



MEETING : EXECUTIVE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 5 SEPTEMBER 2017
TIME : 7.00 PM

MEMBERS OF THE EXECUTIVE

Councillor Linda Haysey	-	Leader
Councillor Eric Buckmaster	-	Executive Member for Health and Wellbeing
Councillor Gary Jones	-	Deputy Leader and Executive Member for Economic Development
Councillor Graham McAndrew	-	Executive Member for Environment and the Public Space
Councillor Suzanne Rutland-Barsby	-	Executive Member for Development Management and Council Support
Councillor Geoffrey Williamson	-	Executive Member for Finance and Support Services

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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.

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AGENDA

1. Apologies

To receive apologies for absence.

2. Leader's Announcements

3. Minutes

To approve as a correct record the Minutes of the meeting held on 27 June 2017 (previously circulated in the Council agenda of 18 July 2017).

4. Declarations of Interest

To receive any Member(s) declaration(s) of interest.

5. Investing in Culture in Hertford (Pages 5 - 16)

6. Approval of Property Investment Company Business Plan and Case for Incorporation of the Company (Pages 17 - 94)

Note – Essential Reference Papers B – D are enclosed for Members only as they contain exempt information as defined by paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972

7. Business Rates Revaluation Support Scheme 2017/18 – 2020/21 (Pages 95 - 102)

8. Request for Area Designation for Neighbourhood Planning: Thundridge, Thundridge Parish Council (Pages 103 - 112)

9. 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.

EAST HERTS COUNCIL

EXECUTIVE - 5 SEPTEMBER 2017

REPORT BY THE EXECUTIVE MEMBER FOR HEALTH AND WELLBEING

INVESTING IN CULTURE IN HERTFORD

WARD(S) AFFECTED: All wards within Hertford

Purpose/Summary of Report

There are a number of schemes that are being considered by both the Council and other partners that all relate to the Cultural offer within Hertford. These fall into three main projects which if considered as individual business cases may not stack up on purely financial terms, however, by wrapping the projects together they could deliver much greater benefits for Hertford and the wider area overall. Given the proximity of the projects to each other there is a potential of establishing a “Cultural Quarter”, an area within the town that could have a positive benefit on each other and beyond. This paper considers the opportunity to invest in two of those projects through the use of New Homes Bonus reserve.

RECOMMENDATIONS FOR EXECUTIVE: that:

(A)	the use of New Homes Bonus reserve funding to provide seed funding of up to £20k to the Arts Hub to enable more detailed scope and design work to be undertaken, be approved; and
(B)	the use of New Homes Bonus reserve funding to provide a contribution of up to £100k towards the cost of building works to expand Courtyard Arts as per the planning permission already granted, be approved, subject to the rest of the project funding being raised to allow the full project, as outlined, to go ahead.

1.0 Background

1.1 The Hertford Urban Design strategy that has been approved by the Council recognised that Hertford could benefit from better defined “quarters” that made best use of the unique characteristics of parts of the town to create a more attractive offer, encouraging vibrancy, movement in the town and encourage visitors to the area. Hertford already has a rich heritage and cultural offer but there is the potential to build further on this through the creation of a cultural quarter. There are three main projects that the Council and its partners are currently considering investing in that have the potential to create this broader, cultural offer.

1.2 The three projects are:

- Improving facilities at Courtyard Arts
- Creation of an Arts Hub at two sites in Hertford
- Considering the commercial approach at Hertford Theatre

1.3 Tourism is already an important part of the local economy within Hertford and contributes significantly to the towns overall vibrancy. In 2015, Visit Herts undertook a visitor values and volume study of our 5 main towns. The information for Hertford concluded that:

- There are 609,500 annual trips to Hertford with the vast majority of these being day trips
- 43,500 trips include overnight stays, with the average length of stay being over 7 days
- The average spend for overnight stays is just over £40 per day and day trip spend just over £41per day. (This includes people who stay overnight with friends and family so this has potential to impact on the numbers and in addition, Hertford may be being used as a base for day trips further afield including London)
- The tourism and visitor economy creates and supports around 830 jobs within the town.

1.4 Through investment in projects that could attract different visitors to the town there is an opportunity to increase both total visitor spend as well as average spend per day within the area.

- 1.5 There are four sites that make up the projects identified in this report and these are within easy walking distance of each other. There are already well established links between Courtyard Arts and Hertford Theatre with joint-working both informally and formally in place.
- 1.6 For the Arts Hub, both the Theatre and Courtyard Arts may benefit from the creation of the art gallery and workshop space. This should attract new people into the area that may have otherwise not come. Local shops, restaurants and hotels should also benefit from additional tourism spend too.
- 1.7 There are already other cultural and heritage projects within the town that would complement the three projects as described in this paper. Hertford Town Council have recently invested in a heritage trail with plaques around the town showing sites of interest, encouraging people to walk around the town to view these. On the fringe of the suggested quarter is Hertford museum as another example.

2.0 Detail on Projects being considered

Courtyard Arts (Port Vale, Hertford) – Improving facilities

- 2.1 Courtyard Arts and Community Centre has been in operation since 1996 as a community art space in Hertford. It is run as a Community Interest Company and Charity.
- 2.2 The centre operates out of a building on Port Vale that is owned by East Herts Council and is leased to Courtyard Arts for £7kpa. When Courtyard Arts originally moved into the building, the Council provided £25k as a contribution towards the costs of converting the space into suitable facilities for use as an arts centre.
- 2.3 The current configuration of space allows for studio space for rental by local artists, teaching space, gallery space and a small café that sells homemade cakes plus a small shop. The centre also operates outreach work in the community to enable those who have an interest in art in Hertford and the surrounding area, access to activities.

- 2.4 Currently, they have more than 150 members, more than 200 people attending classes every week and between 25 and 30 exhibitions per year at the gallery, or at Hertford Theatre who also display artwork in their foyer. Their main objective is to provide a launch pad for all members of the community to achieve their artistic potential and they undertake outreach work with local school children, young and older carers, with individuals affected by disability including dementia and with those from a disadvantaged background. In 2015 the centre ran 51 workshops for these groups within the community.
- 2.5 The centre is entirely self-funded and currently has an annual turnover of around £113k pa which has until recent years covered the costs of the work of the centre. In the last 2 years they have made a small loss of between £1-4k.
- 2.6 The proposed project will expand the centre to address unmet need within the area, demonstrated by the fact that there is a significant waiting list for -courses and for the studio space. Having reviewed the potential for expanding the centre to create more space and to transform the way in which they could run their services, they sought planning permission for a reconfigured building, including covering the courtyard with glass to create a more permanent gallery and café space that could be used all year round. This permission has been granted and expands the useable space of the site by around 50% with the majority of that being increase in teaching space which is their main source of income.
- 2.7 Should the site be built out, the anticipated turnover would significantly increase however the running costs would also increase. The requested investment would put the centre on a more financially stable footing and it's anticipated a small surplus would be generated after 3 years once all the space can be fully utilised.
- 2.8 The anticipated build time would be between 9 and 12 months and during that time they would lose income by not having the space to run some of the courses and projects as normal.
- 2.9 Initial estimates of building the new facility do vary significantly in their business plan and they would need to undertake more rigorous tendering to get to a detailed price. Estimates to date

show the work is likely to be at least £350k. The Centre has engaged someone with fundraising experience to assist in seeking funding for the project.

- 2.10 In terms of outcomes for individuals, it is anticipated that there would be increases of 60% in teaching spaces pa (from 240 students a week to 390), an additional 15 term time courses (50% increase) and the potential for more courses and activities in the covered courtyard area during winter months and finally more capacity for arts parties. The volume increases are phased over 5 years.
- 2.11 Courtyard Arts have drafted a business case for how the project would be managed if they are able to raise funds. East Herts Council was initially approached for a £10k grant towards project costs so that their architects and structural engineer could be engaged to develop detailed drawings, given the building belongs to us. We were able to fund this from existing budgets. Without these more detailed costs and drawings, raising funds for the overall project from others would be much more difficult as grant givers expect to see this level of detail within bids. They have already secured over £10k from two grants towards the rest of the costs of undertaking this work.
- 2.12 Funding of £100k towards the costs of the work for the building has been requested in recognition that East Herts Council, as the freeholder of the building, will gain from an increased asset value once the work is completed. It is also suggested that we could expect a small increase in the rental fees once the works are complete, although this is likely to be modest, in the region of an additional £1k pa in rent.

Creation of an Arts Hub within Hertford

- 2.13 A project has been identified around a local, world-renowned artist called Alan Davie who lived in Hertford until his death in 2014. Some of his work is currently displayed in the Tate and is sought after from collectors with a number of his paintings displayed at galleries both nationally and internationally. A group has been formed to consider a way in to recognise Alan Davie's connection with this area as well as using this opportunity to encourage arts investment into the area.

- 2.14 The Arts Hub is a group that has been set up to explore the possibility of utilising space within the McMullen's Brewery Site which is currently being developed by White Hart developers for housing. Part of the site has been set aside as community use within the S106 agreement and the developers have been looking for community partners to work with.
- 2.15 Hertford Theatre had considered whether this space could meet some of the needs they have to alleviate their own pressures on studio space, but this location is unsuitable for their activities.
- 2.16 In addition, a site that is owned by Herts County Council, the site of the Old British School, across from the brewery site, has been sitting dormant for some time and the covenants and restrictions on the land are such that it has been difficult to identify a use and purpose for this site. (The restrictions are essentially that it needs to be used for educational purposes but is totally unsuitable for modern school facilities).
- 2.17 An ambitious project is being considered by the Arts Hub that could bring back into use both the Old British School site as well as utilise the community space within the McMullen's brewery site to house a collection of Alan Davie works and other well-renowned artists. This could create wider opportunities for educational opportunities linked to this gallery space. There would also be the potential to create workshop space (which would complement the space at Courtyard Arts rather than compete) at the Old British School that Hertford Theatre may wish to utilise on occasions.
- 2.18 Funding has been established for a PhD into the later work of Alan Davie, which would be essential to any fundraising efforts to bring this project to fruition. The idea would be to create a financially sustainable venture for high-quality gallery and educational space which has the potential to attract new visitors and tourists to Hertford.
- 2.19 To fund such an ambitious project would require funding of several £m for both sites and fundraising would be sought from bodies such as the Arts Council.
- 2.20 Successful bids to the Arts Council often demonstrate the wider benefits to an area including bringing historic buildings back to life

and contributing to the regeneration of towns and for positive economic impacts too. The group have engaged specialists (Counter Culture) to consider the potential benefits that this kind of project could bring to Hertford in the context of a wider cultural offer, and discussion with Hertford Theatre has already taken place as part of their exploratory work.

- 2.21 To be in a position to pull together the bid, the Arts Hub require seed funding in the region of £120k which includes funding for this specialist consultancy work as well as more detailed architectural and building design work.
- 2.22 East Herts have been asked for a contribution to the seed funding costs only with no expectation for funding of the actual capital works. In return, there is an opportunity to learn from the findings of the consultants that may be useful to other work we would want to do around Hertford Theatre.
- 2.23 Contributions have already been received from the developer, Hertford Town Council (although this is tied to a match fund from us if we choose to make one) and potentially some funding from HCC. It is proposed to contribute £20k to the project.
- 2.24 In terms of direct benefits from the project there are no specific financial returns to East Herts although clearly if the project was successful at securing funding and creating the kind of arts offer hoped for, then there are potential benefits around increased footfall within the town and the positive impact on the visitor economy for both the Town, the surrounding area and other services we have an interest in. It may also bring new visitors to Hertford Theatre which would have direct financial benefits for the Council.

Considering the commercial approach at Hertford Theatre

- 2.25 Hertford Theatre is a well-established venue within Hertford with a reach much wider across the District and surrounding area. Through the hard work of the team based there, and investment from the council they have built an excellent reputation for the breadth of the arts and cultural offer delivered from the theatre.
- 2.26 They offer a wide variety of shows, productions and films at the site alongside rooms for hire and a café in the foyer including the

popular annual pantomime. The theatre has also established close links with other organisations such as Courtyard Arts plus other regional theatres to ensure a broad offer that appeal to a wider audience of theatregoers. In addition they have been successful at securing funding from a number of sources to increase accessibility and reach to audiences that may otherwise not attend the theatre as well as putting on specialist productions/workshops for specific groups including those affected by dementia, special screenings of films for individuals with autism and outreach work with schools.

- 2.27 The theatre is currently subsidised by the council and a review is underway to determine if there are potential ways in which to reduce that subsidy through investment in the theatre and be able to harness more commercial opportunities such as accessing first run screenings for films.
- 2.28 Through this work it will also be possible to better describe the broader social benefits of the work the theatre undertakes with other groups and partners and the positive impact they have on health and wellbeing. This paper does not address the specifics of this business case as that will come forward later in 2017. To be able to assess the impact of all of the projects on each other it is important to consider the theatre as part of the overall approach to creating a cultural quarter in Hertford.

3.0 Key Considerations

- 3.1 By considering the outcomes of all 3 projects together, it can be seen that there is the potential to create a distinct area within Hertford that could be identified as a cultural quarter that could draw new visitors to the area and have a positive impact on the economic and social vibrancy of the town centre as well as a positive impact on individuals health and wellbeing.
- 3.2 The Council does not currently have an overall Cultural Strategy for the whole District, but this is being developed and will be considered during 2017/18. There are also a number of other projects where investment has been made by the Council into arts and culture or that are already under consideration e.g. Ware Arts Centre and options for Bishop's Stortford town centre.

3.3 The financial impact of the proposals in Hertford would be as follows:

- £20k revenue contribution to The Arts Hub, to fund initial works to put together funding bids from national Arts and Heritage funds
- £100k capital grant funding to Courtyard Arts to partially fund works to a building that we own the freehold of
- £10k revenue contribution to Courtyard Arts to enable the engagement of architects and structural engineers to get fully worked up costed proposals for the necessary work.
(NB.This has already been funded through existing resources within agreed council budgets)

3.4 To fund both the capital grant to Courtyard Arts and the contribution to the Arts Hub, it is proposed to allocate money from the New Homes Bonus priority fund reserve. This reserve is set aside to fund one-off projects that meet the Council's overall priorities and is therefore an appropriate way in which to fund these two project contributions.

4.0 Implications/Consultations

4.1 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:	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:	The HUDS steering group (made up of representatives from HCC, HTC and EHC) reviewed the plans in July 2017.
Legal:	None
Financial:	<p>The proposals being considered include an investment in two different projects.</p> <p>The first project, with the Arts Hub, will be a £20,000 contribution to initial seed funding to be able to develop a full business case and applications for funding from bodies such as The Arts Council. A number of other contributions have already been sought by the Arts Hub from other partners and organisations to enable all of the initial preparatory work to go ahead. The £20,000 will be funded from the New Homes Bonus Priority reserve, which is an appropriate use for one-off expenditure.</p> <p>The second project, Courtyard Arts, will be a £100,000 contribution to the overall works required to realise the expansion of the building and therefore the relative expansion of services being delivered from the centre. The Council is the owner of the building and currently receives an annual lease amount of £7,000 per annum from Courtyard Arts, which will be marginally increased once the building works are complete. This contribution will be funded from the New Homes Bonus Priority. In addition, an initial £10,000 contribution has been made to allow full and detailed costings to be undertaken for the works to be carried out. This was able to be funded from within existing budgets within the Council.</p>

Human Resource:	N/A
Risk Management:	<p>The proposals relate to contributions to projects that are being managed by external organisations. Whilst we have no direct control over the delivery of the projects the Council is keen to ensure that close working relationships are maintained to ensure that the overall aims of creating a “cultural quarter” within Hertford can be realised.</p> <p>Strong working relationships between Courtyard Arts, The Arts Hub and Hertford Theatre are already well-developed and we need to ensure we continue to build upon these.</p> <p>Given the capital works at Courtyard Arts are to be undertaken on an asset that we own, we would want reassurance that the works are done to a suitable standard, and in light of that we have contributed £10,000 towards the cost of full and detailed plans for the works to be carried out. We will also work with Courtyard Arts to ensure appropriate inspections are undertaken, which is standard practice within a landlord/tenancy agreement.</p>
Health and wellbeing – issues and impacts:	<p>Improving access to cultural opportunities for residents can have a positive impact on health and wellbeing. By investing in, and developing a stronger cultural identity within Hertford, this should have a positive impact both at a local and wider level.</p> <p>Courtyard Arts and Hertford Theatre already undertake a number of outreach programmes within the community and this allows a continuation and potential expansion of these programmes in future.</p>

EAST HERTS COUNCIL

EXECUTIVE - 5 SEPTEMBER 2017

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND SUPPORT SERVICES

APPROVAL OF PROPERTY INVESTMENT COMPANY BUSINESS CASE AND INCORPORATION OF THE COMPANY

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report seeks approval of the strategic and financial business case for setting up a Property Investment Company wholly owned by East Herts Council with the initial remit to take on ownership of the council's existing five residential properties which it would then let out in the private rented sector.
- Approval is sought for the governance arrangements for the company, with approval for the necessary draft legal documentation for incorporation also being sought and delegated authority to finalise the documentation and proceed to incorporation of the company.
- The key revenue and capital outcomes of the draft initial business plan relating to the letting out of the five properties, developed following further specialist advice from external consultants, is included for noting with approval sought to recommend to full Council in due course the finalised initial business plan and that council monies be allocated in the form of a State Aid compliant loan and equity investment.
- It is drawn to members' attention that the recommendations in this report will enable the Property Investment Company to be incorporated and, in theory, commence trading. That said however, the company will only be able to commence trading in reality once resources have been made available by full Council at a later date.

<u>RECOMMENDATIONS FOR EXECUTIVE:</u> that:	
(A)	the strategic and financial business case (presented in paragraphs 1.10 – 1.21) for the proposed Property Investment Company be approved;
(B)	the Memorandum and Articles of Association, appended in draft form to this report, be approved in principle with final approval delegated to the Executive Member for Finance and Support Services acting in consultation with the Head of Housing and Health and Head of Legal and Democratic Services;
(C)	the Shareholder Agreement, appended in draft form to this report, be approved in principle with final approval delegated to the Executive Member for Finance and Support Service acting in consultation with the Head of Housing and Health and Head of Legal and Democratic Services;
(D)	the Property Investment Company, to be called Millstream Property Investments Limited, be incorporated as a company limited by shares wholly owned by East Herts Council;
(E)	authority to complete and submit the necessary documentation for incorporation be delegated to the Head of Legal and Democratic Services;
(F)	East Herts Council’s full Council assumes the role of Shareholder of the company;
(G)	authority to determine a Shareholder representative to attend general meetings or enter into communication with the company in place of such meetings be delegated to the Leader of East Herts Council;
(H)	a Shareholder Advisory Group of three elected members of East Herts Council be established with the purpose of advising the Council when exercising its role as Shareholder, with advice provided by senior officers of the council;

(I)	the identification of members of the Shareholder Advisory Group be delegated to the Leader of East Herts Council;
(J)	the composition of the company's Board of Directors to be, in the first instance, three Core Directors who shall be officers of East Herts Council, with up to an additional three directors appointed at any time in the future as Independent Directors selected for their relevant expertise and experience;
(K)	authority to nominate the Core Directors be delegated to the Leader of East Herts Council acting in consultation with the Chief Executive;
(L)	authority to nominate the Independent Directors be reserved by full Council acting in its role as Shareholder;
(M)	the key outputs of latest draft initial 30 year business plan, covering the purchase and management of the council's existing five residential properties, included in Essential Reference Paper 'D' be noted;
(N)	the initial 30 year business plan be finalised for presentation to full Council in due course in support of the allocation of capital resources;
(O)	the Executive recommends to full Council that the council provides the company with a State Aid compliant loan and equity investment in line with East Herts Council's existing financial policies, subject to Council's approval of the company's 30 year business plan;
(P)	the Executive recommends to full Council that the four council-owned properties in Bishop's Stortford known as 1 Old River Lane, 2 Old River Lane, 3 Old River Lane and Castle Bungalow, Castle Gardens and the council-owned property in Hertford known as 6 Water Lane are disposed of to the company, subject to full Council's approval to release capital for equity and loan funding; and
(Q)	once the company's initial 30 year business plan has been submitted to and approved by the Council, and subject to full Council's approval of funding, the company may start trading.

1.0 Background

- 1.1 This report and associated appendices present the strategic and financial business case for establishing a Property Investment Company, wholly owned by East Herts Council, for the purpose of generating revenue and capital income. At this time, it is proposed that the company would only be concerned with the purchase and letting of the council's five existing residential properties although the Articles of Association would enable the generation of revenue and capital income through the acquisition of residential properties for private rent and sale and commercial properties for lease and sale.
- 1.2 Earlier versions of the business case, business plan modelling and governance proposals have been considered by the erstwhile Corporate Business Scrutiny Committee on 30 August 2016 and 29 November 2016 and by the Joint Meeting of Scrutiny Committees on 17 January 2017 and 14 February 2017. Consideration by the scrutiny committees has been very helpful in refining the proposals, including focusing on transferring the council's five residential properties before considering further acquisitions. The proposals and recommendations in this report stem directly from member scrutiny.
- 1.3 At its meeting of 4 April 2017, the Executive approved:
- in principle... to develop a property investment company, the incorporation and trading of which is subject to future approval of a full financial business plan for the company.*
- 1.4 This report provides the strategic and financial business case for approval, along with key revenue and capital outputs from the latest business plan for noting.
- 1.5 At the same meeting, the Executive approved that:
- Memorandum and Articles of Association and a Shareholder Agreement are drafted for consideration alongside the business plan at a future date.*
- 1.6 Draft versions of these documents are included in **Essential Reference Papers 'B' and 'C'** respectively and are discussed in more detail in paragraphs 2.17 – 2.21 below.

The proposal

1.7 The proposal under consideration in this report is to establish a Property Investment Company wholly owned by East Herts Council to take on the ownership of five residential properties currently owned by the council and to rent these out in the private rental sector.

1.8 The five properties under consideration are:

- 1 Old River Lane, Bishop's Stortford
- 2 Old River Lane, Bishop's Stortford
- 3 Old River Lane, Bishop's Stortford
- Castle Bungalow, Castle Gardens, Bishop's Stortford
- 6 Water Lane, Hertford.

1.9 The reasons underlying the proposal have been considered at the various scrutiny meetings noted above and the Executive meeting in April 2017, namely, to:

- be able to operate the five properties in the private rental sector, that is, to use the council's 'general power of competence' to trade in a commercial setting. The context for use of the council's powers is covered in **Essential Reference Paper 'D'**. See paragraphs 2.2 – 2.7 for further details of the legal basis to trade
- provide a revenue income stream to support the council's activities and contribute to reducing the impact of financial pressures on existing services. See section 3 for a more detailed discussion of financial matters
- benefit from any uplift in property values over time
- diversify the council's investment portfolio. See paragraph 1.13 – 1.16 for more details of this.

Strategic business case

1.10 As noted by the Executive at its meeting on 4 April 2017, East Herts Council, like many local authorities, is facing reductions in subsidy and grants from central government and so is finding it

increasingly challenging to fund both existing services and emerging priorities.

1.11 The Medium Term Financial Plan (MTFP) has highlighted:

- Revenue Support Grant funding from central government reduces from £1,145k in 2016/17 to £351k in 2017/18 and then reduces to zero from 2018/19. This is a significant loss in funding within the MTFP
- there is no long term certainty over the future of New Homes Bonus and already New Homes Bonus reforms have reduced the amount of grant received
- the Department for Communities and Local Government (DCLG) includes in their assumptions that Council Tax will be increased by at least the referendum limit amount, £5 for East Herts Council, each year until 2019/20
- the proposed move to 100% Business Rates Retention will place additional risk to the future funding of local government from 2019/20. The tariff/top-up system will remain in the reformed scheme limiting the amount of Business Rates income that East Herts Council retains
- the funding formula which DCLG use to determine the baseline funding need for each Local Authority will also be revised significantly from 2019/20. This may also have a significant effect on the Business Rates income that East Herts Council retains
- the introduction of the 100% Business Rate retention policy will be potentially delayed. The expected Finance Bill is not part of this parliament's legislative agenda.

1.12 Given the above, it is imperative that the council acts to secure other sources of income in the longer term to prepare for potential further reductions to these sources of funding.

1.13 To this end, the council has already made a number of investment decisions with the aim of securing a revenue return on assets held. The council's approach to investment is laid out in its Treasury Management Strategy, devised to be compliant with CIPFA's Prudential Code.

- 1.14 The council's Investment Strategy is contained within the Treasury Management Strategy. The Investment Strategy is set with regard to the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The council's investment priorities are security first, liquidity second, then return. The aim is to avoid a concentration of risk.
- 1.15 Holding diversified forms of investment is a well-established way of mitigating risk.
- 1.16 The council already holds investments, such as property bonds, which do not of themselves directly providing a community benefit, but do create much needed revenue income with which to offset government funding reductions, maintain desired council tax levels and/or support the council's service development priorities.
- 1.17 The council's Corporate Strategic Plan includes prioritising work to "Undertake feasibility work on setting up a company to build new homes" as a means of meeting one of the council's key priorities, that is, to "enhance the quality of people's lives". While the proposal in this paper is simply to transfer the ownership of the council's five residential properties to a wholly owned company, this *could* provide 'proof of concept' for property development at a later stage should members wish to consider this approach. The matters under consideration in this paper neither prejudice nor fetter members' future decisions regarding housing development.

Commercial and financial business case

- 1.18 In order to assess the commercial and financial business case for establishing a company for the purpose of generating revenue income and capital growth through property investment, the council devised a 30 year business plan model, drawing on financial and tax advice from PWC. This model has been scrutinised internally, including by members of the Corporate Business Scrutiny Committee.
- 1.19 Savills, a leading specialist property and investment advice consultancy, was invited to scrutinise and review the model. Savills concluded:

The [council's] overall approach and business plan model is similar to those which we have seen at other local authorities. We have reviewed the workings of the business plan model, and successfully carried out sense checks, largely by mirroring the results in our own model...

The business plan is based on the company being entirely funded by the Council. This is the approach which is followed by almost all Councils looking to set up property investment companies in similar circumstances, due to simplicity and value for money.

1.20 Savills recommended a small number of amendments to the inputs and assumptions used in the model which have been incorporated and have informed the key revenue and capital cash flows presented in **Essential Reference Paper 'D'**. In summary, the amendments were:

- using the same inflation rate for all inputs, including rent and capital value increases and management and maintenance increases, and
- increasing the figures used for capital works and replacements.

1.21 Following Savills' commentary, bespoke tax advice was sought from PWC. This advice has confirmed officers' understanding of the tax position regarding the company and provides assurance that the proposed approach is sound – see section 3 for more discussion of this.

2. Report

2.1 As noted above, the proposal in this report is to set up a Property Investment Company wholly owned by East Herts Council to take on the ownership of five residential properties currently owned by the council and to rent these out in the private rental sector.

Legal basis of the company

2.2 Trowers and Hamlins has provided detailed advice on the legal aspects of establishing a company; the information in this section of the report has been taken from the advice provided.

2.3 Section 1 of the Localism Act 2011 provides local authorities with the power to do anything an individual may do, subject to a

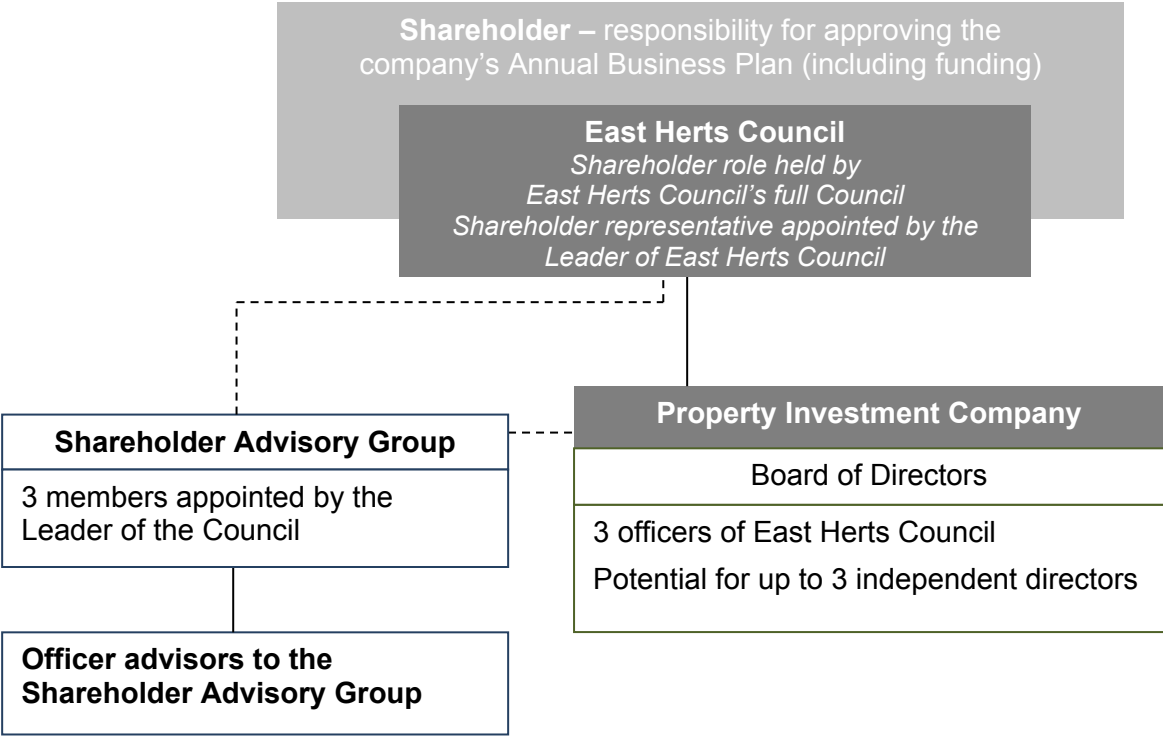
number of limitations. This is referred to as the 'general power of competence'. A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others.

- 2.4 In exercising this power, a local authority is still subject to its general duties, such as the fiduciary duties it owes to its rate and local tax payers and to the public law requirements to exercise the general power of competence for a proper purpose.
- 2.5 Section 4 of the Localism Act 2011 requires that where a local authority exercises the general power of competence for a commercial purpose it **must** do this through a company.
- 2.6 Section 95 of the Local Government Act 2003 is also of relevance. The associated regulations, Regulation 2 of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009, require a business case to be prepared and approved by the council before a company starts trading. This report constitutes consideration of the strategic and financial business case.

Form of company and proposed governance arrangements

- 2.7 The Localism Act 2011 defines which forms of company a local authority can use to trade. These are; a company limited by shares, a company limited by guarantee and a community benefit society. Of note, a limited liability partnership is not an available legal structure.
- 2.8 The legal advice provided by Trowers and Hamlins is that the company should be a company limited by shares. This form of company complies with the ability to trade provisions set out within the Localism Act 2011. East Herts Council would own the entire share capital. There are certain requirements that would apply to the company, some of which are statutory such as the obligation to file annual returns and accounts, while others the council would be able to determine itself, including the governance arrangements.

2.9 It is proposed that the governance of the company would be as follows.



2.10 The respective roles of the constituent parts would be as follows.

Body	Role
East Herts Council would be the sole shareholder	Full Council, when meeting formally, would take decisions reserved for the shareholder in the company's Memorandum and Articles of Association and Shareholder Agreement. Such decisions would include the approval of the company's business plan on an annual basis
Shareholder representative	An individual, whether an elected member or officer of East Herts Council or another person, appointed by the Leader of the Council to represent the Shareholder at general meetings of the company or in other communications with the company if, as a single shareholder, the shareholder decides not to hold general

	meetings
A shareholder advisory group consisting of three elected members	Appointed by the Leader of the Council, this group would exercise oversight of the company's reports and performance on a regular basis, and provide strategic guidance and advice to full Council when it is exercising its rights and responsibilities as the shareholder
The company's Board of Directors	This body would manage the affairs of the company on a day-to-day basis. It is proposed that in the first instance all directors would be officers of the council, who would not receive any additional remuneration for this role. In time, there would be provision for additional independent directors appointed in time for their expertise in regard to property management, finance and the like; independent directors would probably require some remuneration

2.11 While the company's Board of Directors would manage the company's affairs on a day-to-day basis, the council would have a number of ways in which it could legitimately guide the activity of the company, including:

- as the shareholder – appointing and removing directors, signing off the company's annual business plan, signing off any changes to the company's Articles of Association and making any other decisions reserved for the shareholder in the Articles and Shareholder Agreement
- as a funder – deciding whether or not to make loans to the company and setting the terms of these loans
- as an owner of properties and/or land – making available properties and/or land to the company. Note: the business case under consideration here is concerned only with the transfer of the council's existing five residential properties.

2.12 It is envisaged that the company would not employ its own staff unless at a later stage the council acting in its shareholder role approves a business plan including expansion of the company's operation. As council officers, with member oversight, are currently managing the five properties under consideration and a number hold directorships of commercial companies jointly owned by the council, notably the CCTV Partnership company and the Building Control company, it is believed that the necessary skills to deliver the proposed company are available in-house.

2.13 For avoidance of doubt, the company would only ever be able to purchase properties in line with the annual business plan approved by the shareholder, that is, the council. In this way, the shareholder has the ability to approve, or otherwise, should it wish:

- whether the company procures any properties in the forthcoming year, including perhaps setting minimum or maximum caps on the number of properties acquired. Note: only the council's five existing properties are currently proposed for acquisition by the company
- whether the company divests itself of any properties
- rental yields that would be acceptable to the shareholder
- the circumstances in which finance will be provided and the conditions attached to this.

2.14 The company's directors would, of course, be obliged under the Companies Act 2006 to ensure that the company's financial circumstances are sound. It is envisaged that through on-going dialogue between the directors of the company and the council, largely through the shareholder advisory group, the company would be able to frame its draft annual business plan in line with the aims of its shareholder.

2.15 The roles and responsibilities of the council and the company are summarised in the following table:

	Council's responsibility	Company's responsibility
Sets up the company	✓	
Writes the initial business plan for member approval	✓	

Appoints directors	✓ <i>acting as the shareholder</i>	
Drafts annual business plan (once the company is trading) covering proposals for: <ul style="list-style-type: none"> • acquiring properties in the coming year • financial resources required from the council • use of profits within the company or paid as dividends to the shareholder 		✓
Approves (or otherwise) the annual business plan for the company	✓ <i>acting as the shareholder</i>	
Provides financial resources and defines the terms of loans, equity investment, shareholder loans of similar	✓ <i>acting as the shareholder (for equity investment / shareholder loans)</i> <i>acting as 'banker' (for commercial loans)</i>	
Negotiates property purchases		✓ <i>the company may purchase this service from the council</i>
Lets, manages and maintains properties on a day-to-day basis (through agents unless more cost-effective to do so directly)		✓
Determines whether / when to dispose of properties	✓ <i>acting as the shareholder based on recommendations from the company</i>	
Determines use of revenue income to the council stemming from lending and recharges to the company and dividends from the company	✓	

Incorporation of the company

- 2.16 It is proposed that the company be incorporated with the name Millstream Property Investments Limited.
- 2.17 The draft Memorandum and Articles of Association are included at **Essential Reference Paper ‘B’**.
- 2.18 The Articles of Association lay out how the company will operate. The Articles adopt the Model Articles of Association for Private Companies Limited by Shares as available on the ‘Starting a company’ pages on the gov.uk website. The Model Articles have been varied, deleted or replaced where appropriate to reflect the specific requirements of the council’s wholly-owned company.
- 2.19 Many Articles are procedural, however, of particular importance they make specific provision for:
- the governance arrangements proposed in this report
 - meetings of the Board of Directors will only be quorate if two of the Core Directors (that is, the officers appointed as directors, not the Independent Directors) are present
 - decisions *not reserved for the Shareholder* can only be made by the Board of Directors if a majority of the Core Directors (that is, the officers appointed as directors, not the Independent Directors) agree
 - the shareholder shall have the right to inspect any of the company’s accounting or other records or documents.
- 2.20 Although East Herts Council would be the sole shareholder, it is proposed to put in place a Shareholder Agreement between the council and the company covering how the two bodies will interact. Of particular note, the Shareholder Agreement will make explicit those matters over which decision-making is reserved for the Shareholder, that is the council, rather than the company. The draft Shareholder Agreement is included in **Essential Reference Paper ‘C’**.
- 2.21 The proposed full list of matters reserved for the shareholder to decide is included in section 11 of the Shareholder Agreement. Key reserved matters include:

- approving or varying the annual business plan
- as part of the annual business plan, determining the number and type of, and any associated conditions associated with, properties to be purchased in the coming financial year and any deviation from this
- appointment of directors
- changing the nature of the business in any way – for example deciding the company should do something different
- merging, selling or winding up the company or part of it
- borrowing money / offering guarantees outside of the business plan approved by the council
- deciding how any company profits are distributed.

3 Financial matters

3.1 There are a series of ways in which the council will be able to generate financial income through a wholly-owned company. Notably:

- **receipts from the properties sold by the council to the company.** The properties would be sold at market value, in line with State Aid regulations
- **interest on loans to the company.** The council has the power to make loans; commercial rates would need to be applied to be compliant with State Aid regulations. This would attract a margin over the interest accruing to the council on cash held on deposit and/or the council's own cost of borrowing
- **distributions of profit made by the company through dividends.** The company will derive an income from rental income, net of management and maintenance costs, and/or, in time, sales and uplift in the capital value of its assets. These profits, net of tax, would be distributed to the shareholder, that is, the council
- **purchase of services from the council.** The company may wish to purchase services such as housing management,

financial and legal support from the council at a market rate. At this stage the assumption has been made that the council would be able to support these services from within existing staff resources.

- 3.2 As noted above, Section 95 of the Local Government Act 2003 and the associated regulations, Regulation 2 of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009, requires a business case to be prepared and approved by the council before a company starts trading. Approval of the recommendations contained in this report will satisfy this requirement.

Business plan

- 3.3 A draft initial business plan for the Property Investment Company based on the transfer for the council's five existing residential properties to the company has been drawn up.
- 3.4 As discussed above, the business plan model has been scrutinised and validated by Savills. Furthermore, the treatment of tax within the business plan and the metrics by which performance of the plan can be assessed have been informed by PWC's bespoke tax advice, tailored to the council's and proposed company's specific requirements and circumstances.
- 3.5 The key revenue and capital cash flows arising from this draft initial business plan along with the metrics by which to assess performance of the draft plan are given in **Essential Reference Paper 'D'**.
- 3.6 The draft initial business plan relates solely to the purchase and management of the council's five properties under consideration. The modelling indicates that the council would receive a revenue income each year for the 30 years of the plan. At the end of the 30 years, the plan assumes the properties are sold in order to pay off the loan to the council and give a return to the council on the equity deployed. It should be noted that disposal of the whole property portfolio has been assumed for modelling purposes only. Alternatives could include disposal of part of the portfolio and/or retention of the portfolio support by refinancing of the debt, whether from the council or another lender. All options would be kept under review.

- 3.7 Over the lifetime of the business plan, the company may recommend to its shareholder that one or more properties are disposed of and potentially replaced to retain the income stream. Decisions on disposal would be reserved for the shareholder.
- 3.8 Officers will continue to refine the business plan ready for submission to full Council in due course in support of a recommendation for the council to provide a State Aid compliant loan and equity investment.

4 Implications/Consultations

- 4.1 Information on 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

<p>Contribution to the Council's Corporate Priorities/ Objectives:</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>The proposal is to establish a property investment company to provide good quality homes for private rental and, if financially advantageous, to invest in commercial property.</p> <p>The provision of good quality housing in all tenures plays a crucial role in meeting all three priorities, particularly, enhancing people's lives.</p>
<p>Consultation:</p>	<p>The proposals have been developed internally.</p>
<p>Legal:</p>	<p>Trowers and Hamblins solicitors have provided detailed advice on the legal aspects of establishing a housing company. Of note, Section 1 of the Localism Act 2011 provides local authorities with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the 'general power of competence'. Section 4 of the Localism Act 2011 requires that where a local authority exercises the general power of competence for a commercial purpose it must do this through a company.</p> <p>Section 95 of the Local Government Act 2003 is also of relevance. The associated regulations, Regulation 2 of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009, require a business case to be prepared and approved by the Council before a company starts trading. This report constitutes consideration of the strategic and financial business case.</p>
<p>Financial:</p>	<p>Savills Consultancy has confirmed the sound basis of the business plan model used. In addition, advice from PWC has been used to ensure the appropriate treatment of tax issues has been incorporated into the model.</p> <p>PWC has confirmed that the proposed approach is in line</p>

	<p>with EU guidance/state aid regulations and the operational metrics adopted by similar local authority owned companies.</p> <p>Approval of the recommendations will trigger officers to finalise a detailed 30 year business plan which will be presented to full Council in due course in support of a case for granting a loan and making an equity investment.</p>
Human Resource:	<p>There are no TUPE implications.</p> <p>It is envisaged that the company would not employ its own staff during its early stages of operation, and indeed perhaps not unless approval is given in future to embark on housing development.</p>
Risk Management:	<p>The overall project group has considered the risks of the project and risk log is regularly reviewed.</p>
Health and wellbeing – issues and impacts:	<p>The proposal is to establish a property investment company to provide good quality homes for private rental and, if financially advantageous, to invest in commercial property.</p> <p>The provision of good quality housing in all tenures plays a crucial role in meeting all three priorities, particularly, enhancing people’s lives.</p> <p>Community benefits could include:</p> <ul style="list-style-type: none"> • providing income to protect existing council services and/or fund emerging priorities • acting as a good private sector landlord, putting increasing pressure on poorer landlords to improve • providing a potential ‘last resort’ action to tackle poor standards in the private sector and/or remedy empty properties where both informal advice and enforcement have failed • increasing the availability of good quality private rented accommodation for those on short-term placements with local employers • providing good quality commercial premises to encourage business growth.

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

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EAST HERTS COUNCIL

EXECUTIVE - 5 SEPTEMBER 2017

REPORT BY EXECUTIVE MEMBER FOR FINANCE AND SUPPORT SERVICES

BUSINESS RATES REVALUATION SUPPORT SCHEME 2017/18-2020/21

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To approve the Business Rates Revaluation support scheme for 2017/18 to 2020/21.

<u>RECOMMENDATION FOR EXECUTIVE:</u> that:	
(A)	the Business Rates Revaluation Support Scheme as now submitted, be recommended to Council for approval.

1. Background

- 1.1 The Government has undertaken a national revaluation on all commercial premises in England and Wales. From 1 April 2017, all premises in the district were assigned a new 'rateable value' by the Valuation office agency. This is used to calculate the level of business rates charged to their occupier. The last revaluation was in 2010.
- 1.2 With effect from 1 April 2017 many businesses in the District have a higher business rates bill.
- 1.3 In the Government's budget on 8th March 2017, the Chancellor announced £300m of extra funding for local authorities to provide discretionary relief to those businesses facing increases in their

business rate bills following the revaluation. This is described as **revaluation support**.

- 1.4 There is already a scheme of support for businesses affected by revaluations, called *transitional relief*. This limits the increases and reductions that businesses experience following a revaluation over a 5 year period. The Government's announcement of **revaluation support** is in addition to the transitional relief scheme.
- 1.5 The Government expects that billing authorities will deliver the scheme through the use of their discretionary relief powers under section 47 of the local Government Finance Act 1988, as amended.
- 1.6 The Council refreshed its existing Discretionary Rate Relief policy in 2016, and the proposed scheme for Revaluation Support will sit within this wider policy.

2.0 Report

- 2.1 Local authorities have the power to design their own schemes to determine how the '**revaluation support**' is allocated across businesses in their area. The only requirements are that;
 - The Business has suffered an increase in 2017/18 as a result of revaluation;
 - That Hertfordshire County Council is consulted on the scheme; and
 - State aid rules apply.
- 2.2 The funding for each local authority was determined by the DCLG by reference to:
 - i) Working out the total increase in bills (excluding the impact of translational relief and other reliefs), for every rateable property in the billing authority's area that satisfies both the following conditions:
 - a. the rateable property has a rateable value for 2017/18 that is less than £200,000
 - b. the increase in the rateable property's 2017/18 bill is more than 12.5% compared to its 2016/17 bill (before reliefs);

ii) summing the total increase in bills in all billing authority areas and distributing the available funding in each year in accordance with the formula; $A \times B/C$

Where:

A is the total funding available for the year

B is the total increase in bills in an individual authority's area; and

C is the sum of the total increase in bills in all local authority areas.

- 2.3 The DCLG have confirmed that the Council is not required to use the funding formula to determine the allocation of funds in its scheme.
- 2.4 The grant allocation under the new scheme is detailed below. This represents the maximum that can be awarded in each year. We will receive compensation in accordance with our current share of Business rates income.

Financial year	Funding EHC
2017/18	£328k
2018/19	£159k
2019/20	£66k
2020/21	£9k

- 2.5 The DCLG advised in July that Local authorities cannot flex funds between years. The reducing value of the funding allocation is seen to support the transition to the new level of rates payable in 2021.

3.0 Proposed Scheme

- 3.1 The proposed scheme for East Herts is detailed below.

Qualifying criteria:	Detail
RV(Rateable value) less than £200k at 1.4.2017	Aggregate of RV for all business owned – locally/nationally/internationally must be less than £200,000.
There must be an increase greater than 12.5% as a result of revaluation and nothing else.	The increase will be calculated after all other reliefs have been awarded.
Awards will only be	For those applicants who occupied during 2016/17, their part

made to occupied property.	year liability will be annualised before comparing with the 2017/18 liability to ensure they comply with the 12.5% increase requirement.
Type of Business	All business that meets core criteria are eligible for relief. All small business rates relief cases (SBRR) which fall under the 'supporting small business' scheme are excluded from this scheme.
Awards	Funds will be allocated in proportion to the total increase in £, of all the qualifying applicants. The % to be granted will be determined once all qualifying applicants have been approved. Total assistance is limited to the funding allocated for 2017/18 etc, There are no caps or de minimis award levels. Up to 10% of the total allocation each year may be withheld from the initial allocation to address any appeals.
Application Process	All applicants will be required to complete an application form including a state aid declaration, by the closing date advertised each year. A new application will be required each year. <i>Applicants are advised that relief is only awarded up to the end of the financial year in question and they will need to reapply for relief for future years. This will meet the requirements of Regulation 2 to SI 1989/1059 as there will be no revocation and 12 months' notice to end the relief awarded is not required</i>
Changes in circumstances (A) What happens when the RV goes down or other reliefs are subsequently granted?	<ol style="list-style-type: none"> 1. If RV reduces or other reliefs are granted, leading to a less than 12.5% increase on 2016/17 then all revaluation support removed. 2. If RV reduces or other reliefs are granted, but retains an increase in excess of 12.5%, - entitlement will be recalculated on initial allocation %.
Changes in circumstances (B) What happens if RV goes up	Nothing – there are no spare funds to award after the initial allocation.
Changes in circumstances (C) New occupier	Revaluation support ends, as this occupier has not experienced the increase – pro rata award to original applicants occupation
Changes in circumstances	Revaluation support ends– pro rata award to original applicants occupation

(D) Property becomes empty	
How long to award for	Award for a full year only – until there is; <ul style="list-style-type: none"> • a change of occupier • the property becomes empty or change in RV or state aid excludes from entitlement
State Aid rules	Applicants must make a declaration to confirm compliance with state aid de minimis requirements. Applicants must provide details of all awards of state aid at time of application to us, and must notify us if they later exceed state aid levels.

3.2 The appeals process is detailed in the existing DRR policy, which provides for a review by the section 151 officer.

3.3 HCC officers have been consulted on the scheme and indicate they have no objections.

4.0 Implications/Consultations

4.1 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:	Priority 3 - Enable a flourishing local economy <ul style="list-style-type: none">• Support our businesses and the local economy• Vibrant town centres Working with others, to have achieved the right infrastructure for our businesses and communities
Consultation:	Requirement to consult with HCC. Officers confirm no objections.
Legal:	N/A
Financial:	Only as referenced in the report
Human Resource:	N/A
Risk Management:	Only as referenced in the report.
Health and wellbeing – issues and impacts:	N/A

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EAST HERTS COUNCIL

EXECUTIVE – 5 SEPTEMBER 2017

REPORT BY THE LEADER OF THE COUNCIL

REQUEST FOR AREA DESIGNATION FOR NEIGHBOURHOOD
PLANNING: THUNDRIDGE, THUNDRIDGE PARISH COUNCIL

WARD(S) AFFECTED: THUNDRIDGE

Purpose/Summary of Report

- To enable the consideration of an application for the designation of a Neighbourhood Area

<u>RECOMMENDATION FOR EXECUTIVE:</u> that:	
(A)	the application for the designation of a Thundridge Neighbourhood Area, submitted by Thundridge Parish Council, be supported.

1.0 Background

1.1 Thundridge Parish Council submitted an application for the designation of a Neighbourhood Area to the Council on 6th February 2017. Agreement to the designation of a Neighbourhood Area is required by the District Council as Local Planning Authority (LPA) before a Neighbourhood Plan can be formulated.

1.2 The application was made in the form of a letter from Thundridge Parish Council with an attached plan setting the area to which the application relates. The letter and plan form **Essential Reference Paper 'B'** to this report.

2.0 Consultation

2.1 The Council has undertaken the appropriate consultation with regard to the application submission.

- 2.2 No comments have been received in response to the area designation application.
- 3.0 Considerations
- 3.1 Two main areas of consideration to be taken into account when determining an application for the designation of a Neighbourhood Area are set out in Schedule 9 of the Localism Act 2011. One of these is that the authority determining the application must have regard to the desirability of maintaining the existing boundaries of neighbourhood plan areas already designated.
- 3.2 No weight needs to be given to this consideration in this case as no other Neighbourhood Areas overlap with the proposed Thundridge Neighbourhood Area.
- 3.3 The other area of consideration is the desirability of designating the whole of the parish as the Neighbourhood Area.
- 3.4 In this case, the area proposed only covers part of Thundridge Parish which includes the villages of Thundridge, High Cross and Wadesmill and the surrounding rural area excluding land within that part of the Parish which the District Council has identified to fulfil the land requirements for the proposed development to the North and East of Ware (District Plan Policy WARE2).
- 3.5 The Area has been proposed by Thundridge Parish Council and does not preclude the remainder of the Parish being included within a Neighbourhood Plan for Ware/Wareside in the future.
- 3.6 No comments were received during the consultation and as Neighbourhood Plans can be developed alongside the emerging District Plan, it is proposed that the proposal be fully supported.
- 3.7 The District Council encourages Neighbourhood Plans to be developed in a positive and proactive manner in order to support the strategic objectives of the emerging District Plan. It is the District Council's role to advise and support Neighbourhood Plans as they progress. It is also recognised that it is within the Parish Council's interests to work with and alongside the emerging District Plan.

4.0 Conclusion

4.1 Neighbourhood Planning is now an integral part of the planning system with legislative backing through the Localism Act. The LPA is charged with determining applications for the designation of Neighbourhood Areas. In this case, designation of Thundridge Neighbourhood Area, for neighbourhood planning purposes is supported.

5.0 Implications/Consultations

5.1 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:	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:	The application for the designation of a Neighbourhood Area was the subject of consultation.
Legal:	The formulation of a Neighbourhood Plan is established in the Localism Act 2011.
Financial:	The formulation of a Neighbourhood Plan, if it progresses to the stages of referenda and adoption will lead to costs for the Council. Local Planning Authorities are able to claim some financial support from the Department for Communities and Local Government.
Human Resource:	There will be a requirement for Planning Officers to provide advice and guidance in relation to the formulation of any Neighbourhood Plan.
Risk Management:	The issues which are favourable or otherwise to the formulation of a Neighbourhood Plan are considered in the report.
Health and wellbeing – issues and impacts:	The link between planning and health has long been established. The built and natural environments are major determinants of health and wellbeing.

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THUNDRIDGE PARISH COUNCIL

Belinda Irons, Clerk, 14 Crawley End, Chrishall, Nr Royston, Herts, SG8 8QL

Tel: 01763 838732

email: clerk@thundridgeparishcouncil.org.uk

East Herts District Council,

7th February 2017.

Wallfields,

Pegs Lane,

Hertford,

Herts

Dear Ms Pattison,

THUNDRIDGE: NEIGHBOURHOOD AREA DESIGNATION APPLICATION

Please find attached the above application, with a map detailing the area to be included within the designated area.

If there are any issues which require clarification, please do not hesitate to contact me

Yours sincerely



Belinda Irons

THUNDRIDGE PARISH COUNCIL
THUNDRIDGE PARISH NEIGHBOURHOOD PLAN
Neighbourhood Area Application

6th February 2017

Introduction

LOCALISM ACT 2011 (SCHEDULE 9) AND TOWN AND COUNTRY PLANNING ACT 1990 (SECTIONS 61F & 61G)

NEIGHBOURHOOD PLANNING (GENERAL) REGULATIONS 2012

Thundridge Parish Council, as a "relevant body", hereby formally submits an application to East Herts District Council as the local planning authority, for the designation of a Neighbourhood Area pursuant to the preparation of a Neighbourhood Development Plan (NOP).

Background

On 6th February 2017, Thundridge Parish Council at its full Council meeting passed a motion to instigate proceedings to establish a Neighbourhood Planning Group to lead on the formulation of a NOP for the Parish of Thundridge. An application is hereby submitted under Regulation 5 of the Neighbourhood Planning (General) Regulations 2012.

The designation of the Neighbourhood Area is seen as the first formal step in the process of producing the NOP. Regulation 5 requires the submission of the following documents as part of the application:

- (a) A map which identifies the area to which the application relates;
- (b) A statement explaining why the area is appropriate to be designated as a Neighbourhood Area; and
- (c) A statement that the organisation or body making the area application is a relevant body for the purposes of section 61G of the Town and Country Planning Act 1990 (as amended).

Neighbourhood Area Map

A map is attached showing the area to which this application relates.

Justification for Designation

The proposed area covers the substantive part of the administrative boundary of Thundridge Parish Council, and includes the villages of Thundridge, High Cross and Wadesmill and the surrounding rural area excluding land within part of the Parish which East Herts District Council has identified to fulfil the land requirements for the proposed Ware North and East proposed development. Schedule 9 of the Localism Act 2011, and Section 61G of the Town and Country Planning Act 1990, state that neighbourhood areas may not overlap. There are no known overlaps with other relevant bodies with the exclusion stated above, being advised by East Herts Council. In determining the application for designation, the local planning authority must have regard to the desirability of designating the

whole of the area of a parish council as a neighbourhood and the desirability of maintaining the boundaries of already designated neighbourhood areas.

It is believed that there are compelling reasons why the neighbourhood area indicated on the attached map should be given favourable consideration. These are as follows:

- The draft East Herts District Plan {Policy DPS8)states that the District Council will give positive support to development brought forward through Neighbourhood Development Plans;
- Thundridge, Wadesmill and High Cross are categorised as Group 2 villages in the draft District Plan, where Parish Councils are encouraged to produce a Neighbourhood Plan to develop a shared vision for the village and deliver the sustainable development they need {Policy VILL 2);
- High Cross has experienced significant housing development in the recent past when it was categorised as Group 1, and there is a need to re-assess the amount and types of dwelling required to provide for local housing needs;
- Thundridge Parish has two designated employment areas in the draft District Plan {Policy VILL 5): there is a need to assess the opportunities for job creation and the stimulation of the local economy.
- There is a need to protect, manage and enhance the quality of the surrounding rural landscape.

Statement in relation to the 'Relevant Body'

Under Section 61G of the Town and Country Planning Act 1990, a relevant body is defined as a parish council or an organisation or body which is, or is capable of being designated as, a neighbourhood forum.

This application for designation is submitted by Thundridge Parish Council, which is considered to be a relevant body under the terms of Section 61G {2a) of the Town and Country Planning Act 1990.

Conclusion

For the reasons outlined above, the proposed neighbourhood area, as shown on the attached map, is considered to be appropriate and justified. Under Section 61G of the Town and Country Planning Act 1990, Thundridge Parish Council is considered to be a "relevant body" for the purposes of this application. The Parish Council therefore respectfully request East Herts District Council to process this application in accordance with Regulation 6 of the Neighbourhood Planning {General) Regulations 2012.

Signed



Belinda Irons

Clerk to Thundridge Parish Council

