHPI 133	Pilot council tax intervention project (total appointments attended).	Shared Revenues and Benefits	Monthly / Annual	New PI N/A	??	??	??	Health and Wellbeing
Outcome: Communities engaged in local issues								
EHPI 3	Overall satisfaction with the authority.	Communications, Strategy and Policy	Biannual	69%	2015/16 Residents Survey results due to be presented to Scrutiny Committee in May 2016. New target to be set by June 2016.			Development Management and Council Support
New - EHPI 5.13a	Customer Satisfaction (GovMetric) - Face to Face.	Communications, Strategy and Policy	Monthly / Annual	83%	80%	80%	80%	Development Management and Council Support
New - EHPI 5.13b	Customer Satisfaction (GovMetric) - Telephone.	Communications, Strategy and Policy	Monthly / Annual	92%	90%	90%	90%	Development Management and Council Support
New - EHPI 5.13c	Customer Satisfaction (GovMetric) - Website.	Communications, Strategy and Policy	Monthly / Annual	35%	35%	35%	35%	Development Management and Council Support
NEW - EHPI 141	Participation in Team Herts volunteering	Health and Housing	Six monthly (financial year) / Annual	New PI N/A	200	200	200	Health and Wellbeing
NEW - EHPI 5.10	Percentage of services accessible via digital channels.	Communications, Strategy and Policy - via Channel Shift Project Team	Annual	New PI N/A	Targets to be set after first full year (2016/17)			Development Management and Council Support
NEW - EHPI 5.11	Percentage of broadband accessibility in the district.	Operations	Annual	New PI N/A	N/A - Trend only indicator			Economic Development
NEW - EHPI 5.12a	Social Media: Number of followers (twitter followers).	Communications, Strategy and Policy	Quarterly / Annual	6274	N/A - Trend only indicator			Leader
NEW - EHPI 5.12b	Social Media: Number of followers (facebook likes).	Communications, Strategy and Policy	Quarterly / Annual	408	N/A - Trend only indicator			Leader
Corporate Priority 2: Enhance the quality of people's lives								
Outcome: Attractive places								
EHPI 2.4	Fly-tips: removal.	Operations	Quarterly / Annual	1.88 days	2 days	2 days	2 days	Environment and the Public Space

Code	Indicator / Action	Lead Service / Data Source	Monitoring Frequency	2015/16 Outturn	Essential Reference Paper F Future targets - Annual			Portfolio Holder
					2016/17	2017/18	2018/19	
EHPI 195a	Improved street and environmental cleanliness: Litter.	Operations	Annual	3%	2%	2%	2%	Environment and the Public Space
EHPI 195b	Improved street and environmental cleanliness: Detritus.	Operations	Annual	8%	7%	7%	7%	Environment and the Public Space
EHPI 64	Vacant dwellings returned to occupation or demolished.	Housing and Health	Annual	11	10	10	10	Environment and the Public Space
EHPI 191	Residual household waste per household.	Operations	Monthly / Annual	467 kg	475 kgs	470 kgs	470 kgs	Environment and the Public Space
EHPI 192	Percentage of household waste sent for reuse, recycling and composting.	Operations	Monthly / Annual	48.69%	50%	50%	50%	Environment and the Public Space
EHPI2.2 (45)	Waste: missed collections per 100,000 collections of household waste.	Operations	Monthly / Annual	22.47	30.00	30.00	30.00	Environment and the Public Space
Outcome: Future housing development meeting the needs of the district								
New - EHPI 149	Percentage of affordable housing delivered on affordable sites.	Housing and Health or Planning and Building Control	Annual	60% (estimate)	N/A - Trend only indicator			Health and Wellbeing
EHPI 157a	Processing of planning applications: major applications.	Planning and Building Control	Monthly / Annual	78.00%	60.00%	60.00%	60.00%	Development Management and Council Support

Code	Indicator / Action	Lead Service / Data Source	Monitoring Frequency	2015/16 Outturn	Future targets - Annual			Portfolio Holder
					2016/17	2017/18	2018/19	
EHPI 157b	Processing of planning applications: minor applications.	Planning and Building Control	Monthly / Annual	89.00%	80.00%	80.00%	80.00%	Development Management and Council Support
EHPI 157c	Processing of planning applications: other applications.	Planning and Building Control	Monthly / Annual	92.00%	90.00%	90.00%	90.00%	Development Management and Council Support
New - EHPI 205	Percentage of site visits undertaken in relation to urgent cases within 2 working days of 'start date'.	Planning and Building Control	Monthly / Annual	New PI N/A	100%	100%	100%	Development Management and Council Support
EHPI 154	Net additional homes provided.	Planning and Building Control	Annual	TBA (December 2016)	455	737	748	Development Management and Council Support
EHPI 159	Supply of ready to develop housing sites.	Planning and Building Control	Annual	TBA (December 2016)	N/A - Trend only indicator			Development Management and Council Support
Corporate Priority 3: Enable a flourishing local economy								
Outcome: Support for our businesses and the local economy								
New - EHPI 11.3a	Business Counts: Local units in East Herts.	Operations	Annual	8,505	N/A - Trend only indicator			Economic Development
New - EHPI 11.3b	Business Counts: Enterprises in East Herts.	Operations	Annual	7,625	N/A - Trend only indicator			Economic Development
EHPI 8	Percentage of invoices paid on time.	Strategic Finance and Property	Monthly / Annual	98.23%	98.50%	98.50%	98.50%	Finance and Support Services
Outcome: Vibrant town centres								
New - EHPI 11.6	Town centre footfall (proxy measure based on Wi-Fi connections).	Communications, Strategy and Policy	Monthly / Annual	41,537 (Baseline)	N/A - Trend only indicator			Economic Development
New - EHPI 5.6	Total number of jobs in East Herts.	Operations	Annual	69000 (2015)	N/A - Trend only indicator			Economic Development
Outcome: Working with others, to have achieved the right infrastructure for our businesses and communities								
No performance indicators measure this outcome however key actions contained in the Corporate Strategic Plan and Service Plans do.								
Supporting Corporate Priorities 1, 2 and 3								
Corporate Health								
Amended - EHPI 5.1	Number of complaints resolved in 14 days or less.	Communications, Strategy and Policy	Quarterly / Annual	77.63%	67	67	67	Development Management and Council Support
Amended - EHPI 5.2a	Number of complaints about the Council and its services that are upheld a) 1st stage.	Communications, Strategy and Policy	Quarterly / Annual	24.60%	22	22	22	Development Management and Council Support
EHPI 10.2	Council tax collection, % of current year liability collected.	Shared Revenues and Benefits	Monthly / Annual	98.4%	98.6%	98.8%	98.6%	Finance and Support Services
EHPI 10.4	NNDR (Business Rates) collection, % of current year liability collected.	Shared Revenues and Benefits	Monthly / Annual	97.8%	97.5%	98.0%	98.0%	Finance and Support Services
EHPI 12c	Total number of sickness absence days per FTE staff in post.	Human Resources and Organisation Development	Monthly / Annual	5.62 days	Targets are to be set by HR Committee in July 2016			N/A
New - EHPI 5.15	FOI compliance: Percentage of FOI requests responded to within 20 working days.	Communications, Strategy and Policy	Monthly / Annual	82.00%	90%	90%	90%	Finance and Support Services

 New performance indicator

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EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 30 AUGUST 2016

REPORT BY CHAIRMAN OF CORPORATE BUSINESS SCRUTINY COMMITTEE

SCRUTINY WORK PROGRAMME

WARD(S) AFFECTED: ALL

Purpose/Summary of Report:

- To review and determine Corporate Business Scrutiny (CBS) Committee's future work programme.

RECOMMENDATION FOR DECISION: That	
(A)	The work programme detailed in this report be agreed.

1.0 Background

1.1 Items previously required, identified or suggested for the CBS work programme are set out in **Essential Reference Paper B**.

2.0 Report

2.1 The draft agenda for 2016/17 meetings of Corporate Business Scrutiny Committee is shown in **Essential Reference Paper B**. The timing of some items shown may have to change depending on availability of essential data (eg from central government).

2.2 Members are asked whether there is any additional topic they wish to put forward for inclusion on any future agenda.

2.3 Members are also asked whether they wish to extend an invitation to one or more of the Executive members to attend a particular meeting or for a specific agenda item.

2.4 Members are asked whether there is any training relevant to scrutiny or to the function/remit of CBS as a committee which they would like to have arranged. This could be done as a separate

session open to all scrutiny members or as an item on a future CBS agenda (as appropriate).

3.0 Implications/Consultations

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

Background Papers

None.

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Contact Officer: Kevin Williams – Interim Head of Legal and Democratic Services, Extn: 2170.
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Report Author: Marian Langley – Scrutiny Officer, Extn: 1612.
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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS:

<p>Contribution to the Council's Corporate Priorities/ Objectives:</p> <p>2016/17 wording</p>	<p>Priority 1 – Improve the health and wellbeing of our communities</p> <p>Priority 2 – Enhance the quality of people's lives</p> <p>Priority 3 – Enable a flourishing local economy</p> <p>Effective use of the scrutiny process contributes to the Council's ability to meet one or more of its corporate objectives.</p>
<p>Consultation:</p>	<p>Potential topics for scrutiny are always invited from the Executive and all Members and the public are asked through an annual item in the 'council tax' edition of LINK magazine which is delivered to every household. Members of each scrutiny committee are consulted at every meeting as their work programme is a standing item on the agenda.</p>
<p>Legal:</p>	<p>According to the Council's constitution, the scrutiny committees are responsible for the setting of their own work programme in consultation with the Executive and in doing so they shall take into account wishes of members on that committee who are not members of the largest political group on the Council.</p>
<p>Financial:</p>	<p>Any additional meetings and every task and finish group has resource needs linked to officer support activity and time for officers from the services to make the required input.</p>
<p>Human Resource:</p>	<p>None</p>
<p>Risk Management:</p>	<p>Matters which may benefit from scrutiny may be overlooked. The selection of inappropriate topics for review would risk inefficient use of resources. Where this involved partners, it could risk damaging the reputation of the council and relations with partners.</p>
<p>Health and wellbeing – issues and impacts:</p>	<p>The broad remit of scrutiny is to review topics which are of concern to the public, many of which have an indirect impact on the general wellbeing of residents of East Herts.</p> <p>The Health and Wellbeing Scrutiny Committee is set up to specifically focus in on issues and topics which have a direct and immediate impact on the health and wellbeing of all those who live, work or study in the district.</p>

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Corporate Business Scrutiny Committee Work Programme DRAFT 2016/17

2016/17				
meeting	date	topic	Contact officer/lead	Next Exec
Meeting 4 in 16/17	11 Oct 2016 Report deadline 28 Sept	The start of this meeting will have some time set aside for Budget and Service Planning preparation (member training/briefing) – open to ALL members	Head of Strategic Finance and Head of Communications, Strategy and Policy	25 October 2016
		Discretionary Rate Relief – update of EH policy (agreed at CBS 12 July)	Head of Revs and Bens Shared Service	
		NEW STYLE REPORT: Mid-year Corporate Strategic Plan Progress Report (2016/17)	Lead Officer – Corporate Planning	
		Work programme	Scrutiny Officer	
Meeting 5 in 16/17	29 Nov 2016 Report deadline 16 Nov	Work programme	Scrutiny Officer	06 December 2016
		Council Tax Support Scheme 2017/18 (for recommendation)	Head of Shared Service	
		4 year Corporate Strategic Plan (2017/18 to 2020/21)	Timing of this item TBC	
		Update on the Eastern Plateau funding for local businesses	Economic Development Manager	
		Review of the Wentra 'MyIncubator' Centre at HRC	Exec Member for economic development	

Essential Reference Paper 'B'

			and lead officers	
		NEW STYLE REPORT: Quarter 2 Performance Report (Aug - Oct 2016)	Lead Officer - Performance	
Meeting 6 in 16/17 JOINT	17 Jan 2017	BUDGET REPORT(S)	Titles TBC	07 February 2017
Meeting 7 in 16/17 JOINT	14 Feb 2017	2017/18 – 2020/21 Service Plans		04 April 2017
		NEW STYLE Q3 Performance Report (Nov - Dec 2016)	Bring to JOINT (rather than delay for next CBS)	
Meeting 8 in 16/17	11 Apr 2017	Asset Management Plan	Head of Strategic Finance	XX
		?		
		?		
	Report deadline 29 Mar	Work programme – evaluation of 2016/17 and planning for 2017/18	Scrutiny Officer	

The CfPS four principles of good public scrutiny:

- *provides 'critical friend' challenge to executive policy-makers and decision-makers*
- *enables the voice and concerns of the public and its communities*
- *is carried out by 'independent-minded governors' who lead and own the scrutiny role*
- *drives improvement in public services*

<p>Corporate Business Scrutiny</p>	<ol style="list-style-type: none"> 1. To develop policy options and to review and scrutinise the policies of the Council relating to Communications, Corporate Performance and Risk Management, Local Strategic Partnership, Customer Service, Finance, Information and Communications Technology, Democratic Services, Member Support, Facilities Management, Asset Management, Legal, Revenues and Procurement. 2. To consider the budget setting proposals and strategies of the Council. 3. To make recommendations to the Executive on matters within the remit of the Committee. 4. To take evidence from interested groups and individuals and make recommendations to the Executive and Council for policy change on matters within the remit of the Committee. 5. To consider issues referred by the Executive, including modifications to the Constitution, or members of the Committee and where the views of outsiders may contribute, take evidence and report to the Executive and Council on matters within the remit of the Committee. 6. To consider any item referred to the Committee by any Member of the Council who is not a member of this Committee and decide whether that item should be pursued on matters within the remit of the Committee. 7. To appoint annually Standing Panels as may be determined, which shall be given a brief to consider a specified service area relating to matters within the remit of the Committee and report back to the Committee on a regular basis as determined by the Committee. 8. To consider, should it choose to do so, any item within the remit of the Committee to be
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	considered by the Executive (except items of urgent business). The relevant report to the Executive shall consider any report and recommendations on the item submitted by the Scrutiny Committee.
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