



**MEETING** : AUDIT AND GOVERNANCE COMMITTEE  
**VENUE** : ONLINE MEETING - LIVESTREAMED  
**DATE** : TUESDAY 17 NOVEMBER 2020  
**TIME** : 7.00 PM

<b>PLEASE NOTE TIME</b>
-------------------------

## **MEMBERS OF THE COMMITTEE**

Councillor M Pope (Chairman)

Councillors A Alder, L Corpe, R Fernando, A Huggins, T Stowe (Vice-Chairman) and A Ward-Booth

## **SUBSTITUTES**

Conservative Group: Councillors J Burmicz and A Curtis

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

**Contact Officer: William Troop**  
**01279 502173**

**[William.Troop@eastherts.gov.uk](mailto:William.Troop@eastherts.gov.uk)**

## **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.)

### **Public Attendance**

East Herts Council provides for public attendance at its virtual meetings and will livestream and record this meeting. The livestream will be available during the meeting using this link:

<https://www.youtube.com/user/EastHertsDistrict/live>.

If you would like further information, email [democratic.services@eastherts.gov.uk](mailto:democratic.services@eastherts.gov.uk) or call the Council on 01279 655261 and ask to speak to Democratic Services.

## **Accessing the agenda pack**

To obtain a copy of the agenda, please note the Council does not generally print agendas, as it now has a paperless policy for meetings. You can view the public version of the agenda for this meeting on the Council's website in the section relating to meetings of Committees. You can also use the ModGov app to access the agenda pack on a mobile device. The app can be downloaded from your usual app store.

Implementing paperless meetings will save East Herts Council approximately £50,000 each year in printing and distribution costs of agenda packs for councillors and officers.

You can use the mod.gov app to access, annotate and keep all committee paperwork on your mobile device.

Visit <https://www.eastherts.gov.uk/article/35542/PoliticalStructure> for details.



## **AGENDA**

1. Apologies

*To receive apologies for absence.*

2. Minutes - 22 September 2020 (Pages 7 - 22)

*To confirm the Minutes of the meeting held on Tuesday 22 September 2020.*

3. Chairman's Announcements

4. Declarations of Interest

*To receive any Members' declarations of interest.*

5. Section 106 Policy and Financial Contributions Update Report (Pages 23 - 140)

6. Strategic Risk Monitoring – 2020/21 - Quarter Two (Pages 141 - 174)

7. Quarterly Corporate Budget Monitor – Quarter 2 - September 2020 (Pages 175 - 190)

8. Annual Treasury Management Review 2019/20 (Pages 191 - 216)

9. Treasury Management Mid-Year Review 2020/21 (Pages 217 - 248)

10. Budget 2021/22 and Medium Term Financial Plan 2021 – 2024 Proposals (Pages 249 - 452)

11. Standards Update (Pages 453 - 458)

12. Constitution Review Group (Pages 459 - 462)
13. GDPR and Data Retention Update (Pages 463 - 468)
14. Work Programme Proposals 2020-21 (Pages 469 - 482)
15. Urgent Items

*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.*

MINUTES OF A MEETING OF THE  
AUDIT AND GOVERNANCE COMMITTEE  
HELD AS AN ONLINE MEETING ON  
TUESDAY 22 SEPTEMBER 2020, AT 7.00 PM

PRESENT: Councillor M Pope (Chairman)  
Councillors A Alder, L Corpe, R Fernando,  
A Huggins, T Stowe and A Ward-Booth

ALSO PRESENT:

Councillors M Goldspink and C Redfern

OFFICERS IN ATTENDANCE:

Steven Linnett	- Head of Strategic Finance and Property
Peter Mannings	- Democratic Services Officer
Graham Mully	- Insurance and Risk Business Advisor
Bob Palmer	- Interim Head of Strategic Finance and Property
Alison Street	- Finance Business Partner
William Troop	- Democratic Services Officer

ALSO IN ATTENDANCE:

Nick Jennings	- Shared Anti-Fraud Service (SAFS)
---------------	------------------------------------

Simon Martin	- Shared Internal Audit Service (SIAS)
Suresh Patel	- EY
Nazeer Mohammed	- EY

167 APOLOGIES

No apologies for absence were received.

168 MINUTES - 28 JULY 2020

It was moved by Councillor Ward-Booth and seconded by Councillor Fernando, that the Minutes of the meeting of the Committee held on 28 July 2020 be confirmed as a correct record and signed by the Chairman. Councillor Huggins said he would abstain from the vote as he was not officially in attendance at the last meeting, although he did watch the live stream online. After being put to the meeting and a vote taken, this motion was declared CARRIED.

**RESOLVED** – that the Minutes of the Committee meeting held on 28 July 2020 be confirmed as a correct record and signed by the Chairman.

169 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Members, Officers and the public to the meeting. He said the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 came into force on Saturday 4 April 2020 to enable councils to hold remote committee meetings during the COVID-19 pandemic period. This was to ensure local

authorities could conduct business during this current public health emergency. This meeting was being held remotely under these regulations, via the Zoom application and was being recorded and live streamed on YouTube. The Chairman explained to Members how they should signify when they wished to ask a question and how they were voting.

The Chairman said this would be Bob Palmer's last meeting as the Interim Head of Strategic Finance and Property. The Chairman thanked him for his hard work and wished him luck in future endeavours. He welcomed Steven Linnett, the incoming Head of Strategic Finance and Property and said the Committee were looking forward to working with him.

170     DECLARATIONS OF INTEREST

There were no declarations of interest.

171     SHARED INTERNAL AUDIT SERVICE – UPDATE

The Shared Internal Audit Service (SIAS) Officer presented a report updating the Committee on recent SIAS work. He gave a brief update on Cyber Security and Incident Management. The Head of the Shared IT Service had indicated that he anticipated that the procurement of networking tools and work to allow all IT services to be managed from a single data centre would be concluded this financial year.

The Chairman asked about the medium priority recommendations in the Information Management Audit on which only limited assurance had been given.

The SIAS Officer said the report focussed mainly on high priority recommendations, but these particular recommendations were shown for completeness. However, the Head of the Shared IT Service had given assurances that this recommendation would be addressed, and SIAS would continue to monitor the situation.

Councillor Corpe asked about a reference to Officers initially having been unable to find a defined Information Asset Register to supply to auditors. Whilst this document had subsequently been located and supplied, the initial inability to find the register was concerning. He asked whether there should be a defined knowledge transfer process in place to avoid this in future.

The SIAS Officer said the Head of Legal and Democratic Services had come into post shortly before the audit. SIAS would usually allow a grace period in this scenario, but the Head of Legal and Democratic Services had supported the planned timescale for the audit. Whilst there had been no opportunity for knowledge transfer from the previous post-holder, this situation was not typical.

The Chairman asked about several cancelled audits, and asked the SIAS Officer to confirm whether such cancellations were due to complications relating to COVID-19. He asked whether the external auditors' review of the Grange Paddocks and Hartham Leisure Centres capital projects would form part of the external auditors' year-end report.

The SIAS Officer confirmed COVID-19 had been the

cause of the cancelled audits.

The Interim Head of Strategic Finance and Property said the external auditors were reviewing the capital projects as part of their value for money work. He assured Members that he had been working closely with the incoming Head of Strategic Finance and Property to ensure the necessary knowledge transfer had taken place.

**RESOLVED** – that (A) the Internal Audit Progress Report be noted; and

(B) the Status of Critical and High Priority Recommendations be noted.

172 SHARED ANTI-FRAUD SERVICE – UPDATE

The Shared Anti-Fraud Service (SAFS) Officer presented a report updating the Committee on recent SAFS work. He said some activities, such as face-to-face training, remained suspended due to COVID-19. However, SAFS was still able to support the Council, such as through post payment assurance on grant payments given during the pandemic, and work with external bodies to counter phishing scams. Whilst the Officer responsible for SAFS casework specifically relating to East Herts District Council was on maternity leave, her caseload had been covered by other Officers. There had been a reduction in referrals to SAFS during the pandemic. This was addressed by a fraud awareness campaign which reached 350,000 residents, and saw visits to the fraud reporting webpages increase significantly.

The Chairman and Councillor Ward-Booth asked about

any fraud that had been uncovered as part of the COVID-19 grant scheme, and whether the particular time pressure of this exercise meant that Officers were forced into 'taking chances'.

The SAFS Officer said that a number of potentially fraudulent payments had been identified, but in relation to the volume of payments that had been made, the level of fraud represented a very low proportion of the total payments. Members should be assured that Officers and the Council had performed well, and where there were doubts over applications, further enquiries were made or more supporting evidence requested from applicants.

The Chairman asked about the reference in the report to International Fraud Awareness Week. He also asked what 'proactive' fraud referrals were considered to be, and whether the SAFS Officer foresaw that these would constitute a larger proportion of referrals in future.

The SAFS Officer said the International Fraud Awareness Week was an opportunity for the Council to take advantage of wider publicity to make residents aware of how to report potential fraud locally, and also protect themselves against fraud. Proactive referrals were instances in which SAFS had itself discovered potential fraud - such as by carrying out data matching exercises - rather than reacting to referrals from Officers or the public. Members were advised that the level of such proactive referrals depended on SAFS' resources, and the number of external referrals remained an important source of work.

Councillor Corpe asked about the third key



performance indicator (KPI), which was highlighted in amber on the report, despite action on referrals being taken within an average of two days at present. He asked whether, if this was an average response time, did this mean there were some referrals actioned outside of the target timeframe and, if so, what was the percentage of such referrals.

The SAFS Officer said that the KPI was highlighted in amber because although the target was currently being met, this could change. He said that he would respond to Members on the other point after the meeting as he did not have these figures to hand, but every urgent referral was actioned within two days and every other referral within a week.

The Chairman said that although costs had increased, the SAFS still represented good value for money, given the savings achieved through the prevention of fraud. He asked about the progress of the Fraud Hub and in particular whether this would be an additional cost to the Council and when it would be established.

The SAFS Officer said the Fraud Hub would cost the Council approximately £4,000 a year. He explained that the Council was required to take part in the National Fraud Initiative every two years, which was conducted by the Cabinet Office. Large scale data analysis was undertaken in order to identify possible fraud, which was then fed back to the Council to act upon. It generally took around five months for this feedback to be given following the initial snapshot, by which time SAFS had often already acted upon this possible fraud.

Members were advised that the Fraud Hub aimed to

replicate this process at a local level, which would allow the Council to act upon this information more quickly, increasing its value. The implementation date would need to be discussed with the Head of Legal and Democratic Services and the Head of Strategic Finance and Property, and a meeting was scheduled to address this.

**RESOLVED** – that the work of the Council and the Shared Anti-Fraud Service in delivering the 2020/21 Anti-Fraud Plan be noted.

173 STRATEGIC RISK REGISTER 2020/21 – QUARTER ONE

The Insurance and Risk Business Advisor presented a report to the Committee on the Strategic Risk Register, covering the period April - June 2020. He said the major risk to the Council currently was COVID-19 and the associated financial challenges. There had been an amendment to the previously agreed strategy in that senior Officers would not monitor highest level service, project and corporate risks, due to the fact that these risks were addressed in a separate quarterly report which had been initiated by the Communications, Strategy and Policy team.

The Chairman asked who would consider these reports. The Insurance and Risk Business Advisor said that they would be received by senior officers.

Councillor Stowe asked about the fact that only around half of the 4,000 EU residents in the district had applied for settled status. The Insurance and Risk Business Advisor said he would follow this up with the Head of Communications, Strategy and Policy, but he

expected an increase in this number as the deadline grew closer.

Councillor Huggins said that references in the report to COVID-19 restrictions lifting, in light of recent developments, seemed short-sighted. He also commented that other factors, aside from regrading and pay proposals, could have contributed to the reduction in staff turnover, such as staff not wanting to leave secure employment during a pandemic.

The Chairman asked about the Council's capacity and skills to deliver services as detailed in the report, and said he thought the impact score should be graded at three, rather than two, given the likelihood score was three. He also commented that the impact would likely depend on the amount of staff lost. He asked if the next report could be presented in a tracked change format to highlight to Members what changes had been implemented.

The Insurance and Risk Business Advisor referred to the scoring matrix and said that whilst this event would not be a minor impact, it would not be a catastrophic failure either. However, this could be fed back to the Head of Human Resources and Organisational Development. It was agreed that the next report could be presented in a tracked change format. Although considered, Officers were not advised of any further action that could be taken to manage risk.

**RESOLVED** – that the Strategic Risk Register be received.

174 EXTERNAL AUDIT UPDATE – PROGRESS ON 2019/20 AUDIT

Suresh Patel, Ernst and Young (EY), presented a report updating Members on the progress on the external audit. He said the audit had been slowed by the concurrent audit of the pension fund, which EY were also responsible for. The financial effects of COVID-19 meant that it was difficult to estimate the value of the fund. There had also been some difficulty obtaining historic pensions data.

Nazeer Mohammed, EY, gave a status update on the audit, saying there had been some progress since the submission of the report, such as the conclusion of property valuations. There was still outstanding data regarding pensions and from banks.

Members were advised there were also still some internal processes which EY needed to complete. There had been some differences identified by the audit and two main changes had been made. Firstly, the Council's pension liability had been reduced by £1.9 million. Secondly, an overvaluation of £1.1 million of the income from Jackson Square Car Park had been corrected. The audit had also analysed if the Council had spent efficiently and achieved value for money. Key capital programmes had been scrutinised and no concerns were raised.

Suresh Patel said that EY would include an 'emphasis of matter' paragraph regarding the uncertainty around the valuation of property. However, he did not foresee that this would also apply to the 'Going concern' section of the audit, although this decision was yet to be confirmed.

Councillor Alder asked if EY could give any indication of how much the property valuations were likely to reduce.

Suresh Patel said this was difficult to say as the value of different types of property would be affected to various extents. For example, retail property would likely be hardest hit.

Councillor Corpe asked about the external audit fee consultation, which had been considered at the previous meeting, and whether a decision on this had been received.

Suresh Patel said that the Public Sector Audit Appointments (PSAA) had not yet decided whether the scale fee for the audit should be changed.

The Chairman asked whether the Council should have expected the banks to return the necessary confirmations by now. He also asked how common it was for an 'emphasis of matter' to be included in audits of local authorities. He also said that he noted with interest the audit's comment on the importance of the governance and risk management operations.

Suresh Patel said that the bank returns had only recently been requested but were expected soon. He had not previously included an 'emphasis of matter' in the audit of any local authority, but due to COVID-19, a number of Council's audits this year included such a reference. Members could be assured that the Council was therefore not the only local authority in this position.

The Chairman mentioned the potential need for the Committee to sign off the Statement of Accounts after the audit had been concluded, and asked when this was likely to be.

Suresh Patel said he foresaw that the audit could potentially be completed by mid-October.

The Interim Head of Strategic Finance and Property confirmed this date would be after his departure, however, most of the work on the Statement of Accounts had been completed and he did not foresee that the handover should cause a problem for the incoming Head of Strategic Finance and Property.

**RESOLVED** – that the report be noted.

## 175 ANNUAL GOVERNANCE STATEMENT

The Interim Head of Strategic Finance and Property presented the Annual Governance Statement to the Committee. He said that the tracked change format had been used to show amendments, which Members had specifically requested at the last meeting of the Committee on 28 July 2020.

It was moved by Councillor Alder and seconded by Councillor Ward-Booth that the Annual Governance Statement for 2019/20, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that the Annual Governance Statement for 2019/20 be approved.

176 STATEMENT OF ACCOUNTS 2019/20

The Interim Head of Strategic Finance and Property presented the Statement of Accounts for 2019/20 to the Committee. He briefly highlighted the changes, which had previously been discussed in the context of the external audit.

It was moved by Councillor Stowe and seconded by Councillor Huggins that the Statement of Accounts be approved, subject to the completion of the external audit. After being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that (A) the amendments be noted;  
and

(B) the Statement of Accounts be approved,  
subject to the completion of the external audit.

177 QUARTERLY CORPORATE BUDGET MONITOR - QUARTER 1  
JUNE 2020

---

The Finance Business Partner presented a report to the Committee on the corporate budget, covering the period April - June 2020. She said the main points to note were a broadcast overspend of £100,000 against the revenue budget, and a predicted carry forward of £100,000 against the capital budget. Members were briefly talked through the remainder of the report. Specifically, the financial impact of COVID-19 was mentioned, such as in the reduction in rental income and expected interest income.

The Chairman queried:

- how rental incomes had been affected by COVID-19;
- whether the review of capital projects would be seen by the Executive;
- possible changes to the income generated from curb-side recycling, as he was under the impression that the Council had fixed prices it received for materials as part of a contract.

The Finance Business Partner said rental income was currently down 20% and this would continue to be monitored by Officers. The review of the capital projects in view of COVID-19 would be seen by the Executive. She referred to the fact that the Council had entered into contracts for waste disposal, but drew Members' attention to the fact that the prices the Council received for the materials were subject to changing market values.

The Incoming Head of Strategic Finance and Property said that volatility in the market for recycled materials had increased recently.

Councillor Ward-Booth asked what type of debt the Council was pursuing from aged debtors and how this was being pursued.

The Finance Business Partner said that she could provide detailed information following the meeting, but she believed this was made up of a large number of smaller debts.

The Interim Head of Strategic Finance and Property



said the debt included a significant debt stemming from a shared leisure provision agreement with a school in the district. Recovery was likely to be pursued via arbitration and potentially in the courts, and was likely to account for around £200,000 of the debt. The position had changed since the production of these statistics, as they included a £238,000 section 106 debt which had now been cleared.

The Chairman asked whether it was anticipated that there would be more defaults from residents on their council tax accounts, in view of the financial impact of COVID-19.

The Interim Head of Strategic Finance and Property said that this prospect seemed inevitable, but there had not been a significant increase yet.

Councillor Huggins asked if this were to happen, how long it would take for Councillors to be made aware of any change.

The Interim Head of Finance and Strategic Property said that the Revenue and Benefits Shared Service produced quarterly reports, so it should be evident fairly quickly if the collection rate decreased.

**RESOLVED** – that (A) the net revenue budget forecast overspend of £100,000 in 2020/21 be noted; and

(B) the revised capital budget be noted.

178     WORK PROGRAMME PROPOSALS 2020-21

It was moved by Councillor Alder and seconded by Councillor Ward-Booth that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

**RESOLVED** – that the proposed consolidated work programme be approved.

The meeting closed at 8.41 pm

## **East Herts Council Report**

### **Audit and Governance Committee**

**Date of Meeting:** 17 November 2020

**Report by:** Executive Member for Planning and Growth

**Report title:** Section 106 Policy and Financial Contributions Update Report

**Ward(s) affected:** ALL

---

### **Summary**

#### **RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:**

- (a) To note the potential changes to S106 outlined in the 'Planning for the Future White Paper – August 2020'**
- (b) To comment on the update report on the collection and allocation of S106 financial contributions, and the first Annual Infrastructure Funding Statement Report**

#### **1.0 Proposal(s)**

- 1.1 This report provides Committee Members with an update on the proposed legislative changes and policy implications for Section 106 outlined in the Government consultation on the 'Planning for the Future – White Paper – August 2020'.
- 1.2 The report also provides information on the first 'Annual Infrastructure Funding Statement Report 2019/20' and on the identification and allocation process for S106 contributions, the S106 income generated in 2019/20, along with information on the additional work undertaken by the Infrastructure Contributions & Spend Manager over the last year.

## **2.0 Background**

- 2.1 On 24 September 2019, the Performance Audit and Governance Oversight Committee received a report on Section 106 (S106) agreements contribution collection and allocation, and an interim update on the Internal Audit Report follow up. A copy of this report is available on the council's website:  
<http://democracy.eastherts.gov.uk/documents/s49969/Section%20106%20Agreements%20-%20Update.pdf?j=9>
- 2.2 It was agreed at the Committee to have a follow up report in autumn 2020 to provide information on the progress of the actions identified within the initial report. Members have subsequently requested an update on S106 policy and practice at East Herts.
- 2.3 This report provides this information, and further information on proposed planning legislative changes and policy implications within the white paper consultation, and recent legislative changes to require S106 reporting via a published 'Annual Infrastructure Funding Statement'.
- 2.4 Members will be aware that S106 contributions cannot be seen as an income source for the council, as all identified contribution uses have to conform the three (3) tests set out in Regulation 122 of the Community Infrastructure Levy (CIL) Regulations 2010. Received contributions must be allocated in accordance with the contribution wording and Legal has confirmed that any deviation or non-conforming use may be subject to challenge and potential reclaim by the developer.

## **3.0 Reason(s)**

- 3.1 In September 2019 the SIAS follow up audit report confirmed that the council had acted on the actions identified in the '2018/19 Internal Audit Report on Section 106 Spending Arrangements'. The follow up report confirmed that four out of

the five recommendations had been fully implemented, with the fifth partially implemented and was very complimentary on the work of the Infrastructure Contributions & Spend Manager.

- 3.2 The following report provides of a brief review of East Herts S106 policy and practice, along with the work undertaken by the Infrastructure Contributions & Spend Manager.
- 3.3 To ensure the timely collection and allocation of S106 financial contributions, the Infrastructure Contributions & Spend Manager continues to proactively monitor all current S106 agreements and associated developments. Officers within the council are consulted on potential projects and funding requirements from received contributions. In addition to this a list of potential projects for inclusion in S106 agreements for new developments has been created with input from Officers, Members and local groups and organisations.
- 3.4 The Infrastructure Contributions & Spend Manager continues to be consulted by Planning Officers on new S106 Agreements and any potential changes to policy and legislation.

### **Proposed planning policy changes**

- 3.5 In August 2020, the Ministry for Housing, Communities and Local Government (MHCLG) released the 'Planning for the future – White paper August 2020' for public consultation on proposals to reform the planning system and introduce an Infrastructure Levy which, if implemented in its present form, will have implications for both planning and S106 provision in East Herts.
- 3.6 The council's Planning Officers have provided a full response to the individual consultation questions on the potential changes to the planning system and the new levy funding proposals of the White Paper. Members were also briefed on the proposals within the white paper on 15/10/2020. *A copy of the White Paper is attached as Appendix A.*

- 3.7 Implications for S106 in East Herts - There are benefits of introducing a levy as it avoids lengthy S106 negotiations, which can delay development. However, the council has concerns that a flat-rated levy across East Herts will have no relationship to mitigating the impacts of the individual developments. The flexibility of S106 agreements is an important means of ensuring the relevant infrastructure for a particular site comes forward. It is unclear how the levy will take account of site specific viability issues. More clarity is needed to explain how new development will fund competing infrastructure requirements to ensure sufficient infrastructure is funded. In addition, on-site levels of affordable housing must be maintained, or increased. Local authority borrowing against projected receipts to forward fund infrastructure will help with delivery, but does have risks if sufficient funds are not recouped from the development.

### **S106 policy and reporting changes**

- 3.8 As part of recent changes to legislation Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019) East Herts Council is now required to produce and publish on the council website an 'Annual Infrastructure Funding Statement'.
- 3.9 The 'Annual Infrastructure Funding Statement 2019/20' report and the three (3) required CVS files are the first to be produced by East Herts Council and have been compiled by the Infrastructure Contributions & Spend Manager in line with the Legislation requirements.
- 3.10 The 'Annual Infrastructure Funding Statement 2019/20' provides a summary of the agreements signed, along with details on the income and expenditure of S106 contributions for the financial year 2019/2020.
- 3.11 A copy of the completed report is attached as Appendix B and

Members are invited to comment on the report before it is uploaded on to the website before the deadline of 31/12/2020.

- 3.12 Other changes to S106 policy and practice - Members should note that the 2019 amendments now allow the council to charge a monitoring fee in new S106 agreements to cover the cost of monitoring and reporting on the delivery of S106 obligations. Therefore all new S106 agreements will now include a provision for charging a monitoring fee – negotiated on a site by site basis.
- 3.13 The 2019 legislation amendments also removed the previous restriction on pooling more than five (5) contributions on an individual project or towards a single piece of infrastructure. This means that, subject to meeting the three (3) tests set out in Regulation 122 of the Community Infrastructure Levy (CIL) Regulations 2010, the council can use funds from several S106 agreements to fund the same piece of infrastructure regardless of how many planning obligations have already contributed towards it. This provision is being used to help fund the council's major infrastructure projects, including Hartham and Grange Paddock Leisure Centres and Hertford Theatre.

#### **Current S106 contribution allocation and project identification:**

- 3.14 Details are provided below on the work undertaken by the Infrastructure Contributions & Spend Manager on the ongoing allocation of received financial contributions and work to identify projects for inclusion in new S106 agreements.
- 3.15 S106 contribution use - Members should be aware that S106 agreements are legally binding between the council and the other parties to the agreement, and the use of the contributions collected by the council is restricted to the actual contribution obligation use and to the specific wording within the legal agreement.

- 3.16 The council is legally bound to allocate / use the contributions as they are described within the legal agreement and not for any other purpose. Some contributions do have some flexibility in that they list the contribution use as “towards the provision of ..... in the locality of the development”, which means that the contribution is available for funding applications for both internal and external projects as long as it fits the contribution obligation.
- 3.17 Covid-19 & S106 contribution allocation and receipt\_– compared to the previous year there has been a reduction in organisations bidding for S106 funding as potential projects plans have been delayed due to the lockdown. Further information on the allocation of funding to date is given later in this report.
- 3.18 Along with delays to the actual commencement, construction and completion of sites, the Covid-19 pandemic has also had an impact on the collection of contributions due from developers. To help mitigate the impact of the pandemic, the council has implemented a triggered contribution deferral option for small and medium sized developers and continues to work closely with all developers to ensure the timely payment of contributions to East Herts Council.
- 3.19 S106 triggered contribution payment deferral - In August 2020, in line with Government Covid Legislation and the position taken by Hertfordshire County Council (HCC), it was agreed by Senior Officers to offer small and medium sized developers a deferral of financial contributions triggered between 01/04/2020 to 30/09/2020 for up to six months. The Infrastructure Contributions & Spend Manager instigated the application form development and sign off process for this. However, only one deferral application form was received and agreed.
- 3.20 Members should note that Seniors Planners and HCC are in



talks with The Bishop's Stortford North Consortium with a view to rescheduling the payment of contributions and trigger for future contributions.

- 3.21 However, any agreed delay / re-scheduling of the contributions for the Bishop's Stortford North Sports Development Fund will have an impact on launch of the funding programme and it will now be officially launched once an agreed contribution receipt timetable has been confirmed. In the meantime, work continues to ensure that the funding application and bid evaluation paperwork will be available online as electronic documents. The S106 Steering Group will be re-launched to evaluate the received funding bids once the fund is officially launched.
- 3.22 Ongoing contribution collection – the Infrastructure Contributions & Spend Manager continues to review historic S106 agreements, and to monitor all current S106 agreements and developments, to ensure contributions are collected as per the payment triggers.
- 3.23 This has resulted in the application of late payment fees to identified historically overdue contributions, which is in addition to the original contribution and indexation due. Further work is currently being undertaken with the assistance of the Legal Team to collect outstanding overdue contributions from a developer who has been reluctant to pay.
- 3.24 As originally outlined in the September 2019 report, the Master S106 Contributions Spreadsheet continues to be updated with all received contributions and details on actual and proposed funding allocations to ensure that all financial contribution information is located in one spreadsheet. The spreadsheet has information on the planning application, development location, individual contribution obligation wording and timescale for allocation and is RAG rated to assist with the identification of any contributions nearing their allocation deadline date. It now has additional information on

the future contributions due from new S106 agreements to allow the identification of future project funding. However, this is a sensitive document and as such it will not be publically shared with this report.

- 3.25 Members should note that the publicly available 'Annual Infrastructure Funding Statement Report 2019/20' will provide detailed information on the S106 agreements signed, and the contributions collected and allocated in the last financial year. This new annual reporting statement will be updated in December 2021 to provide information for the 2020/21 financial year.

### **Identifying projects for contribution funding in new S106 agreements**

- 3.26 For new S106 agreements, the Council is bound by the District Plan and relevant Supplementary Planning Documents (SPD's) for the policies used in the calculation of S106 contributions and Affordable Housing requirements. These SPDs provides clarity and transparency to developers, residents and Planning Officers in calculating S106 contributions – providing details of the type of planning contributions that may be required, the qualifying development threshold and the level of financial contribution where appropriate.
- 3.27 The 2008 Planning Obligations SPD provides information on the S106 contribution requirements for East Herts. However, the recently adopted Open Space, Sport and Recreation SPD now outlines the contribution amounts for each of the different categories of sports & recreation and community facilities from any proposed new development – see <https://eastherts.fra1.digitaloceanspaces.com/s3fs-public/2020-05/Open%20Space%2C%20Sport%20and%20Recreation%20SPD.pdf>
- 3.28 Once the financial contributions due from a new development

have been identified and calculated, the Infrastructure Contributions & Spend Manager is consulted by Planning Officers to help provide information on potential projects and contribution use allocation for inclusion in the S106 agreement.

- 3.29 However, in challenging economic times the amount of S106 contribution sums can be an issue in the planning process and subject to development viability challenge by the developer which can result in a decrease in the final amounts agreed in the S106 legal agreement.
- 3.30 To assist with the project identification process, the Infrastructure Contributions & Spend Manager has created a list of potential projects that would benefit from S106 funding, and continues to work with the Town & Parish Councils, Members, various local organisations and groups in East Herts to ensure that future funding requirements are identified.
- 3.31 In addition, Infrastructure Contributions & Spend Manager has promoted the potential use of S106 funding for projects within East Herts on the dedicated Section 106 page on the Council's website, internally at Staff Briefings, at meetings with sports organisations and at the Village Halls Conference in November 2019.
- 3.32 A great deal of work is undertaken to ensure that the projects / groups identified for inclusion in new S106 agreements are an appropriate and sustainable use of the funding, and that all parties are happy with them.
- 3.33 East Herts S106 funding allocation procedure – as previously mention work is ongoing to consult with Officers within the Council, Members, Town and Parish Councils, local groups and organisations to publicise S106 funding opportunities and to help identify potential funding needs from both received and future S106 contributions.

- 3.34 Information on S106 agreements and funding for projects is now available on a dedicated webpage on the council's new website - <https://www.eastherts.gov.uk/planning-building/section-106-agreements-funding-projects>
- 3.35 Organisations / groups looking for funding are encouraged to complete the online 'Expressions of Interest' form on the dedicated Section 106 webpage. In addition Town & Parish Councils and the Local Members are advised of any specific S106 funding available in their area and asked to identify projects or propose organisations / groups for potential funding.
- 3.36 If S106 funding is identified as available for the use proposed in the submitted Expression of Interest form, or a contribution is received for a named project use, the organisation / group is asked to complete an application form as part of the audit trail for the funding allocation. Work is ongoing to make the application form electronic and online to assist with the funding process.
- 3.37 Once a completed funding application has been received from the group / organisation looking for funding, it is evaluated to ensure compliance with the S106 contribution obligation by the infrastructure Contributions & Spend Manager. It is further checked for compliance by Legal and the Deputy Chief Executive, along with the Portfolio Holder for Planning & Growth, before funding is agreed. When compliance with the contribution obligation use has been confirmed and the project / use agreed by the above Officers and Portfolio Holder, the funding is then allocated to the project / organisation and the local Members are then notified. The funding is transferred electronically to the confirmed account of the organisation or group.

### **S106 financial highlights:**

- 3.38 The '2019/20 Annual Infrastructure Funding Statement'

provides further detailed information on the collection and allocation of S106 contributions between 01/04/2019 to 31/03/2020. *See Appendix B.* However Members should note the following figures for 2019/20:

- £1,911,961.44 collected from contributions triggered from sixteen (16) individual Section 106 Agreements.
- £684,062.58 allocated to individual projects or uses from thirty-eight (38) individual received contributions. This includes allocation to successful submitted funding applications, internal capital spends, revenue maintenance spends and transfers of specific contributions to the recycling budget.

3.39 Information is given below on the collection and allocation of S106 contributions triggered in the current financial year (from 01/04/2020 to date):

- £361,205.84 has been collected to date as contributions triggered from six (6) separate developments.
- £231,067.72 has been allocated to date this financial year – see below for further details.

3.40 As previously mentioned, Covid has had an impact on the organisations bidding for S106 funding as their project plans have been delayed. However, funding is currently being agreed for two community projects (Stanstead Abbots play area £40,022.36 & High Wych play area £75,278.00).

3.41 In addition, the transfer of £110,211.00 to BCAT Trust as the recipient for funding from the Buntingford Hopper Bus contribution is currently being arranged.

3.41 The first transfer of a health contribution collected on behalf of the NHS by East Herts Council is also being finalised (£5,547.36 of Mental Health Facilities contribution to be transferred to Hertfordshire Partnership University NHS Foundation Trust). Further information on the health contributions collected on

behalf of the NHS is available in the Annual Infrastructure Funding Statement.

3.42 Members should note that major council projects have also had S106 contributions allocated to them, and work is ongoing with Officers to identify all potential S106 funding for council projects. Council projects benefiting from S106 funding allocation include:

- Grange Paddocks Leisure Centre – £1,636,118.39
- Hartham Leisure Centre - £945,789.87
- Pinehurst Community Centre refurbishment - £21,763.71
- Hertford Castle Park Gardens works (as part of the Hertford Theatre Project works) - £30,316.00
- Tennis court relocation as part of the Castle Park Project in Bishop's Stortford - £56,262.00
- Parsonage Lane Play Area Project in Bishop's Stortford - £44,049.28
- Trinity Play Area Project in Bishop's Stortford - £84,007.39
- Bishop's Park Play Area Parkour Project in Bishop's Stortford - £58,610.34

3.43 Unspent S106 contributions - Significant work has been undertaken to identify and allocate all unspent S106 received contributions – this has identified the following sums and allocations:

- Revenue for ongoing maintenance (for the maintenance of parks and open spaces) - £784,796.94
- Waste & Recycling contributions - £749.65
- Monitoring fees (the Council is now legally able to charge a monitoring fee) - £5,700.00
- Affordable housing contributions (received in lieu of on-site provision) - £1,729,835.28
- NHS contributions (collected by EHC on behalf of the NHS) - £520,775.40
- Contributions received for allocation to named project uses within the S106 contribution wording – £1,797,552.60

- Unallocated received contributions - £951,271.53

3.43 NOTE: Unallocated contributions are available for internal and external funding application bids, but Legal advice has confirmed these contributions can only be allocated in accordance with the specified contribution use wording and within the vicinity of the development. E.g. £122,744.26 Outdoor Sports contribution 'to be used towards outdoor sports provision in Buntingford'; this can only be allocated if the funding application complies with this specific wording i.e. outdoor sports in Buntingford.

### **Ongoing S106 work and income generation**

3.44 In addition to the collection and allocation of S106 contributions, work continues to ensure that all S106 agreements are identified and updated on the master spreadsheet and the Development Management module of the Uniform IDOX system.

3.45 All current developments are monitored to ensure that contribution trigger points are identified and the contributions are collected on time. Very good working relationships have been developed with the Development Management Team, Legal Team, Finance Team and the Housing Team to ensure joined up working and a consistent approach to contribution collection and allocation.

3.46 Income continues to be generated from the provision of S106 status confirmation letters to solicitors and housing associations – the fee charged for the letter increased from £83 to £87 in 2020/21 generating:

- 2019/20 – £2,229.00
- 2020/21 to date – £1,649.00

3.47 To aid this process, template S106 status confirmation letters for all S106 agreements have been drafted. Full guidance and

procedures for the provision of S106 satisfaction letters and the funding allocation process have been devised to aid resilience.

- 3.48 In addition, the Infrastructure Contributions & Spend Managers has responded to four (4) Freedom of Information (FOI) requests regarding S106 contribution collection and allocation to date in this financial year.

#### **4.0 Options**

- 4.1 Members are invited to comment on the Annual Infrastructure Funding Statement report, and note the ongoing work of the Infrastructure Contributions & Spend Manager.
- 4.2 Going forward Members are also asked use their local knowledge to assist the Infrastructure Contributions & Spend Manager with the identification of potential projects for funding from current and future S106 contributions.

#### **5.0 Risks**

- 5.1 The 'Infrastructure Funding Statement Report 2019/20' must be published on the East Herts website before 31/12/2020. To not do so would put the Council in contravention of the Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019 and would be a reputational and legal risk for the Council. As the report has been written and is ready to be published this is a minor risk and the likelihood is unlikely.
- 5.2 The main risk of non-allocation of received S106 contributions within the timescale set out in the individual legal agreements is reputational, as this would result in the possibility of the funding having to be returned to the developer.
- 5.3 Significant work has been undertaken to ensure that this will not happen and that all contributions are identified, allocated and used within the time period stated within the S106



agreement – this is usually 10 years from the date of actual receipt of the financial contribution.

## **6.0 Implications/Consultations**

- 6.1 Feedback on the Annual Infrastructure Funding Statement 2019/20 was sought from Planning Officers, along with further information on the full consultation response to the Planning for the Future – White Paper.

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

No

### **Environmental Sustainability**

No

### **Financial**

No

### **Health and Safety**

No

### **Human Resources**

No

### **Human Rights**

No

### **Legal**

No

## Specific Wards

No

## 7.0 Background papers, appendices and other relevant material

- 7.1 24/09/2019 - Performance, Audit and Governance Scrutiny Committee - Section 106 Agreements Update Report  
<http://democracy.eastherts.gov.uk/documents/s49969/Section%20106%20Agreements%20-%20Update.pdf?J=9>
- 7.2 Appendix A – MHCLG ‘Planning for the Future White Paper – August 2020’.
- 7.3 Appendix B – East Herts Council Annual Infrastructure Funding Statement Report 2019-20

**Contact Member:** Councillor Jan Goodeve  
Executive Member for Planning and Growth  
[jan.goodeve@eastherts.gov.uk](mailto:jan.goodeve@eastherts.gov.uk)

**Contact Officer:** Helen Standen  
Deputy Chief Executive  
Tel No: 01992 531405  
[helen.standen@eastherts.gov.uk](mailto:helen.standen@eastherts.gov.uk)

**Report Author:** Jackie Bruce  
Infrastructure Contributions & Spend Manager  
Tel No: 01992 531654  
[jackie.bruce@eastherts.gov.uk](mailto:jackie.bruce@eastherts.gov.uk)



Ministry of Housing,  
Communities &  
Local Government

APPENDIX A

# PLANNING FOR THE FUTURE

White Paper August 2020









# Contents

Scope of the consultation	4
Ministerial Foreword	6
Introduction	10
Pillar One – Planning for development	26
Pillar Two – Planning for beautiful and sustainable places	44
Pillar Three – Planning for infrastructure and connected places	60
Delivering change	68
What happens next	74
Annex A	78



# Scope of the consultation

Topic of this consultation:	This consultation seeks any views on each part of a package of proposals for reform of the planning system in England to streamline and modernise the planning process, improve outcomes on design and sustainability, reform developer contributions and ensure more land is available for development where it is needed.
Scope of this consultation:	<p>This consultation covers a package of proposals for reform of the planning system in England, covering plan-making, development management, development contributions, and other related policy proposals.</p> <p>Views are sought for specific proposals and the wider package of reforms presented.</p>
Geographical scope:	These proposals relate to England only.
Impact Assessment:	The Government is mindful of its responsibility to have regard to the potential impact of any proposal on the Public Sector Equality Duty. In each part of the consultation we would invite any views on the duty. We are also seeking views on the potential impact of the package as a whole on the Public Sector Equality Duty.

# Basic information

To:	This consultation is open to everyone. We are keen to hear from a wide range of interested parties from across the public and private sectors, as well as from the general public.
Body/bodies responsible for the consultation:	Ministry of Housing, Communities and Local Government
Duration:	This consultation will last for 12 weeks from 6 August 2020.
Enquiries:	For any enquiries about the consultation please contact <a href="mailto:planningforthefuture@communities.gov.uk">planningforthefuture@communities.gov.uk</a> .
How to respond:	<p>You may respond by going to our website <a href="https://www.gov.uk/government/consultations/planning-for-the-future">https://www.gov.uk/government/consultations/planning-for-the-future</a></p> <p>Alternatively you can email your response to the questions in this consultation to <a href="mailto:planningforthefuture@communities.gov.uk">planningforthefuture@communities.gov.uk</a>.</p> <p>If you are responding in writing, please make it clear which questions you are responding to.</p> <p>Written responses should be sent to: Planning for the Future Consultation, Planning Directorate, 3rd Floor, Fry Building, 2 Marsham Street, London SW1P 4DF.</p> <p>When you reply it would be very useful if you confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:</p> <ul style="list-style-type: none"><li>• your name,</li><li>• your position (if applicable), and</li><li>• the name of organisation (if applicable).</li></ul>

# Foreword from the Prime Minister

Page 44

**I never cease to be amazed by the incredible potential of this country. The vast array of innovations and talent that, when combined with our extraordinary can-do spirit, has brought forth everything from the jet engine to gene editing therapy.**

But as we approach the second decade of the 21st century that potential is being artificially constrained by a relic from the middle of the 20th – our outdated and ineffective planning system.

Designed and built in 1947 it has, like any building of that age, been patched up here and there over the decades.

Extensions have been added on, knocked down and rebuilt according to the whims of whoever's name is on the deeds at the time. Eight years ago a new landlord stripped most of the asbestos from the roof.

But make-do-and-mend can only last for so long and, in 2020, it is no longer fit for human habitation.

Thanks to our planning system, we have nowhere near enough homes in the right places. People cannot afford to move to where their talents can be matched with opportunity. Businesses cannot afford to grow and create jobs. The whole thing is beginning to crumble and the time has come to do what too many have for too long lacked the courage to do – tear it down and start again.

That is what this paper proposes.

Radical reform unlike anything we have seen since the Second World War.

Not more fiddling around the edges, not simply painting over the damp patches, but levelling the foundations and building, from the ground up, a whole new planning system for England.

One that is simpler, clearer and quicker to navigate, delivering results in weeks and months rather than years and decades.

That actively encourages sustainable, beautiful, safe and useful development rather than obstructing it.

That makes it harder for developers to dodge their obligations to improve infrastructure and opens up housebuilding to more than just the current handful of massive corporations.

That gives you a greater say over what gets built in your community.

That makes sure start-ups have a place to put down roots and that businesses great and small have the space they need to grow and create jobs.

And, above all, that gives the people of this country the homes we need in the places we want to live at prices we can afford, so that all of us are free to live where we can connect our talents with opportunity.


Getting homes built is always a controversial business. Any planning application, however modest, almost inevitably attracts objections and I am sure there will be those who say this paper represents too much change too fast, too much of a break from what has gone before.

But what we have now simply does not work.

So let's do better. Let's make the system work for all of us. And let's take big, bold steps so that we in this country can finally build the homes we all need and the future we all want to see.

**The Rt. Hon. Boris Johnson MP**  
Prime Minister



A close-up portrait of Boris Johnson, the former Prime Minister of the United Kingdom. He has blonde hair and is wearing a dark blue suit, a white shirt, and a blue tie. He is looking directly at the camera with a slight smile. The background is blurred, showing what appears to be a bookshelf.

"The homes we need in the places we want to live in at prices we can afford, so that all of us are free to live where we can connect our talents with opportunity."

# Foreword from the Secretary of State

**The outbreak of COVID-19 has affected the economic and social lives of the entire nation. With so many people spending more time at home than ever before, we have come to know our homes, gardens and local parks more intimately. For some this has been a welcome opportunity to spend more time in the place they call home with the people they love. For others – those in small, substandard homes, those unable to walk to distant shops or parks, those struggling to pay their rent, or indeed for those who do not have a home of their own at all – this has been a moment where longstanding issues in our development and planning system have come to the fore.**

Such times require decisive action and a plan for a better future. These proposals will help us to build the homes our country needs, bridge the present generational divide and recreate an ownership society in which more people have the security and dignity of a home of their own.

Our proposals seek a significantly simpler, faster and more predictable system. They aim to facilitate a more diverse and competitive housing industry, in which smaller builders can thrive alongside the big players, where all pay a fair share of the costs of infrastructure and the affordable housing existing communities require and where permissions are more swiftly turned into homes.

We are cutting red tape, but not standards. This Government doesn't want to just build houses. We want a society that has re-established powerful links between identity and place, between our unmatched architectural heritage and the future, between community and purpose. Our reformed system places a higher regard on quality, design and local vernacular than ever before, and draws inspiration from the idea of design codes and pattern books that built Bath, Belgravia and Bournville. Our guiding principle will be as Clough Williams-Ellis said to cherish the past, adorn the present and build for the future.

We will build environmentally friendly homes that will not need to be expensively retrofitted in the future, homes with green spaces and new parks at close hand, where tree lined streets are the norm and where neighbours are not strangers.

We are moving away from notices on lampposts to an interactive and accessible map-based online system – placing planning at the fingertips of people. The planning process will be brought into the 21st century. Communities will be reconnected to a planning process that is supposed to serve them, with residents more engaged over what happens in their areas.


While the current system excludes residents who don't have the time to contribute to the lengthy and complex planning process, local democracy and accountability will now be enhanced by technology and transparency.

Reforming the planning system isn't a task we undertake lightly, but it is both an overdue and a timely reform. Millions of jobs depend on the construction sector and in every economic recovery, it has played a crucial role.

This paper sets out how we will reform the planning system to realise that vision and make it more efficient, effective and equitable. I am most grateful to the taskforce of experts who have generously offered their time and expert advice as we have developed our proposals for reform – Bridget Rosewell, Miles Gibson, Sir Stuart Lipton, Nicholas Boys Smith, and Christopher Katkowski QC.

**The Rt. Hon. Robert Jenrick MP**

Secretary of State for Housing, Communities and Local Government

A portrait of a man with short brown hair, wearing a dark suit, white shirt, and dark tie. He is looking directly at the camera with a neutral expression. The background is a blurred outdoor scene with green foliage and a building.

“These proposals will help us to build the homes our country needs, bridge the present generational divide and recreate an ownership society in which more people have the dignity and security of a home of their own.”

## The challenge we face – an inefficient, opaque process and poor outcomes

The planning system is central to our most important national challenges: tackling head on the shortage of beautiful, high quality homes and places where people want to live and work; combating climate change; improving biodiversity; supporting sustainable growth in all parts of the country and rebalancing our economy; delivering opportunities for the construction sector, upon which millions of livelihoods depend; the ability of more people to own assets and have a stake in our society; and our capacity to house the homeless and provide security and dignity.<sup>1</sup>

To succeed in meeting these challenges, as we must, the planning system needs to be fit for purpose. It must make land available in the right places and for the right form of

development. In doing this, it must ensure new development brings with it the schools, hospitals, surgeries and transport local communities need, while at the same time protecting our unmatched architectural heritage and natural environment.

There is some brilliant planning and development. And there are many brilliant planners and developers. But too often excellence in planning is the exception rather than the rule, as it is hindered by several problems with the system as it stands:

- It is too complex: the planning system we have today was shaped by the Town and Country Planning Act 1947, which established planning as nationalised and discretionary in character. Since then, decades of reform have built complexity, uncertainty and delay into the system. It now works best for large investors and companies, and worst for those without the resources to manage a process beset by risk and uncertainty. A simpler framework would better support a more competitive market with a greater diversity of developers, and more resilient places.
- Planning decisions are discretionary rather than rules-based: nearly all decisions to grant consent are undertaken on a case-by-case basis, rather than determined by clear rules for what can and cannot be done. This makes the English planning system and those derived from it an exception internationally, and it has the important consequences of increasing planning risk, pushing up the cost of capital for development and discouraging both

There is some brilliant planning and development. And there are many brilliant planners and developers.





Planning decisions are discretionary rather than rules-based: nearly all decisions to grant consent are undertaken on a case-by-case basis.





innovation and the bringing forward of land for development.<sup>2</sup> Decisions are also often overturned – of the planning applications determined at appeal, 36 per cent of decisions relating to major applications and 30 per cent of decisions relating to minor applications are overturned.<sup>3</sup>

- It takes too long to adopt a Local Plan: although it is a statutory obligation to have an up-to-date Local Plan in place, only 50 per cent of local authorities (as of June 2020) do, and Local Plan preparation takes an average of seven years (meaning many policies are effectively out of date as soon as they are adopted).
- Assessments of housing need, viability and environmental impacts are too complex and opaque: land supply decisions are based on projections of household and business 'need' typically over 15- or 20-year periods. These figures are highly contested and do not provide a clear basis for the scale of development to be planned for. Assessments of environmental impacts and viability add complexity and bureaucracy but do not necessarily lead to environmental improvements nor ensure sites are brought forward and delivered.
- It has lost public trust with, for example, a recent poll finding that only seven per cent trusted their local council to make decisions about large scale development that will be good for their local area (49 per cent and 36 per cent said they distrusted developers and local authorities respectively).<sup>4</sup> And consultation is dominated by the few willing and able to navigate the process – the voice of those who stand to gain from development is not heard loudly enough, such as young people. The importance of local participation in planning is now the focus of a campaign by the Local Government Association but this involvement must be accessible to all people.<sup>5</sup>

The planning system is based on 20th-century technology: planning systems are reliant on legacy software that burden the sector with repetitive tasks.





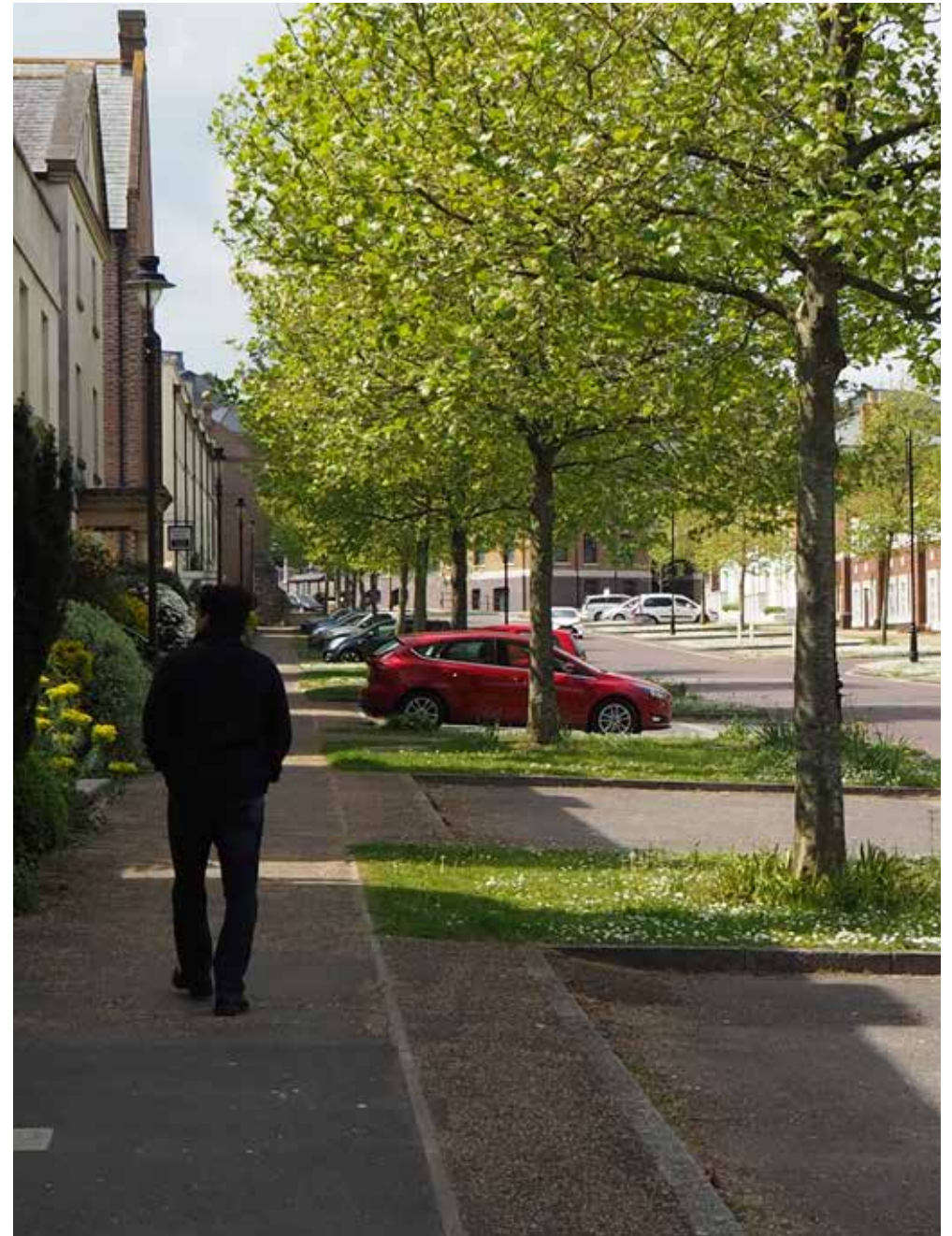
- It is based on 20th-century technology: planning systems are reliant on legacy software that burden the sector with repetitive tasks. The planning process remains reliant on documents, not data, which reduces the speed and quality of decision-making. The user experience of the planning system discourages engagement, and little use is made of interactive digital services and tools. We have heard that for many developers the worst thing that can happen is for the lead local authority official to leave their job – suggesting a system too dependent on the views of a particular official at a particular time, and not transparent and accessible requirements shaped by communities.
- The process for negotiating developer contributions to affordable housing and infrastructure is complex, protracted and unclear: as a result, the outcomes can be uncertain, which further diminishes trust in the system and reduces the ability of local planning authorities to plan for and deliver necessary infrastructure. Over 80 per cent of planning authorities agree that planning obligations cause delay.<sup>6</sup> It also further increases planning risk for developers and landowners, thus discouraging development and new entrants.
- There is not enough focus on design, and little incentive for high quality new homes and places: There is insufficient incentive within the process to bring forward proposals that are beautiful and which will enhance the environment, health, and character of local areas. Local Plans do not provide enough certainty around the approved forms of development, relying on vague and verbal statements of policy rather than the popularly endorsed visual clarity that can be provided by binding design codes. This means that quality can be negotiated away too readily and the lived experience of the consumer ignored too readily.



- It simply does not lead to enough homes being built, especially in those places where the need for new homes is the highest. Adopted Local Plans, where they are in place, provide for 187,000 homes per year across England – not just significantly below our ambition for 300,000 new homes annually, but also lower than the number of homes delivered last year (over 241,000).<sup>7</sup> The result of long-term and persisting undersupply is that housing is becoming increasingly expensive, including relative to our European neighbours. In Italy, Germany and the Netherlands, you can get twice as much housing space for your money compared to the UK.<sup>8</sup> We need to address the inequalities this has entrenched.

A poor planning process results in poor outcomes. Land use planning and development control are forms of regulation, and like any regulation should be predictable and accessible, and strike a fair balance between consumers, producers and wider society. But too often the planning system is unpredictable, too difficult to engage with or understand, and favours the biggest players in the market who are best able to negotiate and navigate through the process.

The Government has made significant progress in recent years in increasing house building, with construction rates at a 30-year high in 2019. But these fundamental issues in the system remain, and we are still lagging behind many of our European neighbours. And as the Building Better, Building Beautiful Commission found in its interim report last year, too often what we do build is low quality and considered ugly by local residents.<sup>9</sup>





The Government has made significant progress in recent years to increase house building, with construction rates at a 30-year high.





# A new vision for England's planning system

This paper and the reforms that follow are an attempt to rediscover the original mission and purpose of those who sought to improve our homes and streets in late Victorian and early 20th-century Britain. That original vision has been buried under layers of legislation and case law. We need to rediscover it.

Planning matters. Where we live has a measurable effect on our physical and mental health: on how much we walk, on how many neighbours we know or how tense we feel on the daily journey to work or school. Places affect us from the air that we breathe to our ultimate sense of purpose and wellbeing. This is a question of social justice too. Better off people experience more beauty than poorer people and can better afford the rising costs of homes. As a nation we need to do this better. Evidence from the Town and Country Planning Association (TCPA), the Royal Town Planning Institute (RTPI) and the Green Building Council to the Building Better Building Beautiful Commission all emphasised that the evidence on what people want and where they flourish is remarkably consistent.

The Government's planning reforms since 2010 have started to address the underlying issues:

- last year, we delivered over 241,000 homes, more new homes than at any point in the last 30 years;
- our reforms to change-of-use rules have supported delivery of over 50,000 new homes;
- the rate of planning applications granted has increased since 2010;<sup>10</sup>
- the National Planning Policy Framework, introduced in 2012, has greatly simplified the previously huge volume of policy;
- we have introduced a simplified formula for assessing housing need and clearer incentives for local authorities to have up-to-date plans in place;
- we have introduced greater democratic accountability over infrastructure planning, giving elected Ministers responsibility for planning decisions about this country's nationally significant energy, transport, water, wastewater and waste projects;
- we have continued to protect the Green Belt;

- protections for environmental and heritage assets – such as Areas of Outstanding Natural Beauty (AONBs), and Sites of Special Scientific Interest (SSSIs) and Conservation Areas – continue to protect our treasured countryside and historic places; and
- we have democratised and localised the planning process by abolishing the top-down regional strategies and unelected regional planning bodies, and empowered communities to prepare a plan for their area, through our introduction of neighbourhood planning – with over 2,600 communities taking advantage of our reforms so far.

But the simple truth is that decades of complexity and political argument have resulted in a system which is providing neither sufficient homes nor good enough new places. Nor is it fairly using the talents and passions of public sector planners who often feel over-worked and under-appreciated, trapped between the urgent need for more homes, an insufficiently competitive market and a policy framework which makes it almost impossible for them to insist upon beautiful and sustainable new homes and places.

The planning system needs to be better at unlocking growth and opportunity in all parts of the country, at encouraging beautiful new places, at supporting the careful stewardship and rebirth of town and city centres, and at supporting the revitalisation of existing buildings as well as supporting new development.

It is also time for the planning system finally to move towards a modernised, open data approach that creates a reliable national picture of what is happening where in planning, makes planning services more efficient, inclusive and consistent, and unlocks the data needed by property developers and the emerging Property Technology (PropTech) sector, to help them make more informed decisions on what to build and where.





We wish to:

- be more ambitious for the places we create, expecting new development to be beautiful and to create a 'net gain' not just 'no net harm';
- move the democracy forward in the planning process and give neighbourhoods and communities an earlier and more meaningful voice in the future of their area as plans are made, harnessing digital technology to make it much easier to access and understand information about specific planning proposals. More engagement should take place at the Local Plan phase;
- improve the user experience of the planning system, to make planning information easier to find and understand and make it appear in the places that discussions are happening, for example in digital neighbourhood groups and social networks. New digital engagement processes will make it radically easier to raise views about and visualise emerging proposals whilst on-the-go on a smart phone;
- support home ownership, helping people and families own their own beautiful, affordable, green and safe homes, with ready access to better infrastructure and green spaces;
- increase the supply of land available for new homes where it is needed to address affordability pressures, support economic growth and the renewal of our towns and cities, and foster a more competitive housing market;
- help businesses to expand with readier access to the commercial space they need in the places they want and supporting a more physically flexible labour market;
- support innovative developers and housebuilders, including small and medium-sized enterprises (SMEs) and self-builders, those looking to build a diverse range of types and tenure of housing, and those using innovative modern methods of construction (MMC);
- promote the stewardship and improvement of our precious countryside and environment, ensuring important natural assets are preserved, the development potential of brownfield land is maximised, that we support net gains for biodiversity and the wider environment and actively address the challenges of climate change; and
- create a virtuous circle of prosperity in our villages, towns and cities, supporting their ongoing renewal and regeneration without losing their human scale, inheritance and sense



of place. We need to build more homes at gentle densities in and around town centres and high streets, on brownfield land and near existing infrastructure so that families can meet their aspirations. Good growth will make it easier to level up the economic and social opportunities available to communities.

Underpinning this, we need to modernise the day-to-day operation of the planning system. Residents should not have to rely on planning notices attached to lamp posts, printed in newspapers or posted in libraries. The COVID-19 pandemic has highlighted the need for modern digital planning services that can be accessed from home, and many planners and local authorities have responded brilliantly to this challenge. The planning system must build on this success and follow other sectors in harnessing the benefits which digitisation can bring – real-time information, high-quality virtual simulation, straightforward end-to-end processes. It should be based on data, not documents, inclusive for all members of society, and stimulate the innovation of the great British design industry.

There are growing calls for change, and for the shape that it should take – based on a bold vision for end-to-end reform, rather than further piecemeal change within the existing system. Recent reports from think tanks and the Government-appointed Building Better, Building Beautiful Commission are the latest prominent voices to have added to the chorus.<sup>11</sup>





We will undertake fundamental reform of the planning system to address its underlying weaknesses and create a system fit for the 21st century. We want to hear your views on our proposals.

**First, we will streamline the planning process with more democracy taking place more effectively at the plan-making stage, and will replace the entire corpus of plan-making law in England to achieve this:**

- Simplifying the role of Local Plans, to focus on identifying land under three categories – *Growth* areas suitable for substantial development, and where outline approval for development would be automatically secured for forms and types of development specified in the Plan; *Renewal* areas suitable for some development, such as gentle densification; and *Protected* areas where – as the name suggests – development is restricted. This could halve the time it takes to secure planning permission on larger sites identified in plans. We also want to allow local planning authorities to identify sub-areas in their *Growth* areas for self- and custom-build homes, so that more people can build their own homes.
- Local Plans should set clear rules rather than general policies for development. We will set out general development management policies nationally, with a more focused role for Local Plans in identifying site- and area-specific requirements, alongside locally produced design codes. This would scale back the detail and duplication contained in Local Plans, while encouraging a much greater focus on design quality at the local level. Plans will be significantly shorter in length (we expect a reduction in size of at least two thirds), as they will no longer contain a long list of “policies” of varying specificity – just a core set of standards and requirements for development.
- Local councils should radically and profoundly re-invent the ambition, depth and breadth with which they engage with communities as they consult on Local Plans. Our reforms will democratise the planning process by putting a new emphasis on engagement at the plan-making stage. At the same time, we will streamline the opportunity for consultation at the planning application stage, because this adds delay to the process and allows a small minority of voices, some from the local area and often some not, to shape outcomes. We want to hear the views of a wide range of people and groups through this consultation on our proposed reforms.
- Local Plans should be subject to a single statutory “sustainable development” test, and unnecessary assessments and requirements that cause delay and challenge in the current system should be abolished. This would mean replacing the existing tests of soundness, updating requirements for assessments (including on the environment and viability) and abolishing the Duty to Cooperate.
- Local Plans should be visual and map-based, standardised, based on the latest digital technology, and supported by a new standard template. Plans should be significantly shorter in length, and limited to no more than setting out site- or area-specific parameters and opportunities.
- Local authorities and the Planning Inspectorate will be required through legislation to meet a statutory timetable (of no more than 30 months in total) for key stages of the process, and there will be sanctions for those who fail to do so.
- Decision-making should be faster and more certain, within firm deadlines, and should make greater use of data and digital technology.

## We will develop a comprehensive resources and skills strategy for the planning sector to support the implementation of our reforms

- We will seek to strengthen enforcement powers and sanctions so that as we move towards a rules-based system, communities can have confidence those rules will be upheld.
- We will develop a comprehensive resources and skills strategy for the planning sector to support the implementation of our reforms – so that, as we bring in our reforms, local planning authorities are equipped to create great communities through world-class civic engagement and proactive plan-making.

### **Second, we will take a radical, digital-first approach to modernise the planning process. This means moving from a process based on documents to a process driven by data. We will:**

- Support local planning authorities to use digital tools to support a new civic engagement process for Local Plans and decision-making, making it easier for people to understand what is being proposed and its likely impact on them through visualisations and other digital approaches. We will make it much easier for people to feed in their views into the system through social networks and via their phones.
- Insist local plans are built on standardised, digitally consumable rules and data, enabling accessible interactive maps that show what can be built where. The data will be accessed by software used across the public sector and also by external PropTech entrepreneurs to improve transparency, decision-making and productivity in the sector.
- Standardise, and make openly and digitally accessible, other critical datasets that the planning system relies on, including planning decisions and developer contributions. Approaches for fixing the underlying data are already being tested and developed by innovative local planning authorities and we are exploring options for how these could be scaled nationally.

- Work with tech companies and local authorities to modernise the software used for making and case-managing a planning application, improving the user-experience for those applying and reducing the errors and costs currently experienced by planning authorities. A new more modular software landscape will encourage digital innovation and will consume and provide access to underlying data. This will help automate routine processes, such as knowing whether new applications are within the rules, making decision-making faster and more certain.
- Engage with the UK PropTech sector through a PropTech Innovation Council to make the most of innovative new approaches to meet public policy objectives, help this emerging sector to boost productivity in the wider planning and housing sectors, and ensure government data and decisions support the sector's growth in the UK and internationally.

### **Third, to bring a new focus on design and sustainability, we will:**

- Ensure the planning system supports our efforts to combat climate change and maximises environmental benefits, by ensuring the National Planning Policy Framework targets those areas where a reformed planning system can most effectively address climate change mitigation and adaptation and facilitate environmental improvements.
- Facilitate ambitious improvements in the energy efficiency standards for buildings to help deliver our world-leading commitment to net-zero by 2050.
- Ask for beauty and be far more ambitious for the places we create, expecting new development to be beautiful, and to create a 'net gain' not just 'no net harm', with a greater focus on 'placemaking' and 'the creation of beautiful places' within the National Planning Policy Framework.

## The Community Infrastructure Levy and the current system of planning will be reformed as a nationally set, value-based flat rate charge (the 'Infrastructure Levy')."

- Make it easier for those who want to build beautifully through the introduction of a fast-track for beauty through changes to national policy and legislation, to automatically permit proposals for high-quality developments where they reflect local character and preferences.
- Introduce a quicker, simpler framework for assessing environmental impacts and enhancement opportunities, that speeds up the process while protecting and enhancing England's unique ecosystems.
- Expect design guidance and codes – which will set the rules for the design of new development – to be prepared locally and to be based on genuine community involvement rather than meaningless consultation, so that local residents have a genuine say in the design of new development, and ensure that codes have real 'bite' by making them more binding on planning decisions.
- Establish a new body to support the delivery of design codes in every part of the country, and give permanence to the campaigning work of the Building Better, Building Beautiful Commission and the life of its co-chairman the late Sir Roger Scruton.
- Ensure that each local planning authority has a chief officer for design and place-making, to help ensure there is the capacity and capability locally to raise design standards and the quality of development.
- Lead by example by updating Homes England's strategic objectives to give greater emphasis to delivering beautiful places.
- Protect our historic buildings and areas while ensuring the consent framework is fit for the 21st century.

### Fourth, we will improve infrastructure delivery in all parts of the country and ensure developers play their part, through reform of developer contributions. We propose:

- The Community Infrastructure Levy and the current system of planning obligations will be reformed as a nationally set, value-based flat rate charge (the 'Infrastructure Levy'). A single rate or varied rates could be set. We will aim for the new Levy to raise more revenue than under the current system of developer contributions, and deliver at least as much – if not more – on-site affordable housing as at present. This reform will enable us to sweep away months of negotiation of Section 106 agreements and the need to consider site viability. We will deliver more of the infrastructure existing and new communities require by capturing a greater share of the uplift in land value that comes with development.
- We will be more ambitious for affordable housing provided through planning gain, and we will ensure that the new Infrastructure Levy allows local planning authorities to secure more on-site housing provision.
- We will give local authorities greater powers to determine how developer contributions are used, including by expanding the scope of the Levy to cover affordable housing provision to allow local planning authorities to drive up the provision of affordable homes. We will ensure that affordable housing provision supported through developer contributions is kept at least at current levels, and that it is still delivered on-site to ensure that new development continues to support mixed communities. Local authorities will have the flexibility to use this funding to support both existing communities as well as new communities.
- We will also look to extend the scope of the consolidated Infrastructure Levy and remove exemptions from it to capture changes of use through permitted development rights, so that additional homes delivered through this route bring with them support for new infrastructure.



**Fifth, to ensure more land is available for the homes and development people and communities need, and to support renewal of our town and city centres, we propose:**

- A new nationally determined, binding housing requirement that local planning authorities would have to deliver through their Local Plans. This would be focused on areas where affordability pressure is highest to stop land supply being a barrier to enough homes being built. We propose that this would factor in land constraints, including the Green Belt, and would be consistent with our aspirations of creating a housing market that is capable of delivering 300,000 homes annually, and one million homes over this Parliament.
- To speed up construction where development has been permitted, we propose to make it clear in the revised National Planning Policy Framework that the masterplans and design codes for sites prepared for substantial development should seek to include a variety of development types from different builders which allow more phases to come forward together. We will explore further options to support faster build out as we develop our proposals for the new planning system.
- To provide better information to local communities, to promote competition amongst developers, and to assist SMEs and new entrants to the sector, we will consult on options for improving the data held on contractual arrangements used to control land.
- To make sure publicly owned land and public investment in development supports thriving places, we will:
  - ensure decisions on the locations of new public buildings – such as government offices and further education colleges – support renewal and regeneration of town centres; and
  - explore how publicly owned land disposal can support the SME and self-build sectors.



# The change we will see – a more engaging, equitable and effective system

Our proposals will greatly improve the user experience of the planning system, making it fit for the next century.

**Residents** will be able to engage in a much more democratic system that is open to a wider range of people whose voice is currently not heard. Residents will no longer have to rely on planning notices attached to lamp posts, printed in newspapers and posted in libraries to find out about newly proposed developments. Instead people will be able to use their smartphone to give their views on Local Plans and design codes as they are developed, and to see clearer, more visual information about development proposals near them – rather than current planning policies and development proposals presented in PDF documents, hundreds of pages long. And existing and new residents alike will gain from more affordable, green and beautiful homes near to where they want to live and work.

**Communities** will be able to trust the planning system again as their voice will be heard from the beginning of the process and better use of digital technology will make it radically easier for people to understand what is being proposed in their neighbourhoods and provide new ways to feed their views into the reformed system. Local Plans will be developed over a fixed 30-month period with clear engagement points, rather than the current inconsistent process which takes seven years on average. The Infrastructure Levy will be more transparent than Section 106, and local communities will have more control over how it is spent. Communities will be able to set standards for design upfront through local design codes. And with more land available for homes where they are most needed, and a renewed focus on the beauty of new development, communities will be able to grow organically and sustainably, and development will enhance places for everyone.

**Innovators, entrepreneurs and businesses** will benefit from a planning system that is much more adaptable to the changing needs of the economy. A greater amount of land available near to workplaces, and a more flexible approach to how that land can be used, will make it

Innovators and businesses will benefit from a planning system that is much more adaptable to the changing need of the economy.



much easier for firms to set up and expand in the most productive locations – for example, spin-out companies looking to set up near to research-intensive universities. A reformed system that is based upon data, rather than documents will help to provide the data that innovators and entrepreneurs, including the burgeoning PropTech sector, need to build new technology to help improve citizen engagement and planning processes.

**Small builders, housing associations and those building their own home**, will find this system much easier, less costly and quicker to navigate, with more land available for development and clearer expectations on the types of development permitted, helping them to find development opportunities and use innovative construction methods. With permission for the principle of development secured automatically in many cases, a major hurdle in the process will be removed, taking two to three years out of the process. The system of developer contributions will make it much easier for smaller developers, who will not have to engage in months of negotiation and can instead get on with the job of building. And a shorter, more certain process will remove significant risk from the process, lowering the need for developers to secure long development pipelines and lowering the regulatory barriers to entry that currently exist in the market. A data-led planning system will help developers of all sizes and experience to find the planning information they need to understand what can be built and where, which will provide greater certainty to them and their investors.

**Local authorities**, including mayoral combined authorities, will be liberated to plan and able to focus on what they do best, with the shackles of current burdensome assessments and negotiations removed. They will be able to give more attention to improving the quality of new development and focus on those large and special sites that need the most consideration. And the Government will support modernisation of the planning process so that routine tasks are automated and decision-making, and plan-making, is improved by better access to the data local authorities need.

**And for our children and grandchildren**, our reforms will leave an inheritance of environmental improvement – with environmental assets protected, more green spaces provided, more sustainable development supported, new homes that are much more energy-efficient and new places that can become the heritage of the future, built closer to where people want to live and work to reduce our reliance on carbon-intensive modes of transport.

This consultation document does not address every detailed part of the planning system, its function and objectives, but rather focuses on the key reforms that can help improve the delivery and quality of homes and neighbourhoods, set within our drive towards net-zero greenhouse gas emissions by 2050.

And fixing the planning system alone will not be enough – it will require a collective effort between Government, communities, businesses and developers over the long term. But fixing the planning system should be the starting point for these efforts.





# Pillar One – Planning for development

## Overview

The starting point for an effective planning system is to establish a clear and predictable basis for the pattern and form of development in an area. The current system of land use planning in England is principally based on Local Plans, brought forward by local planning authorities on behalf of their communities. But in contrast to planning systems in places like Japan, the Netherlands and Germany, where plans give greater certainty that development is permitted in principle upfront, plans in England are policy-based, with a separate process required to secure permission on the sites that it designates for development.

Local Plans are a good foundation on which to base reform, as they provide a route for local requirements to be identified and assessed, a forum for political debate and for different views on the future of areas to be heard. The National Planning Policy Framework provides a clear basis for those matters that are best set in national policy.

However, change is needed. Layers of assessment, guidance and policy have broadened the scope of Local Plans, requiring a disproportionate burden of evidence to support them. As a result, Local Plans take increasingly long to produce, on average over seven years; have become lengthier documents of increasing complexity, in some cases stretching to nearly 500 pages; are underpinned by vast swathes of evidence base documents, often totalling at least ten times the length of the plan itself, and none of which are clearly linked, standardised, or produced in accessible formats; and include much unnecessary repetition of national policy.

It is difficult for users of the planning system to find the information they need, and when they do, it is difficult to understand. Few people read the array of evidence base documents which accompany plans and these assessments do not sufficiently aid decision-making. Much of this evidence becomes dated very quickly, and production times often render policies out of date as soon as they are adopted. Furthermore, even when the plan is in place, it cannot be relied on as the definitive statement of how development proposals should be handled.

Local Plans should instead be focused on where they can add real value: allocating enough land for development in the right places, giving certainty about what can be developed on that land, making the process for getting permission for development as simple as possible, and providing local communities a genuine opportunity to shape those decisions. To this end, Local Plans should:

- be based on transparent, clear requirements for local authorities to identify appropriate levels of, and locations for, development that provide certainty and that applicants and communities can easily understand;
- communicate key information clearly and visually so that plans are accessible and easily understandable, and communities can engage meaningfully in the process of developing them;
- be published as standardised data to enable a strategic national map of planning to be created;
- be developed using a clear, efficient and standard process;
- benefit from a radically and profoundly re-invented engagement with local communities so that more democracy takes place effectively at the plan-making stage; and
- set clear expectations on what is required on land that is identified for development, so that plans give confidence in the future growth of areas and facilitate the delivery of beautiful and sustainable places.

## Questions

1. What three words do you associate most with the planning system in England?
- 2(a). Do you get involved with planning decisions in your local area?  
[Yes / No]
- 2(b). If no, why not?  
[Don't know how to / It takes too long / It's too complicated / I don't care / Other – please specify]
3. Our proposals will make it much easier to access plans and contribute your views to planning decisions. How would you like to find out about plans and planning proposals in the future?  
[Social media / Online news / Newspaper / By post / Other – please specify]
4. What are your top three priorities for planning in your local area?  
[Building homes for young people / building homes for the homeless / Protection of green spaces / The environment, biodiversity and action on climate change / Increasing the affordability of housing / The design of new homes and places / Supporting the high street / Supporting the local economy / More or better local infrastructure / Protection of existing heritage buildings or areas / Other – please specify]



## Proposals

We propose a new role for Local Plans and a new process for making them, by replacing the existing primary and secondary legislation.

### A NEW APPROACH TO PLAN-MAKING

Local Plans should have a clear role and function, which should be, first, to identify land for development and sites that should be protected; and, second, to be clear about what development can take place in those different areas so that there is greater certainty about land allocated for development and so that there is a faster route to securing permission. They should be assessed against a single statutory “sustainable development” test to ensure plans strike the right balance between environmental, social and economic objectives.

**Proposal 1: The role of land use plans should be simplified. We propose that Local Plans should identify three types of land – *Growth* areas suitable for substantial development, *Renewal* areas suitable for development, and areas that are *Protected*.**

All areas of land would be put into one of these three categories:

- *Growth* areas “suitable for substantial development” – we propose that the term substantial development be defined in policy to remove any debate about this descriptor. We envisage this category would include land suitable for comprehensive development, including new settlements and urban extension sites, and areas for redevelopment, such as former industrial sites or urban regeneration sites. It could also include proposals for sites such as



those around universities where there may be opportunities to create a cluster of growth-focused businesses. Sites annotated in the Local Plan under this category would have outline approval for development (see proposal 5 for more detail). Areas of flood risk would be excluded from this category (as would other important constraints), unless any risk can be fully mitigated;

- *Renewal* areas “suitable for development” – this would cover existing built areas where smaller scale development is appropriate. It could include the gentle densification and infill of residential areas, development in town centres, and development in rural areas that is not annotated as *Growth* or *Protected* areas, such as small sites within or on the edge of villages. There would be a statutory presumption in favour of development being granted for the uses specified as being suitable in each area. Local authorities could continue to consider the case for resisting inappropriate development of residential gardens;
- Areas that are *Protected* – this would include sites and areas which, as a result of their particular environmental and/or cultural characteristics, would justify more stringent development controls to ensure sustainability. This would include areas such as Green Belt, Areas of Outstanding Natural Beauty (AONBs), Conservation Areas, Local Wildlife Sites, areas of significant flood risk and important areas of green space. At a smaller scale it can continue to include gardens in line with existing policy in the National Planning Policy Framework. It would also include areas of open countryside outside of land in *Growth* or *Renewal* areas. Some areas would be defined nationally, others locally on the basis of national policy, but all would be annotated in Local Plan maps and clearly signpost the relevant development restrictions defined in the National Planning Policy Framework.

This new-style Local Plan would comprise an interactive web-based map of the administrative area where data and policies are easily searchable, with a key and accompanying text. Areas and sites would be annotated and colour-coded in line with their *Growth*, *Renewal* or *Protected* designation, with explanatory descriptions set out in the key and accompanying text, as appropriate to the category.

In *Growth* and *Renewal* areas, the key and accompanying text would set out suitable development uses, as well as limitations on height and/or density as relevant. These could be specified for sub-areas within each category, determined locally but having regard to national policy, guidance and legislation (including the National Model Design Code and

flexibilities in use allowed by virtue of the new Use Classes Order and permitted development). For example, it may be appropriate for some areas to be identified as suitable for higher-density residential development, or for high streets and town centres to be identified as distinct areas. In *Growth* areas, we would also want to allow sub-areas to be created specifically for self and custom-build homes, and community-led housing developments, to allow a range of housing aspirations to be met and help create diverse and flourishing communities. In the case of self and custom-build homes, local authorities should identify enough land to meet the requirements identified in their self-build and custom housebuilding registers. For *Protected* areas, the key and accompanying text would explain what is permissible by cross-reference to the National Planning Policy Framework.

Alternative options: Rather than dividing land into three categories, we are also interested in views on more binary models. One option is to combine *Growth* and *Renewal* areas (as defined above) into one category and to extend permission in principle to all land within this area, based on the uses and forms of development specified for each sub-area within it.

An alternative approach would be to limit automatic permission in principle to land identified for substantial development in Local Plans (*Growth* areas); other areas of land would, as now, be identified for different forms of development in ways determined by the local planning authority (and taking into account policy in the National Planning Policy Framework), and subject to the existing development management process.

## Question

5. Do you agree that Local Plans should be simplified in line with our proposals?  
[Yes / No / Not sure. Please provide supporting statement.]

## Proposal 2: Development management policies established at national scale and an altered role for Local Plans.

With the primary focus of plan-making on identifying areas for development and protection, we propose that development management policy contained in the plan would be restricted to clear and necessary site or area-specific requirements, including broad height limits, scale and/or density limits for land included in *Growth* areas and *Renewal* areas, established through the accompanying text. The National Planning Policy Framework would become the primary source of policies for development management; there would be no provision for the inclusion of generic development management policies which simply repeat national policy within Local Plans, such as protections for listed buildings (although we are interested in views on the future of optional technical standards). We propose to turn plans from long lists of general “policies” to specific development standards.

Local planning authorities and neighbourhoods (through Neighbourhood Plans) would play a crucial role in producing required design guides and codes to provide certainty and reflect local character and preferences about the form and appearance of development. This is important for making plans more visual and engaging. These could be produced for a whole local authority area, or for a smaller area or site (as annotated in the Local Plan), or a combination of both. Design guides and codes would ideally be produced on a ‘twin track’ with the Local Plan, either for inclusion within the plan or prepared as supplementary planning documents.

We want to move to a position where all development management policies and code requirements, at national, local and neighbourhood level, are written in a machine-readable format so that wherever feasible, they can be used by digital services to automatically screen developments and help identify where they align with policies and/or codes.

This will significantly increase clarity for those wishing to bring forward development, enabling automation of more binary considerations and allowing for a greater focus on those areas where there is likely to be greater subjectivity.

Alternative options: Rather than removing the ability for local authorities to include general development management policies in Local Plans, we could limit the scope of such policies to specific matters and standardise the way they are written, where exceptional circumstances necessitate a locally-defined approach. Another alternative would be to allow local authorities a similar level of flexibility to set development management policies as under the current Local Plans system, with the exception that policies which duplicate the National Planning Policy Framework would not be allowed.

### Question

**6. Do you agree with our proposals for streamlining the development management content of Local Plans, and setting out general development management policies nationally?**  
[Yes / No / Not sure. Please provide supporting statement.]

## Proposal 3: Local Plans should be subject to a single statutory “sustainable development” test, replacing the existing tests of soundness.

This would consider whether the plan contributes to achieving sustainable development in accordance with policy issued by the Secretary of State. The achievement of sustainable development is an existing and well-understood basis for the planning system, and we propose that it should be retained.





“A simpler test, as well as more streamlined plans, should mean fewer requirements for assessments that add disproportionate delay to the plan-making process. ”

A simpler test, as well as more streamlined plans, should mean fewer requirements for assessments that add disproportionate delay to the plan-making process.

Specifically:

- we propose to abolish the Sustainability Appraisal system and develop a simplified process for assessing the environmental impact of plans, which would continue to satisfy the requirements of UK and international law and treaties (see our proposals under Pillar Two);
- the Duty to Cooperate test would be removed (although further consideration will be given to the way in which strategic cross-boundary issues, such as major infrastructure or strategic sites, can be adequately planned for, including the scale at which plans are best prepared in areas with significant strategic challenges); and
- a slimmed down assessment of deliverability for the plan would be incorporated into the “sustainable development” test.

Plans should be informed by appropriate infrastructure planning, and sites should not be included in the plan where there is no reasonable prospect of any infrastructure that may be needed coming forward within the plan period. Plan-making policies in the National Planning Policy Framework will make this clear.

The new-style digital Local Plan would also help local planning authorities to engage with strategic cross-boundary issues and use data-driven insights to assess local infrastructure needs to help decide what infrastructure is needed and where it should be located.

- Alternative option: Rather than removing the existing tests of soundness, an alternative option could be to reform them in order to make it easier for a suitable strategy to be found sound. For example, the tests could become less prescriptive about the need to demonstrate deliverability. Rather than demonstrating deliverability, local authorities could be required to identify a stock of reserve sites which could come forward for development if needed.

### Questions

**7(a). Do you agree with our proposals to replace existing legal and policy tests for Local Plans with a consolidated test of “sustainable development”, which would include consideration of environmental impact?**  
[Yes / No / Not sure. Please provide supporting statement.]

**7(b). How could strategic, cross-boundary issues be best planned for in the absence of a formal Duty to Cooperate?**

**Proposal 4: A standard method for establishing housing requirement figures which ensures enough land is released in the areas where affordability is worst, to stop land supply being a barrier to enough homes being built. The housing requirement would factor in land constraints and opportunities to more effectively use land, including through densification where appropriate, to ensure that the land is identified in the most appropriate areas and housing targets are met.**

Local Plans will need to identify areas to meet a range of development needs – such as homes, businesses and community facilities – for a minimum period of 10 years. This includes land needed to take advantage of local opportunities for economic growth, such as commercial space for spin-out companies near to university research and development facilities, or other high productivity businesses.

Debates about housing numbers tend to dominate this process, and a standard method for setting housing requirements would significantly reduce the time it takes to establish the amount of land to release in each area. This has historically been a time-consuming process which ultimately has not led to enough land being released where it is most needed (as reflected by worsening affordability). A standard requirement would differ from the current system of local housing need in that it would be binding, and so drive greater land release.

It is proposed that the standard method would be a means of distributing the national housebuilding target of 300,000 new homes annually, and one million homes by the end of the Parliament, having regard to:

- the size of existing urban settlements (so that development is targeted at areas that can absorb the level of housing proposed);
- the relative affordability of places (so that the least affordable places where historic under-supply has been most chronic take a greater share of future development);

- the extent of land constraints in an area to ensure that the requirement figure takes into account the practical limitations that some areas might face, including the presence of designated areas of environmental and heritage value, the Green Belt and flood risk. For example, areas in National Parks are highly desirable and housing supply has not kept up with demand; however, the whole purpose of National Parks would be undermined by multiple large scale housing developments so a standard method should factor this in;
- the opportunities to better use existing brownfield land for housing, including through greater densification. The requirement figure will expect these opportunities to have been utilised fully before land constraints are taken into account;
- the need to make an allowance for land required for other (non-residential) development; and
- inclusion of an appropriate buffer to ensure enough land is provided to account for the drop off rate between permissions and completions as well as offering sufficient choice to the market.

The standard method would make it the responsibility of individual authorities to allocate land suitable for housing to meet the requirement, and they would continue to have choices about how to do so: for example through more effective use of existing residential land, greater densification, infilling and brownfield redevelopment, extensions to existing urban areas, or new settlements. The existing policy for protecting the Green Belt would remain. We also propose that it would be possible for authorities to agree an alternative distribution of their requirement in the context of joint planning arrangements. In particular, it may be appropriate for Mayors of combined authorities to oversee the strategic distribution of the requirement in a way that alters the distribution of numbers, and this would be allowed for.

In the current system the combination of the five-year housing land supply requirement, the Housing Delivery Test and the presumption in favour of sustainable development act as a check to ensure that enough land comes into the system. Our proposed approach should ensure that enough land is planned for, and with sufficient certainty about its availability for development, to avoid a continuing requirement to be able to demonstrate

a five-year supply of land. However, having enough land supply in the system does not guarantee that it will be delivered, and so we propose to maintain the Housing Delivery Test and the presumption in favour of sustainable development as part of the new system.

Alternative option: It would be possible to leave the calculation of how much land to include in each category to local decision, but with a clear stipulation in policy that this should be sufficient to address the development needs of each area (so far as possible subject to recognised constraints), taking into account market signals indicating the degree to which existing needs are not being met. As now, a standard method could be retained to underpin this approach in relation to housing; and it would be possible to make changes to the current approach that ensure that meeting minimum need is given greater weight to make sure sufficient land comes forward. However, we do not think that this approach would carry the same benefits of clarity and simplicity as our preferred option, and would also require additional safeguards to ensure that adequate land remains available, especially once the assessment of housing need has been translated into housing requirements. We would, therefore, propose to retain a five-year housing land supply requirement with this approach.

We have published a separate consultation on proposed changes to the standard method for assessing local housing need which is currently used in the process of establishing housing requirement figures. The future application of the formula proposed in the revised standard method consultation will be considered in the context of the proposals set out here. In particular, the methodology does not yet adjust for the land constraints, including Green Belt. We will consider further the options for doing this and welcome proposals.

### Questions

**8(a). Do you agree that a standard method for establishing housing requirements (that takes into account constraints) should be introduced?**  
[Yes / No / Not sure. Please provide supporting statement.]

**8(b). Do you agree that affordability and the extent of existing urban areas are appropriate indicators of the quantity of development to be accommodated?**  
[Yes / No / Not sure. Please provide supporting statement.]



## A STREAMLINED DEVELOPMENT MANAGEMENT PROCESS WITH AUTOMATIC PLANNING PERMISSION FOR SCHEMES IN LINE WITH PLANS

**Proposal 5: Areas identified as *Growth* areas (suitable for substantial development) would automatically be granted outline planning permission for the principle of development, while automatic approvals would also be available for pre-established development types in other areas suitable for building.**

There will therefore be no need to submit a further planning application to test whether the site can be approved. Where the Local Plan has identified land for development, planning decisions should focus on resolving outstanding issues – not the principle of development.

In areas suitable for substantial development (*Growth* areas) an outline permission for the principle of development would be conferred by adoption of the Local Plan. Further details would be agreed and full permission achieved through streamlined and faster consent routes which focus on securing good design and addressing site-specific technical issues.

Detailed planning permission could be secured in one of three ways:

- a reformed reserved matters process for agreeing the issues which remain outstanding;
- a Local Development Order prepared by the local planning authority for the development which could be prepared in parallel with the Local Plan and be linked to a master plan and design codes; or
- for exceptionally large sites such as a new town where there are often land assembly and planning challenges, we also want to explore whether a Development Consent Order under the Nationally Significant Infrastructure Projects regime could be an appropriate

route to secure consents. Similarly, we will consider how the planning powers for Development Corporations can be reformed to reflect this new framework.

In areas suitable for development (*Renewal* areas), there would be a general presumption in favour of development established in legislation (achieved by strengthening the emphasis on taking a plan-led approach, with plans reflecting the general appropriateness of these areas for development). Consent for development would be granted in one of three ways:

- for pre-specified forms of development such as the redevelopment of certain building types, through a new permission route which gives an automatic consent if the scheme meets design and other prior approval requirements (as discussed further under the fast-track to beauty proposals set out under Pillar Two);
- for other types of development, a faster planning application process where a planning application for the development would be determined in the context of the Local Plan description, for what development the area or site is appropriate for, and with reference to the National Planning Policy Framework; or
- a Local or Neighbourhood Development Order.

In both the *Growth* and *Renewal* areas it would still be possible for a proposal which is different to the plan to come forward (if, for example, local circumstances had changed suddenly, or an unanticipated opportunity arose), but this would require a specific planning application. We expect this to be the exception rather than the rule: to improve certainty in the system, it will be important for everyone to have confidence that the plan will be the basis for decisions, and so we intend to strengthen the emphasis on a plan-led approach in legislation (alongside giving appropriate status to national planning policy for general development management matters).

In areas where development is restricted (*Protected* areas) any development proposals would come forward as now through planning applications being made to the local authority (except where they are subject to permitted development rights or development orders), and judged against policies set out in the National Planning Policy Framework.

We will consider the most effective means for neighbours and other interested parties to address any issues of concern where, under this system, the principle of development has been established leaving only detailed matters to be resolved.

Separate to these reforms, we also intend to consolidate other existing routes to permission which have accumulated over time, including simplified planning zones, enterprise zones and brownfield land registers.

The route to full planning permission should follow clearly and directly from the designation made in the Local Plan.

## Questions

- 9(a). Do you agree that there should be automatic outline permission for areas for substantial development (*Growth* areas) with faster routes for detailed consent?  
[Yes / No / Not sure. Please provide supporting statement.]
- 9(b). Do you agree with our proposals above for the consent arrangements for *Renewal* and *Protected* areas?  
[Yes / No / Not sure. Please provide supporting statement.]
- 9(c). Do you think there is a case for allowing new settlements to be brought forward under the Nationally Significant Infrastructure Projects regime?  
[Yes / No / Not sure. Please provide supporting statement.]





### Proposal 6: Decision-making should be faster and more certain, with firm deadlines, and make greater use of digital technology

For all types of planning applications regardless of the category of land, we want to see a much more streamlined and digitally enabled end to end process which is proportionate to the scale and nature of the development proposed, to ensure decisions are made faster. The well-established time limits of eight or 13 weeks for determining an application from validation to decision should be a firm deadline – not an aspiration which can be got around through extensions of time as routinely happens now.

To achieve this, we propose:

- the greater digitalisation of the application process to make it easier for applicants, especially those proposing smaller developments, to have certainty when they apply and engage with



local planning authorities. In particular, the validation of applications should be integrated with the submission of the application so that the right information is provided at the start of the process. For Spending Review, the Government will prepare a specific, investable proposal for modernising planning systems in local government;

- a new, more modular, software landscape to encourage digital innovation and provide access to underlying data. This will help automate routine processes, such as knowing whether new applications are within the rules, which will support faster and more certain decision-making. We will work with tech companies and local planning authorities to modernise the software used for case-managing a planning application to improve the user-experience for those applying and reduce the errors and costs currently experienced by planning authorities;
- shorter and more standardised applications. The amount of key information required as part of the application should be reduced considerably and made machine-readable. A national data standard for smaller applications should be created. For major development, beyond



relevant drawings and plans, there should only be one key standardised planning statement of no more than 50 pages to justify the development proposals in relation to the Local Plan and National Planning Policy Framework;

- data-rich planning application registers will be created so that planning application information can be easily found and monitored at a national scale, and new digital services can be built to help people use this data in innovative ways;
- data sets that underpin the planning system, including planning decisions and developer contributions, need to be standardised and made open and digitally accessible;
- a digital template for planning notices will be created so that planning application information can be more effectively communicated and understood by local communities and used by new digital services;
- greater standardisation of technical supporting information, for instance about local highway impacts, flood risk and heritage matters. We envisage design codes will help to reduce the need for significant supplementary information, but we recognise there may still need to be site specific information to mitigate wider impacts. For these issues, there should be clear national data standards and templates developed in conjunction with statutory consultees;
- clearer and more consistent planning conditions, with standard national conditions to cover common issues;
- a streamlined approach to developer contributions, which is discussed further under Pillar Three;
- the delegation of detailed planning decisions to planning officers where the principle of development has been established, as detailed matters for consideration should be principally a matter for professional planning judgment.

We also believe there should be a clear incentive on the local planning authority to determine an application within the statutory time limits. This could involve the automatic refund of the planning fee for the application if they fail to determine it within the time limit. But we also want to explore whether some types of applications should be deemed to have been granted planning permission if there has not been a timely determination, to ensure targets are met and local authorities keep to the time limit in the majority of cases. We particularly want to ensure that the facilities and infrastructure that communities value, such as schools, hospitals and GP surgeries, are delivered quickly through the planning system.

There will remain a power to call in decisions by the Secretary of State and for applicants to appeal against a decision by a local planning authority. However, by ensuring greater certainty about the principle of development in Local Plans, we expect to see fewer appeals being considered by the Planning Inspectorate. For those that do go to appeal, we want to ensure the

appeals process is faster, with the Inspectorate more digitally responsive and flexible. And to promote proper consideration of applications by planning committees, where applications are refused, we propose that applicants will be entitled to an automatic rebate of their planning application fee if they are successful at appeal.

### Question

**10. Do you agree with our proposals to make decision-making faster and more certain?**

**[Yes / No / Not sure. Please provide supporting statement.]**



## A NEW INTERACTIVE, WEB-BASED MAP STANDARD FOR PLANNING DOCUMENTS

Planning documentation should reflect this simplified role for Local Plans and should support community engagement.

### **Proposal 7: Local Plans should be visual and map-based, standardised, based on the latest digital technology, and supported by a new template.**

Interactive, map-based Local Plans will be built upon data standards and digital principles. To support local authorities in developing plans in this new format, we will publish a guide to the new Local Plan system and data standards and digital principles, including clearer expectations around the more limited evidence that will be expected to support “sustainable” Local Plans, accompanied by a “model” template for Local Plans and subsequent updates, well in advance of the legislation being brought into force. This will support standardisation of Local Plans across the country. The text-based component of plans should be limited to spatially-specific matters and capable of being accessible in a range of different formats, including through simple digital services on a smartphone.

To support open access to planning documents and improve public engagement in the plan-making process, plans should be fully digitised and web-based following agreed web standards rather than document based. This will allow for any updates to be published instantaneously and makes it easier to share across all parties and the wider public. Those digital plans should be carefully designed with the user in mind and to ensure inclusivity, so that they can be accessed in different formats, on different devices, and are accessible and understandable by all. Geospatial information associated with plans, such as sites and areas, should also be standardised and made openly available online. Taken together, these changes will enable a digital register of



planning policies to be created so that new digital services can be built using this data, and this will also enable any existing or future mapping platforms to access and visualise Local Plans. This will make it easier for anyone to identify what can be built where. The data will be accessed by software used across the public sector and also by external PropTech entrepreneurs to improve transparency, decision-making and productivity in the sector. There should also be a long-term aim for any data produced to support Local Plans to be open and accessible online in machine-readable format and linked to the relevant policies and areas.

By shifting plan-making processes from documents to data, new digital civic engagement processes will be enabled, making it easier for people to understand what is being proposed where and how it will affect them. These tools have the potential to transform how communities engage with Local Plans, opening up new ways for people to feed their views into the system, including through social networks and via mobile phones. Early pilots from local planning authorities using emerging digital civic engagement tools have shown increased public participation from a broader audience, with one PropTech SME reporting that 70% of their users are under the age of 45.<sup>18</sup>

To encourage this step-change, we want to support local authorities to radically rethink how they produce their Local Plans, and profoundly re-invent the ambition, depth and breadth with which they engage with communities. We will set up a series of pilots to work with local authorities and tech companies (the emerging 'PropTech' sector) to develop innovative solutions to support plan-making activities and make community involvement more accessible and engaging. This could include measures to improve access to live information and data or the use of 3D visualisations and other tools to support good community engagement.

#### Question

**11. Do you agree with our proposals for accessible, web-based Local Plans?**

[Yes / No / Not sure. Please provide supporting statement.]





## A STREAMLINED, MORE ENGAGING PLAN-MAKING PROCESS

The average time taken from plan publication to adoption rose from an average of 450 days in 2009 to 815 days in 2019. There is currently no statutory requirement around timescales for key stages of the plan-making process.

**Proposal 8: Local authorities and the Planning Inspectorate will be required through legislation to meet a statutory timetable for key stages of the process, and we will consider what sanctions there would be for those who fail to do so.**

Under the current system, it regularly takes over a decade for development sites to go through the Local Plan process and receive outline permission. Under our proposals, this would be shortened to 30 months, although we expect many local authorities could do this in a shorter time and we would encourage them to do so where this is practicable. We propose that the process covers five stages, with meaningful public engagement at two stages:

- Stage 1 [6 months]: The local planning authority “calls for” suggestions for areas under the three categories, including comprehensive “best in class” ways of achieving public involvement at this plan-shaping stage for where development should go and what it should look like.
- Stage 2 [12 months]: The local planning authority draws up its proposed Local Plan, and produces any necessary evidence to inform and justify the plan. “Higher-risk” authorities will receive mandatory Planning Inspectorate advisory visits, in order to ensure the plan is on track prior to submission.



- Stage 3 [6 weeks]: The local planning authority simultaneously
  - (i) submits the Plan to the Secretary of State for Examination together with a Statement of Reasons to explain why it has drawn up its plan as it has; and
  - (ii) publicises the plan for the public to comment on. Comments seeking change must explain how the plan should be changed and why. Again, this process would embody ‘best in class’ ways of ensuring public involvement. Responses will have a word count limit.
- Stage 4 [9 months]: A planning inspector appointed by the Secretary of State considers whether the three categories shown in the proposed Local Plan are “sustainable” as per the statutory test and accompanying national guidance and makes binding changes which are necessary to satisfy the test. The plan-making authority and all those who submitted comments would have the right to be “heard” by the inspector (whether face to face, by video, phone or in writing –all at the inspector’s discretion). The inspector’s report can, as relevant, simply state agreement with the whole or parts of the council’s Statement of Reasons, and/or comments submitted by the public.
- Stage 5 [6 weeks]: Local Plan map, key and text are finalised, and come into force.

Taken together, the effect of these reforms would be to greatly simplify and shorten the plan-making and development process, ensuring more land comes through the system and does so at pace.

To support the transition to the new system, we propose a statutory duty for local authorities to adopt a new Local Plan by a specified date – either 30 months from the legislation being brought into force, or 42 months for local planning authorities who have adopted a Local Plan within the previous three years or where a Local Plan has been submitted to the Secretary of State for examination. In the latter case, the 42 month period would commence from the point at which the legislation is brought into force, or upon adoption of the most recent plan, whichever is later.

This should be accompanied by a requirement for each planning authority to review its Local Plan at least every five years. Reviews should be undertaken sooner than five years where there has been a significant change in circumstances, for instance where issues with land supply have been identified through regular monitoring. Where a review concludes that an update is required, then the same 30-month deadline would apply although there would be an expectation that in many cases an update could be completed more quickly.

Local planning authorities that fail to do what is required to get their plan in place, or keep it up to date, would be at risk of government intervention. A range of intervention options will be available, including the issuing of directions and preparation of a plan in consultation with local people. Decisions on intervention would also have regard to:

- the level of housing requirement in the area;
- the planning context of the area, including any co-operation to get plans in place across local planning authority boundaries;
- any exceptional circumstances presented by the local planning authority.

Alternative options: The existing examination process could be reformed in order to speed up the process. For instance, the automatic 'right to be heard' could be removed so that participants are invited to appear at hearings at the discretion of the inspector. Certain Local Plans, that are less complex or controversial, could also be examined through written representations only, as is usually the case with Neighbourhood Plans at present.

A further alternative could be to remove the Examination stage entirely, instead requiring Local Planning Authorities to undertake a process of self-assessment against set criteria and guidance. To supplement this, the Planning Inspectorate could be utilised to audit a certain number of completed plans each year in order to assess whether the requirements of the statutory sustainability test had been met. However, there is a risk that this option wouldn't provide sufficient scrutiny around whether plans meet the necessary legal and policy tests.

### Question

**12. Do you agree with our proposals for a 30 month statutory timescale for the production of Local Plans?**  
[Yes / No / Not sure. Please provide supporting statement.]





### **Proposal 9: Neighbourhood Plans should be retained as an important means of community input, and we will support communities to make better use of digital tools**

Since statutory Neighbourhood Plans became part of the system in 2011, over 2,600 communities have started the process of neighbourhood planning to take advantage of the opportunity to prepare a plan for their own areas – and over 1,000 plans have been successfully passed at referendum. They have become an important tool in helping to ‘bring the democracy forward’ in planning, by allowing communities to think proactively about how they would like their areas to develop.

Therefore, we think Neighbourhood Plans should be retained in the reformed planning system, but we will want to consider whether their content should become more focused to reflect our proposals for Local Plans, as well as the opportunities which digital tools and data offer to support their development and improve accessibility for users. By making it easier to develop Neighbourhood Plans we wish to encourage their continued use and indeed to help spread their use further, particularly in towns and cities. We are also interested in whether there is scope to extend and adapt the concept so that very small areas – such as individual streets – can set their own rules for the form of development which they are happy to see.

Digital tools have significant potential to assist the process of Neighbourhood Plan production, including through new digital co-creation platforms and 3D visualisation technologies to explore proposals within the local context. We will develop pilot projects and data standards which help neighbourhood planning groups make the most of this potential.



## SPEEDING UP THE DELIVERY OF DEVELOPMENT

Our plans for a simpler and faster planning process need to be accompanied by a stronger emphasis on the faster delivery of development, especially for *Growth* areas where substantial development has been permitted. If local communities through the new Local Plan process have identified sites for substantial development over the next ten years and developers have secured planning consents, there should be a presumption that these sites will be built out quickly. But as Rt. Hon. Sir Oliver Letwin found in his Independent Review of Build Out Rates in 2018, the build out of large residential developments can be slow due to low market absorption rates, with some sites taking over 20 years to complete.

### Proposal 10: A stronger emphasis on build out through planning

To address this, we propose to make it clear in the revised National Planning Policy Framework that the masterplans and design codes for sites prepared for substantial development (discussed under Pillar Two) should seek to include a variety of development types by different builders which allow more phases to come forward together. We will explore further options to support faster build out as we develop our proposals for the new planning system.

#### Questions

**13(a). Do you agree that Neighbourhood Plans should be retained in the reformed planning system?**

[Yes / No / Not sure. Please provide supporting statement.]

**13(b). How can the neighbourhood planning process be developed to meet our objectives, such as in the use of digital tools and reflecting community preferences about design?**

#### Question

**14. Do you agree there should be a stronger emphasis on the build out of developments? And if so, what further measures would you support?**

[Yes / No / Not sure. Please provide supporting statement.]

# Pillar Two – Planning for beautiful and sustainable places

## Overview

We have set out how a simpler planning process could improve certainty about what can be built where, as well as offering greater flexibility in the use of land to meet our changing economic and social needs. But improving the process of planning is only the starting point – we want to ensure that we have a system in place that enables the creation of beautiful places that will stand the test of time, protects and enhances our precious environment, and supports our efforts to combat climate change and bring greenhouse gas emissions to net-zero by 2050. Recent research from the Royal Town Planning Institute has set out the vital contribution that planning can make to a sustainable and inclusive recovery.<sup>12</sup>

To do this, planning should be a powerful tool for creating visions of how places can be, engaging communities in that process and fostering high quality development: not just beautiful buildings, but the gardens, parks and other green spaces in between, as well as the facilities which are essential for building a real sense of community. It should generate net gains for the quality of our built and natural environments - not just 'no net harm'.

As the report of the Building Better, Building Beautiful Commission has shown, all too often that potential has fallen short. Too many places built during recent decades fail to reflect what is special about their local area or create a high quality environment of which local people can be proud. The Commission has played an invaluable role not just in highlighting the deficiencies, but in setting out a wide range of recommendations for addressing them. We will respond fully to the Commission's report in the autumn, but there are important aspects that we want to highlight now, as being integral to our proposals for what a revised planning system can achieve.

## Questions

- 15. What do you think about the design of new development that has happened recently in your area?**  
[Not sure or indifferent / Beautiful and/or well-designed / Ugly and/or poorly-designed / There hasn't been any / Other – please specify]
- 16. Sustainability is at the heart of our proposals. What is your priority for sustainability in your area?**  
[Less reliance on cars / More green and open spaces / Energy efficiency of new buildings / More trees / Other – please specify]





As the report of the Building Better, Building Beautiful Commission has shown, all too often that potential has fallen short.



## Proposals

### CREATING FRAMEWORKS FOR QUALITY

To deliver our vision, it is important for the planning system to set clear expectations for the form of development which we expect to see in different locations. It should do so in ways which reflect local character and community preferences, and the types of buildings and places that have stood the test of time; but it should also address modern lifestyles, facilitate modern methods of construction (and its associated benefits for efficiency, build quality and the environment) and the need to create places that are both durable and sustainable. History provides many examples of how we can do this well – including Georgian terraces and Victorian mansion blocks – and we should learn from what has worked in the past.

Our National Design Guide, published in October last year, illustrates how well-designed places that are beautiful, enduring and successful can be achieved in practice. It is a vital starting point, defining ten characteristics of successful places and the ingredients which can deliver these. However, to provide as much clarity as possible for applicants and communities and provide the basis for ‘fast-tracking’ decisions on design, broad principles need to be turned into more specific standards.

To address this challenge, this autumn we will publish a National Model Design Code to supplement the guide, setting out more detailed parameters for development in different types of location: issues such as the arrangement and proportions of streets and urban blocks, positioning and hierarchy of public spaces, successful parking arrangements, placement of street trees, and high quality cycling and walking provision, in line with our wider vision for cycling and walking in England.<sup>13</sup> It will be accompanied by worked examples, and complement a revised and consolidated Manual for Streets.





To deliver our vision, it is important for the planning system to set clear expectations for the form of development which we expect to see in different locations.







**Proposal 11: To make design expectations more visual and predictable, we will expect design guidance and codes to be prepared locally with community involvement, and ensure that codes are more binding on decisions about development.**

As national guidance, we will expect the National Design Guide, National Model Design Code and the revised Manual for Streets to have a direct bearing on the design of new communities. But to ensure that schemes reflect the diverse character of our country, as well as what is provably popular locally, it is important that local guides and codes are prepared wherever possible. These play the vital role of translating the basic characteristics of good places into what works locally, and can already be brought forward in a number of ways: by local planning authorities to supplement and add a visual dimension to their Local Plans; through the work of neighbourhood planning groups; or by applicants in bringing forward proposals for significant new areas of development.

We propose that these different routes for bringing forward design guides and codes should remain, although in all cases it will be essential that they are prepared with effective inputs from the local community, considering empirical evidence of what is popular and characteristic in the local area. To underpin the importance of this, we intend to make clear that designs and codes should only be given weight in the planning process if they can demonstrate that this input has been secured. And, where this is the case, we will also make clear that decisions on design should be made in line with these documents. Where locally-produced guides and codes are not in place, we also propose to make clear in policy that the National Design Guide, National Model Design Code and Manual for Streets should guide decisions on the form of development.

## Question

**17. Do you agree with our proposals for improving the production and use of design guides and codes?**  
[Yes / No / Not sure. Please provide supporting statement.]

The Building Better, Building Beautiful Commission recommended several other changes to the National Planning Policy Framework that can support the planning system's role in fostering better buildings, places and settlements, and we will consult on changes which reflect these recommendations in the autumn.

**Proposal 12: To support the transition to a planning system which is more visual and rooted in local preferences and character, we will set up a body to support the delivery of provably locally-popular design codes, and propose that each authority should have a chief officer for design and place-making.**

The vision which we have set out will require a step-change in the design skills available to many local planning authorities, as well as the right prioritisation and leadership across the sector. We recognise that this will not happen overnight, and that authorities will need support.

We will explore the options for establishing a new expert body which can help authorities make effective use of design guidance and codes, as well as performing a wider monitoring and challenge role for the sector in building better places. Different models exist for how this could be taken forward - such as a new arms-length body reporting to Government, a new centre of expertise within Homes England, or reinforcing the existing network of



architecture and design centres. Whatever model is adopted, we envisage that it would be able to draw on the expertise of recognised experts with a range of skills, drawn from across the built environment sector. Should the final proposals lead to the creation of new central government arm's-length body, then the usual, separate government approval process would apply for such entities.

We will also bring forward proposals later this year for improving the resourcing of planning departments more broadly; and our suggestions in this paper for streamlining plan-making will allow some re-focusing of professional skills. However, effective leadership within authorities will also be crucial. To drive a strong vision for what each place aspires to, and ensure this is integrated across council functions, we believe that each authority should appoint a chief officer for design and place-making, as recommended by the Building Better, Building Beautiful Commission.

## Question

**18. Do you agree that we should establish a new body to support design coding and building better places, and that each authority should have a chief officer for design and place-making?**  
[Yes / No / Not sure. Please provide supporting statement.]

### Proposal 13: To further embed national leadership on delivering better places, we will consider how Homes England's strategic objectives can give greater emphasis to delivering beautiful places.

We are committed to taking a leadership role in the delivery of beautiful and well-designed homes and places, which embed high environmental standards. The Building Better, Building Beautiful Commission recommended that Homes England should attach sufficient value to design as well as price, and give greater weight to design quality in its work.

The Government supports this recommendation and recognises that the work of Homes England is an important route through which we can lead by example. Homes England have already taken steps to champion design quality in their land disposals programme, through implementation of a design quality assessment approach, with a minimum standard which must be achieved for a proposal to progress.

However, we recognise that there is an opportunity to go further, and we will engage Homes England, as part of the forthcoming Spending Review process, to consider how its objectives might be strengthened to give greater weight to design quality, and assess how design quality and environmental standards can be more deeply embedded in all Homes England's activities and programmes of work.

#### Question

19. Do you agree with our proposal to consider how design might be given greater emphasis in the strategic objectives for Homes England?  
[Yes / No / Not sure. Please provide supporting statement.]





The vision which we have set out will require a step-change in the design skills available to many local planning authorities, as well as the right prioritisation and leadership across the sector.





## A FAST-TRACK FOR BEAUTY

One of the important propositions of the Building Better, Building Beautiful Commission is that there should be a 'fast-track for beauty'. Where proposals come forward which comply with pre-established principles of what good design looks like (informed by community preferences), then it should be possible to expedite development through the planning process. This should incentivise attractive and popular development, as well as helping to relieve pressure on planning authorities when assessing proposals.

### **Proposal 14: We intend to introduce a fast-track for beauty through changes to national policy and legislation, to incentivise and accelerate high quality development which reflects local character and preferences.**

We propose to do this in three ways. In the first instance, through updating the National Planning Policy Framework, we will make clear that schemes which comply with local design guides and codes have a positive advantage and greater certainty about their prospects of swift approval.

Second, where plans identify areas for significant development (*Growth areas*), we will legislate to require that a masterplan and site-specific code are agreed as a condition of the permission in principle which is granted through the plan. This should be in place prior to detailed proposals coming forward, to direct and expedite those detailed matters.

These masterplans and codes could be prepared by the local planning authority alongside or subsequent to preparing its plan, at a level of detail commensurate with the size of site and key principles to be established. For example, a set of simple 'co-ordinating codes' of the sort endorsed by the Building Better, Building Beautiful Commission could set some initial key parameters for the site layout. Where sites are expected to come forward in the near future, more developed masterplans or codes, prepared by the local planning authority or site promoter, will provide greater certainty.

Third, we also propose to legislate to widen and change the nature of permitted development, so that it enables popular and replicable forms of development to be approved easily and quickly, helping to support 'gentle intensification' of our towns and cities, but in accordance with important design principles. There is a long history – in this country and elsewhere – of 'pattern books' being used to articulate standard building types, options and associated rules (such as heights and set-backs). They have helped to deliver some of our most popular and successful places, and in a way which makes it relatively easy for smaller development companies to enter the market. We want to revive this tradition, in areas suitable for development (*Renewal areas*), by allowing the pre-approval of popular and replicable designs through permitted development. The benefits are much more than fast delivery of proven popular designs – it will foster innovation and support industrialisation of housebuilding, enabling modern methods of construction to be developed and deployed at scale.



One of the central propositions of the Building Better, Building Beautiful Commission is that there should be a 'fast-track for beauty'.







To take this approach forward, we intend to develop a limited set of form-based development types that allow the redevelopment of existing residential buildings where the relevant conditions are satisfied – enabling increased densities while maintaining visual harmony in a range of common development settings (such as semi-detached suburban development). These would benefit from permitted development rights relating to the settings in which they apply. Prior approval from the local planning authority would still be needed for aspects of the design to ensure the development is right for its context (such as materials), as well as for other important planning considerations such as avoidance of flood risk and securing safe access. To enable further tailoring of these patterns to local character and preferences, we also propose that local planning authorities or neighbourhood planning groups would be able to use local orders to modify how the standard types apply in their areas, based on local evidence of what options are most popular with the wider public.

This proposal will require some technical development and testing, so we will develop a pilot programme to test the concept. Where we are taking forward existing schemes to expand the scope of permitted development through upwards extensions and demolition/rebuilding, we also intend to legislate so that prior approval for exercising such rights takes into account design codes which are in place locally (or, in the absence of these, the National Model Design Code).

### Question

**20. Do you agree with our proposals for implementing a fast-track for beauty?**

**[Yes / No / Not sure. Please provide supporting statement.]**







## EFFECTIVE STEWARDSHIP AND ENHANCEMENT OF OUR NATURAL AND HISTORIC ENVIRONMENT

The reformed planning system will continue to protect the places of environmental and cultural value which matter to us. Plans will still play a vital role in identifying not just areas of defined national and international importance (such as National Parks and Sites of Special Scientific Interest), but also those which are valued and defined locally (such as Conservation Areas and Local Wildlife Sites).

However, the planning system can and should do much more than this. In line with the ambitions in our 25 Year Environment Plan, we want the reformed system to play a proactive role in promoting environmental recovery and long-term sustainability. In doing so, it needs to play a strong part in our efforts to mitigate and adapt to climate change and reduce pollution as well as making our towns and cities more liveable through enabling more and better green spaces and tree cover. Several initiatives are already laying the foundations for this. Nationally, the Environment Bill currently before Parliament will legislate for mandatory net gains for biodiversity as a condition of most new development. And the Local Nature Recovery Strategies which it will also introduce will identify opportunities to secure enhancements through development schemes and contributions. We will also deliver our commitment to make all new streets tree-lined, by setting clear expectations through the changes to the National Planning Policy Framework which will be consulted on in the autumn, and informed by the outcome of this summer's consultation on the England Tree Strategy.<sup>14</sup> And we are also assessing the extent to which our planning policies and processes for managing flood risk may need to be strengthened along with developing a national framework of green infrastructure standards.

Once the proposals in this paper for reformed Local Plans begin to be implemented, it will be important for authorities to consider how the identification of different categories of land, and any







sub-areas within them, can most effectively support climate change mitigation and adaptation. For example, in identifying land for inclusion within the *Growth* area, or the densities of development appropriate in different locations, the ability to maximise walking, cycling and public transport opportunities will be an important consideration.

**Proposal 15: We intend to amend the National Planning Policy Framework to ensure that it targets those areas where a reformed planning system can most effectively play a role in mitigating and adapting to climate change and maximising environmental benefits.**

These measures, and reform of our policy framework, provide important opportunities to strengthen the way that environmental issues are considered through the planning system. However, we also think there is scope to marry these changes with a simpler, effective approach to assessing environmental impacts.

In doing so, we will want to be clear about the role that local, spatially-specific policies can continue to play, such as in identifying important views, opportunities to improve public access or places where renewable energy or woodland and forestry creation could be accommodated. In reviewing the Framework, we will also want to ensure that it provides a clear and robust basis for development management decisions more generally, so that reliance no longer needs to be placed on generic policies contained in Local Plans.

**Proposal 16: We intend to design a quicker, simpler framework for assessing environmental impacts and enhancement opportunities, that speeds up the process while protecting and enhancing the most valuable and important habitats and species in England.**

It is vital that environmental considerations are considered properly as part of the planning and development process. However, the current frameworks for doing so – which include Strategic Environmental Assessment, Sustainability Appraisal, and Environmental Impact Assessment – can lead to duplication of effort and overly-long reports which inhibit transparency and add unnecessary delays. Outside of the European Union, it is also important that we take the opportunity to strengthen protections that make the biggest difference to species, habitats and ecosystems of national importance, and that matter the most to local communities.

To succeed, a new system will need to meet several objectives:

- Processes for environmental assessment and mitigation need to be quicker and speed up decision-making and the delivery of development projects. The environmental aspects of a plan or project should be considered early in the process, and to clear timescales. National and local level data, made available to authorities, communities and applicants in digital form, should make it easier to re-use and update information and reduce the need for site-specific surveys.
- Requirements for environmental assessment and mitigation need to be simpler to understand and consolidated in one place so far as possible, so that the same impacts and opportunities do not need to be considered twice.
- Any new system will need to ensure that we take advantage of opportunities for environmental improvements while also meeting our domestic and international obligations for environmental protection. This will be the subject of a separate and more detailed consultation in the autumn.

### **Proposal 17: Conserving and enhancing our historic buildings and areas in the 21st century.**

The planning system has played a critical role ensuring the historic buildings and areas we cherish are conserved and, where appropriate, enhanced by development. The additional statutory protections of listed building consent and conservation area status have worked well, and the National Planning Policy Framework already sets out strong protections for heritage assets where planning permission or listed building consent is needed. We want to build on this framework as we develop the new planning system. We envisage that Local Plans will clearly identify the location of internationally, nationally and locally designated heritage assets, such as World Heritage Sites and conservation areas, as well locally important features such as protected views.





We also want to ensure our historic buildings play a central part in the renewal of our cities, towns and villages. Many will need to be adapted to changing uses and to respond to new challenges, such as mitigating and adapting to climate change. We particularly want to see more historical buildings have the right energy efficiency measures to support our zero carbon objectives. Key to this will be ensuring the planning consent framework is sufficiently responsive to sympathetic changes, and timely and informed decisions are made.

We will, therefore, review and update the planning framework for listed buildings and conservation areas, to ensure their significance is conserved while allowing, where appropriate, sympathetic changes to support their continued use and address climate change. In doing so, we want to explore whether there are new and better ways of securing consent for routine works, to enable local planning authorities to concentrate on conserving and enhancing the most important historic buildings. This includes exploring whether suitably experienced architectural specialists can have earned autonomy from routine listed building consents.

**Proposal 18: To complement our planning reforms, we will facilitate ambitious improvements in the energy efficiency standards for buildings to help deliver our world-leading commitment to net-zero by 2050.**

The planning system is only one of the tools that we need to use to mitigate and adapt to climate change. Last year we consulted on our proposals to move towards a Future Homes Standard, which was a first step towards net zero homes. From 2025, we expect new homes to produce 75-80 per cent lower CO<sub>2</sub> emissions compared to current levels. These homes will be 'zero carbon ready', with the ability to become fully zero carbon homes over time as the electricity grid decarbonises, without the need for further costly retrofitting work.

We welcome the Committee on Climate Change's response to the consultation and we have considered the points they raised. We will respond to the Future Homes Standard consultation in full in the autumn. As part of this, we intend to review the roadmap to the Future Homes Standard to ensure that implementation takes place to the shortest possible timeline. Our ambition is that homes built under our new planning system will not need retrofitting in the future. To work towards ensuring that all new homes are fit for a zero carbon future we will also explore options for the future of energy efficiency standards, beyond 2025.

All levels of Government have a role to play in meeting our net zero goal, and Local Authorities are rising to this challenge. Local Planning Authorities, as well as central Government, should be



accountable for the actions that they are taking, and the consultation response will look to clarify the role that they can play in setting energy efficiency standards for new build developments.

We will also want to ensure that high standards for the design, environmental performance and safety of new and refurbished buildings are monitored and enforced. As local authorities are freed from many planning obligations through our reforms, they will be able to reassign resources and focus more fully on enforcement. Ensuring that planning standards and building regulations are met, whether for new homes or for retrofitting old homes, will help to ensure that we deliver homes that are fit for the future and cheaper to run.



# Pillar Three – Planning for infrastructure and connected places

## Overview

New development brings with it new demand for public services and infrastructure.

Mitigating these impacts – by securing contributions from developers and capturing more land value uplift generated by planning decisions to deliver new infrastructure provision – is key for both new and existing communities. It is also central to our vision for renewal of the planning system.

At present, there are two broad routes for local planning authorities to secure developer contributions, both of which are discretionary for authorities: planning obligations and the Community Infrastructure Levy. Planning obligations – through Section 106 agreements – are negotiated with developers, and in 2018/19 were worth a total of £7bn, of which £4.7bn was in the form of affordable housing contributions – supporting delivery of 30,000 affordable homes. In contrast, the Community Infrastructure Levy is a fixed charge, levied on the area (floorspace) of new development, and secures infrastructure that addresses the cumulative impact of development in an area. The Community Infrastructure Levy is not mandatory for local planning authorities, and around half of authorities currently charge it. Levy rates are discretionary, established by assessments of infrastructure need and viability.

There are several problems with this system. Planning obligations are broadly considered to be uncertain and opaque, as they are subject to negotiation and renegotiation based in part on the developer's assessment of viability. This creates uncertainty for communities about the level of affordable housing and infrastructure that development will bring. In turn, this brings cost, delay and inconsistency into the process. Over 80 per cent of local authorities agree that such negotiations create delay, despite the planning application being acceptable in principle.<sup>15</sup> This acts as a barrier to entry to the market, and major developers are better placed to devote the legal and valuation resource needed to negotiate

successfully. This unevenness is a problem too for local authorities, with significant variation in skill and negotiation in negotiating viability across authorities.

The Community Infrastructure Levy addresses many of these problems as it is a flat-rate and non-negotiable tariff, and developers and local authorities have, in general, welcomed the certainty it brings. However, as payment is set at the point planning permission is granted, and payment due once development commences, it is inflexible in the face of changing market conditions. Payment before a single home has been built increases the developer's risk and cost of finance, creating cashflow challenges which are more acute for smaller developers. And despite early payment, many local authorities have been slow to spend Community Infrastructure Levy revenue on early infrastructure delivery, reflecting factors including indecision, competing spending priorities, and uncertainty over other infrastructure funding streams.

Securing necessary infrastructure and affordable housing alongside new development is central to our vision for the planning system. We want to bring forward reforms to make sure that developer contributions are:

- responsive to local needs, to ensure a fairer contribution from developers for local communities so that the right infrastructure and affordable housing is delivered;
- transparent, so it is clear to existing and new residents what new infrastructure will accompany development;
- consistent and simplified, to remove unnecessary delay and support competition in the housebuilding industry;
- buoyant, so that when prices go up the benefits are shared fairly between developers and the local community, and when prices go down there is no need to re-negotiate agreements.



The Government could also seek to use developer contributions to capture a greater proportion of the land value uplift that occurs through the grant of planning permission, and use this to enhance infrastructure delivery. There are a range of estimates for the amount of land value uplift currently captured, from 25 to 50 per cent.<sup>19</sup> The value captured will depend on a range of factors including the development value, the existing use value of the land, and the relevant tax structure – for instance, whether capital gains tax applies to the land sale. Increasing value capture could be an important source of infrastructure funding but would need to be balanced against risks to development viability.

#### Question

**21. When new development happens in your area, what is your priority for what comes with it?**

[More affordable housing / More or better infrastructure (such as transport, schools, health provision) / Design of new buildings / More shops and/or employment space / Green space / Don't know / Other – please specify]

## Proposals

### A CONSOLIDATED INFRASTRUCTURE LEVY

We propose that the existing parallel regimes for securing developer contributions are replaced with a new, consolidated 'Infrastructure Levy'.

**Proposal 19: The Community Infrastructure Levy should be reformed to be charged as a fixed proportion of the development value above a threshold, with a mandatory nationally-set rate or rates and the current system of planning obligations abolished.**

We believe that the current system of planning obligations under Section 106 should be consolidated under a reformed, extended 'Infrastructure Levy'.

This would be based upon a flat-rate, valued-based charge, set nationally, at either a single rate, or at area-specific rates. This would address issues in the current system as it would:

- be charged on the final value of a development (or to an assessment of the sales value where the development is not sold, e.g. for homes built for the rental market), based on the applicable rate at the point planning permission is granted;
- be levied at point of occupation, with prevention of occupation being a potential sanction for non-payment;
- include a value-based minimum threshold below which the levy is not charged, to prevent low viability development becoming unviable, reflecting average build costs per square metre, with a small, fixed allowance for land costs. Where the value of development is below the threshold, no Levy would be charged. Where the value of development is

above the threshold, the Levy would only be charged on the proportion of the value that exceeded the threshold ; and

- provide greater certainty for communities and developers about what the level of developer contributions are expected alongside new development.

The single rate, or area-specific rates, would be set nationally. It would aim to increase revenue levels nationally when compared to the current system. Revenues would continue to be collected and spent locally.

As a value-based charge across all use classes, we believe it would be both more effective at capturing increases in value and would be more sensitive to economic downturns. It would reduce risk for developers, and would reduce cashflow difficulties, particularly for SME developers.

In areas where land value uplift is insufficient to support significant levels of land value capture, some or all of the value generated by the development would be below the threshold, and so not subject to the levy. In higher value areas, a much greater proportion of the development value would be above the exempt amount, and subject to the levy.

To better support the timely delivery of infrastructure, we would also allow local authorities to borrow against Infrastructure Levy revenues so that they could forward fund infrastructure. Enabling borrowing combined with a shift to levying developer contributions on completion, would incentivise local authorities to deliver enabling infrastructure, in turn helping to ensure development can be completed faster. As with all volatile borrowing streams, local authorities should assure themselves that this borrowing is affordable and suitable.

Under this approach the London Mayoral Community Infrastructure Levy, and similar strategic Community Infrastructure Levies in combined authorities, could be retained as part of the Infrastructure Levy to support the funding of strategic infrastructure.



To better support the timely delivery of infrastructure, we would also allow local authorities to borrow against Infrastructure Levy revenues so that they could forward fund infrastructure.

In bringing forward the reformed Infrastructure Levy, we will need to consider its scope. We will also consider the impact of this change on areas with lower land values.

Alternative option: The Infrastructure Levy could remain optional and would be set by individual local authorities. However, as planning obligations would be consolidated into the single Infrastructure Levy, we anticipate that there would be a significantly greater uptake. The aim of the *de minimis* threshold would be to remove the viability risk, simplifying the rate setting process, as this would remove the need for multiple charging zones within an authority. It would be possible to simplify further – for instance, for the Government to set parameters. There would be a stronger incentive for local authorities to introduce the new Levy, as they would not be able to use Section 106 planning obligations to secure infrastructure or affordable housing. In addition, some local authorities have chosen not to introduce the Community Infrastructure Levy out of concern for the impact on viability of development. Because the new Infrastructure Levy would only be charged above a set threshold, these impacts would be mitigated.

This option would address issues around transparency, responsiveness to local needs and consistency. However, the Government’s levers over levels of land value capture would be less strong, with decisions about levy rates being taken at the local level.

Alternatively, the national rate approach could be taken, but with the aim of capturing more land value than currently, to better support the delivery of infrastructure. While developers would be liable for paying the levy, the cost of this would be capitalised into land value. This would ensure that the landowners who benefit from increases in value as a result of the grant of planning permission contribute to the infrastructure and affordable housing that makes development acceptable.

Questions

- 22(a). Should the Government replace the Community Infrastructure Levy and Section 106 planning obligations with a new consolidated Infrastructure Levy, which is charged as a fixed proportion of development value above a set threshold?  
[Yes / No / Not sure. Please provide supporting statement.]
- 22(b). Should the Infrastructure Levy rates be set nationally at a single rate, set nationally at an area-specific rate, or set locally?  
[Nationally at a single rate / Nationally at an area-specific rate / Locally]
- 22(c). Should the Infrastructure Levy aim to capture the same amount of value overall, or more value, to support greater investment in infrastructure, affordable housing and local communities?  
[Same amount overall / More value / Less value / Not sure. Please provide supporting statement.]
- 22(d). Should we allow local authorities to borrow against the Infrastructure Levy, to support infrastructure delivery in their area?  
[Yes / No / Not sure. Please provide supporting statement.]



### Proposal 20: The scope of the Infrastructure Levy could be extended to capture changes of use through permitted development rights

In making this change to developer contributions for new development, the scope of the Infrastructure Levy would be extended to better capture changes of use which require planning permission, even where there is no additional floorspace, and for some permitted development rights including office to residential conversions and new demolition and rebuild permitted development rights. This approach would increase the levy base, and would allow these developments to better contribute to infrastructure delivery and making development acceptable to the community. However, we will maintain the exemption of self and custom-build development from the Infrastructure Levy.

#### Question

**23. Do you agree that the scope of the reformed Infrastructure Levy should capture changes of use through permitted development rights?**  
[Yes / No / Not sure. Please provide supporting statement.]

### Proposal 21: The reformed Infrastructure Levy should deliver affordable housing provision

Developer contributions currently deliver around half of all affordable housing, most of which is delivered on-site. It is important that the reformed approach will continue to deliver on-site affordable housing at least at present levels.

Affordable housing provision is currently secured by local authorities via Section 106, but the Community Infrastructure Levy cannot be spent on it. With Section 106 planning obligations removed, we propose that under the Infrastructure Levy, authorities would be able to use funds raised through the levy to secure affordable housing.

This could be secured through in-kind delivery on-site, which could be made mandatory where an authority has a requirement, capability and wishes to do so. Local authorities would have a means to specify the forms and tenures of the on-site provision, working with a nominated affordable housing provider. Under this approach, a provider of affordable housing could purchase the dwelling at a discount from market rate, as now. However, rather than the discount being secured through Section 106 planning obligations, it would instead be considered as in-kind delivery of the Infrastructure Levy. In effect, the difference between the price at which the unit was sold to the provider and the market price would be offset from the final cash liability to the Levy. This would create an incentive for the developer to build on-site affordable housing where appropriate.<sup>16</sup> First Homes, which are sold by the developer direct to the customer at a discount to market price, would offset the discount against the cash liability.







Under this approach we recognise that some risk is transferring to the local planning authority, and that we would need to mitigate that risk in order to maintain existing levels of on-site affordable housing delivery. We believe that this risk can be fully addressed through policy design. In particular, in the event of a market fall, we could allow local planning authorities to 'flip' a proportion of units back to market units which the developer can sell, if Levy liabilities are insufficient to cover the value secured through in-kind contributions. Alternatively, we could require that if the value secured through in-kind units is greater than the final levy liability, then the developer has no right to reclaim overpayments. Government could provide standardised agreements, to codify how risk sharing would work in this way.

We would also need to ensure the developer was incentivised to deliver high build and design quality for their in-kind affordable homes. Currently, if Section 106 homes are not of sufficient quality, developers may be unable to sell it to a provider, or have to reduce the price. To ensure developers are not rewarded for low-standard homes under the Levy, local authorities could have an option to revert back to cash contributions if no provider was willing to buy the homes due to their poor quality. It is important that any approach taken maintains the quality of affordable housing provision as well as overarching volumes, and incentivises early engagement between providers of affordable housing and developers. Local authorities could also accept Infrastructure Levy payments in the form of land within or adjacent to a site. Through borrowing against further Infrastructure Levy receipts, other sources of funding, or in partnership with affordable housing providers, they could then build affordable homes, enabling delivery at pace.

Alternative option: We could seek to introduce further requirements around the delivery of affordable housing. To do this we would create a 'first refusal' right for local authorities or any affordable housing provider acting on their behalf to buy up to a set proportion of on-site units (on a square metre basis) at a discounted price, broadly equivalent to build costs. The

proportion would be set nationally, and the developer would have discretion over which units were sold in this way. A threshold would be set for smaller sites, below which on-site delivery was not required, and cash payment could be made in lieu. Where on-site units were purchased, these could be used for affordable housing, or sold on (or back to the developer) to raise money to purchase affordable housing elsewhere. The local authority could use Infrastructure Levy funds, or other funds, in order to purchase units.

### Questions

**24(a). Do you agree that we should aim to secure at least the same amount of affordable housing under the Infrastructure Levy, and as much on-site affordable provision, as at present?**

[Yes / No / Not sure. Please provide supporting statement.]

**24(b). Should affordable housing be secured as in-kind payment towards the Infrastructure Levy, or as a 'right to purchase' at discounted rates for local authorities?**

[Yes / No / Not sure. Please provide supporting statement.]

**24(c). If an in-kind delivery approach is taken, should we mitigate against local authority overpayment risk?**

[Yes / No / Not sure. Please provide supporting statement.]

**24(d). If an in-kind delivery approach is taken, are there additional steps that would need to be taken to support affordable housing quality?**

[Yes / No / Not sure. Please provide supporting statement.]

## Proposal 22: More freedom could be given to local authorities over how they spend the Infrastructure Levy

It is important that there is a strong link between where development occurs and where funding is spent. Currently, the Neighbourhood Share of the Community Infrastructure Levy ensures that up to 25 per cent of the levy is spent on priorities in the area that development occurred, with funding transferred to parish councils in parished areas. There are fewer restrictions on how this funding is spent, and we believe it provides an important incentive to local communities to allow development in their area. We therefore propose that under this approach the Neighbourhood Share would be kept, and we would be interested in ways to enhance community engagement around how these funds are used, with scope for digital innovation to promote engagement.

There is scope for even more flexibility around spending. We could also increase local authority flexibility, allowing them to spend receipts on their policy priorities, once core infrastructure obligations have been met. In addition to the provision of local infrastructure, including parks, open spaces, street trees and delivery or enhancement of community facilities, this could include improving services or reducing council tax. The balance of affordable housing and infrastructure may vary depending on a local authority's circumstances, but under this approach it may be necessary to consider ring-fencing a certain amount of Levy funding for affordable housing to ensure that affordable housing continues to be delivered on-site at current levels (or higher). There would also be opportunities to enhance digital engagement with communities as part of decision making around spending priorities. Alternatively, the permitted uses of the Levy could remain focused on infrastructure and affordable housing, as they are broadly are at present. Local authorities would continue to identify the right balance between these to meet local needs, as they do at present.

### Questions

**25. Should local authorities have fewer restrictions over how they spend the Infrastructure Levy?**

[Yes / No / Not sure. Please provide supporting statement.]

**25(a). If yes, should an affordable housing 'ring-fence' be developed?**

[Yes / No / Not sure. Please provide supporting statement.]

It is important that there is a strong link between where development occurs and where funding is spent.

# Delivering change

## How we move into the new system

It is important that in bringing forward reform to improve the operation of the planning system, we do not cause delays to development that is currently planned.

Subject to responses to this consultation, we will consider the arrangements for implementing these changes to minimise disruption to existing plans and development proposals and ensure a smooth transition. This includes making sure that recently approved plans, existing permissions and any associated planning obligations can continue to be implemented as intended; and that there are clear transitional arrangements for bringing forward new plans and development proposals as the new system begins to be implemented.

Nevertheless, we do want to make rapid progress toward this new planning system. We are already introducing a new Use Class Order, with associated permitted development rights, to make easier for businesses to change use without the need for planning permission to support our high streets and town centres bounce back following the COVID-19 pandemic. We have also created new permitted development rights to enable more new homes to be built on top of buildings and the demolition and rebuild of vacant buildings for housing, without the need for usual planning permission.

Today, we are also publishing a consultation on four shorter-term measures which will improve the immediate effectiveness of the current system:

- changes to the standard method for assessing local housing need, which as well as being a proposal to change guidance in the short term has relevance to proposals for land supply reforms set out in this paper;

- securing of First Homes, sold at a discount to market price for first time buyers, including key workers, through developer contributions in the short term until the transition to a new system;
- temporarily lifting the small sites threshold, below which developers do not need to contribute to affordable housing, to up to 40 or 50 units;
- extending the current Permission in Principle to major development so landowners and developers now have a fast route to secure the principle of development for housing on sites without having to work up detailed plans first;

This consultation document can be found at:

[www.gov.uk/government/consultations/changes-to-the-current-planning-system](http://www.gov.uk/government/consultations/changes-to-the-current-planning-system) .

To provide better information to local communities, to promote competition amongst developers, and to assist SMEs and new entrants to the sector, we will consult on options for improving the data held on contractual arrangements used to control land. This can be found at: [www.gov.uk/government/consultations/transparency-and-competition-a-call-for-evidence-on-data-on-land-control](http://www.gov.uk/government/consultations/transparency-and-competition-a-call-for-evidence-on-data-on-land-control) .

## Public assets and investment

As we fix our planning system, we also want to make better use of surplus land owned by the public sector, and to level up public investment in development to support renewal of towns and cities across the country, giving power to communities to shape its future use and bringing investment to places across the country. We will do this by:

- Ensuring investment in new public buildings supports renewal and regeneration of town and city centres across the country. The Government Estate Strategy (GES), which was



published in 2018, sets out how we will use the estate as an enabler to deliver better outcomes for the public, across all four nations of the UK. As part of this, the Government Hubs programme aims to transform the Government's office estate by accommodating departmental workforces in shared regional hubs and supporting office estate – creating strategic hubs across the UK in major city centre conurbations and in secondary towns and cities. We will continue to look at how the Government can ensure investment in its estate delivers wider benefits for places across the country.

- Exploring how disposal of publicly-owned land can support the SME and self-build sectors. As announced by the Prime Minister last month in 'A New Deal for Britain', the Government will produce a new cross-government strategy on how land owned by the Government can be managed and released more effectively and put to better use. As part of this review, we will explore how we can support SME housebuilders, community land trusts and self-builders to identify public land opportunities.

## Supporting innovation in delivery

As we bring forward planning reform, we also want to ensure we have in place the right delivery mechanisms, including development corporations. A good example that we are already progressing is development at Toton in the East Midlands, where we have announced our intention to support the establishment of a development corporation to maximise the area's international links and create tens of thousands of new homes and jobs. We want to see more schemes of this kind, backed by modern delivery models, around the country.

That is why we consulted at the end of last year on changes to the legislative framework for development corporations. This includes exploring whether we need to make changes to

enable more flexible development corporation models that can drive housing, regeneration and employment. We are currently considering responses to the consultation and will respond to it shortly.



## Making sure the system has the right people and skills

Local planning authorities remain at the heart of our ambitious reforms. We want to free up planners to focus on what they were trained for – creating great communities through world-class civic engagement and proactive plan-making, rather than reactive development management.

We recognise that local planning departments need to have the right people with the right skills, as well as the necessary resources, to implement these reforms successfully. Many local authorities are delivering great services, and through the COVID-19 pandemic have been able to transform the way they work to a more digital and modern service. We look forward to seeing evaluations and lessons learned so that we can use this as a catalyst for modernisation of our planning services.

But we know that local authority planning departments are under great pressure – with spending per person on planning and development down 60 per cent and shortages of specialist skills such as design and ecology.<sup>17</sup> And the technology in local planning authorities to support modern services is not there – whilst PropTech firms are developing new apps and other digital services that enable communities to engage with development in new ways, in few places can this be captured by the local authority. Instead, documents are submitted electronically, but not in the way of modern digital services such as those now supporting tax services.

The preparation of reformed Local Plans, development of new design codes, a major overhaul of development contributions, and a new streamlined approach to decision-making will have profound implications for how local planning authorities operate in future. They will need to have sufficient leadership, a strong cadre of professional planners and good access to technical expertise, as well as transformed systems which utilise the latest digital technology. But equally importantly, there must be a fundamental cultural change on how planning

departments operate. They need to be more outward looking, proactively engaging with developers, businesses, architects and designers, as well as a wider cross-section of their local communities.

In particular, we envisage the focus of local planning authorities shifting towards the development of clear Local Plans and high-quality design codes which set the parameters for development – rather than making discretionary decisions based on vague policies. In doing so, there is a real opportunity for planners to redesign their individual roles and change perceptions of their profession. We will consider how best to support the planning profession in making this adjustment, in a way which supports culture change, improves recruitment and changes perceptions of planning.

In addition, other key players, including the Planning Inspectorate and statutory consultees, will have to transform the way they operate in response to these reforms, given their critical role supporting the preparation of Local Plans and decision-making. They too will need to be more responsive and outward looking, and have the necessary skills and resources to undertake their new roles.

We understand why many participants – not just local authorities, but statutory consultees and the Planning Inspectorate – are risk averse. Judicial review is expensive, and to lose a judicial review in the courts is bad for the reputation of either. And judicial reviews can be precedent setting, establishing a new interpretation of the law. We think the proposals set out in the document should remove the risk of judicial review substantially. Most judicial reviews are about imprecise and unclearly worded policies or law. Our plans for an overhaul of planning law to create simple and clear processes and for plans that set out clear requirements and standards will substantially remove the scope for ambiguity and therefore challenge.

The cost of operating the new planning system should be principally funded by the beneficiaries of planning gain – landowners and developers – rather than the national or local taxpayer.

**Proposal 23: As we develop our final proposals for this new planning system, we will develop a comprehensive resources and skills strategy for the planning sector to support the implementation of our reforms. In doing so, we propose this strategy will be developed including the following key elements:**

The cost of operating the new planning system should be principally funded by the beneficiaries of planning gain – landowners and developers – rather than the national or local taxpayer. Currently, the cost of development management activities by local planning authorities is to a large extent covered by planning fees, although the current fee structure means the cost of processing some applications can be significantly greater than their individual fee. However, the cost of preparing Local Plans and enforcement activities is now largely funded from the local planning authority's own resources.

Planning fees should continue to be set on a national basis and cover at least the full cost of processing the application type based on clear national benchmarking. This should involve the greater regulation of discretionary pre-application charging to ensure it is fair and proportionate.

If a new approach to development contributions is implemented, a small proportion of the income should be earmarked to local planning authorities to cover their overall planning costs, including the preparation and review of Local Plans and design codes and enforcement activities.

Reform should be accompanied by a deep dive regulatory review to identify and eliminate outdated regulations which increase costs for local planning authorities, especially to the decision-making process.

Some local planning activities should still be funded through general taxation given the public benefits from good planning, and time limited funding will be made available by the Government in line with the new burdens principle to support local planning authorities to transition to the new planning system as part of the next Spending Review.

Local planning authorities should be subject to a new performance framework which ensures continuous improvement across all planning functions from Local Plans to decision-making and enforcement – and enables early intervention if problems emerge with individual authorities.

The Planning Inspectorate and statutory consultees should become more self-financing through new charging mechanisms and be subject to new performance targets to improve their performance.

Workforce planning and skills development, including training, should be principally for the local government sector to lead on, working closely with Government, statutory consultees, planning consultancies and universities.

Reform should be accompanied by a significant enhancement in digital and geospatial capability and capacity across the planning sector to support high-quality new digital Local Plans and digitally enabled decision-making. We think the English planning profession has the potential to become an international world-leader in digital planning, capable of exporting world class planning services around the world.



In developing this strategy, we recognise different local planning authorities face different pressures and issues, and it will be important to develop a resourcing and skills framework which works for all authorities across the country. We will work with local planning authorities, professional bodies and the wider planning sector to ensure views about implementation are considered. We would particularly want to see innovative solutions which can transform practice

At the same time, we also want to enable a thriving PropTech sector. By unlocking the data that underpins the planning system so that it is open, we want to enable the PropTech sector to transform housing, land, and planning industries with innovative products that are interoperable with others. This will make use of process improvement insights and data to offer services for many different clients, including for improved public consultation opportunities for citizens and developers to identify sites on which to build, helping to reduce investment risks. We will continue to engage with the innovators and the UK PropTech sector through a Minister-led PropTech Innovation Council (announced in November 2019) to make the most of innovative new approaches to meet public policy objectives, help this emerging sector to boost productivity in the wider planning and housing sectors, and ensure government data and decisions support the sector's growth in the UK and internationally.

### Stronger enforcement

As part of the implementation of our planning reforms, we want to see local planning authorities place more emphasis on the enforcement of planning standards and decisions. Planning enforcement activity is too often seen as the 'Cinderella' function of local planning services. But local communities want new development to meet required design and environmental standards, and robust enforcement action to be taken if planning rules are broken. As local



planning authorities are freed from many planning requirements through our reforms, they will be able to focus more on enforcement across the planning system.

### Proposal 24: We will seek to strengthen enforcement powers and sanctions

We will review and strengthen the existing planning enforcement powers and sanctions available to local planning authorities to ensure they support the new planning system. We will introduce more powers to address intentional unauthorised development, consider higher fines, and look to ways of supporting more enforcement activity.

This will include implementing our commitments from the Government's response to the consultation on unauthorised development and encampments, to strengthen national planning policy against intentional unauthorised development and ensure temporary stop notices are more effective. And will also consider what more can be done in cases where the Environment Agency's flood risk advice on planning applications is not followed.

We will seek to strengthen enforcement powers and sanctions



# What happens next

## Implementing reform

The proposals in this paper apply to England only. Planning is devolved in Scotland, Wales and Northern Ireland.

Subject to the outcome of this consultation, we will seek to bring forward legislation and policy changes to implement our reforms. This consultation sets out our vision for the basis of a reformed planning system. We have not comprehensively covered every aspect of the system, and the detail of the proposals will need further development pending the outcome of this consultation. We will continue to develop the proposals as we gather feedback and views on them.

Our proposals for Local Plan reform, changes to developer contributions and development management would require primary legislation followed by secondary legislation. The proposals allow 30 months for new Local Plans to be in place so a new planning framework, so we would expect new Local Plans to be in place by the end of the Parliament.

We would implement any policy changes, including to set a new housing requirement, by updating the National Planning Policy Framework in line with the new legislation.

## Responding to this consultation

### EQUALITIES IMPACTS

We want all communities, families, groups and individuals to have a say in the future of the places where they live. For too long, planning and planning decisions have felt out of reach from too many people. The Government has heard how the combination of technical jargon

and traditional models of community engagement discourages people from having their say on decisions. At the same time, it disproportionately encourages engagement from people from a narrow set of demographic groups – typically older, better off and white. We believe that the voices of those who may benefit most from new development are therefore often the quietest in the planning process.

We are committed to delivering wider engagement in planning, increasing the supply of land for development, and supporting inclusive and mixed communities. Some authorities and developers are pioneering new models of engagement that broaden this to different groups. We hope that the reforms set out in this consultation – to make the system more accessible, accountable, digital and transparent – will increase access and engagement for all groups up and down the country.

We would welcome views on the potential impact on the proposals raised in this consultation on people with protected characteristics and whether further reforms could broaden access to planning for people in diverse groups.

### Question

**26. Do you have any views on the potential impact of the proposals raised in this consultation on people with protected characteristics as defined in section 149 of the Equality Act 2010?**





# About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), the General Data Protection Regulation, and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Annex A.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).







The following is to explain your rights and give you the information you are be entitled to under the data protection legislation.

These rights apply to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

#### 1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at [dataprotection@communities.gsi.gov.uk](mailto:dataprotection@communities.gsi.gov.uk)

#### 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

#### 3. Our legal basis for processing your personal data

Article 6(1)(e) of the General Data Protection Regulation 2016 (GDPR) provides that processing shall be lawful if processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller. Section 8(d) of the Data Protection Act 2018 further provides that this shall include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department.

The processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the Ministry of Housing, Communities and Local Government. The task is consulting on departmental policies or proposals or obtaining opinion data in order to develop good effective government policies in relation to' planning.

#### 4. With whom we will be sharing your personal data

We will not share your personal data with organisations outside of MHCLG without contacting you for your permission first.

#### 5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for two years from the closure of the consultation.

#### 6. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

#### 7. Storage of your personal data

The Data you provide directly will be stored by MHCLG's appointed third-party on their servers. We have taken all necessary precautions to ensure that your rights in terms of data protection will not be compromised by this.

If you submit information to this consultation using our third-party survey provider, it will be moved to our secure government IT systems at a date following the consultation publication date.

#### 8. Your personal data will not be used for any automated decision making.



- 1 The shortage of affordable homes in and close to the most productive urban centres is a major drag on national productivity – see PwC (2019) “UK Housing market outlook”, available at <https://www.pwc.co.uk/economic-services/ukeo/ukeo-housing-market-july-2019.pdf>.
- 2 The EU Compendium of Spatial Planning Systems and Policies, European Commission (1997); OECD (2017), Land-use Planning Systems in the OECD: Country Fact Sheets; Monk, S., Whitehead, C., Burgess, G. & Tang, C. (2013) International review of land supply and planning systems, Joseph Rowntree Foundation.
- 3 MHCLG data, period covering 24 months to end March 2019.
- 4 YouGov polling commissioned by Grosvenor (2019) – available at <https://www.grosvenor.com/Grosvenor/files/a2/a222517e-e270-4a5c-ab9f-7a7b4d99b1f3.pdf>. An overview of wider evidence and studies on public attitudes to planning and development is available in chapter 9 of the Building Better Building Beautiful Commission’s interim report – available at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/815495/BBBBB\\_Commission\\_Interim\\_Report\\_Appendices.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815495/BBBBB_Commission_Interim_Report_Appendices.pdf).
- 5 See the LGAs open statement on planning at <https://www.local.gov.uk/keep-planning-local>.
- 6 MHCLG (2019) The Value and Incidence of Developer Contributions in England 2018/19 available at: <https://gov.uk/government/publications/section-106-planning-obligations-and-the-community-infrastructure-levy-in-england-2018-to-2019-report-of-study>.
- 7 MHCLG data on housing supply available at <https://www.gov.uk/government/statistics/housing-supply-net-additional-dwellings-england-2018-to-2019>.
- 8 Data from the Deloitte Property Index, available at [https://www2.deloitte.com/content/dam/Deloitte/cz/Documents/survey/Property\\_Index\\_2016\\_EN.pdf](https://www2.deloitte.com/content/dam/Deloitte/cz/Documents/survey/Property_Index_2016_EN.pdf)
- 9 Building Better Building Beautiful Commission (2019) Creating space for beauty: Interim report. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/815493/BBBBB\\_Commission\\_Interim\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815493/BBBBB_Commission_Interim_Report.pdf)
- 10 See [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/875032/Planning\\_Application\\_Statistics\\_October\\_to\\_December\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875032/Planning_Application_Statistics_October_to_December_2019.pdf) (p.3).
- 11 See Policy Exchange (2020) “A planning system for the 20th century”, available at: <https://policyexchange.org.uk/publication/rethinking-the-planning-system-for-the-21st-century/>; Centre for Cities (2020) “Planning for the future”, available at: <https://www.centreforcities.org/publication/planning-for-the-future/>; Building Better Building Beautiful Commission (2020) “Living with beauty: promoting health, well-being and sustainable growth”, available at: <https://www.gov.uk/government/publications/living-with-beauty-report-of-the-building-better-building-beautiful-commission>; Create Streets (2018) “From NIMBY to YIMBY”, and (2018) “More Good Homes”.
- 12 RTPI (2020) “Plan the world we need: The contribution of planning to a sustainable, resilient and inclusive recovery”, available at: <https://www.rtpi.org.uk/research/2020/june/plan-the-world-we-need/>.
- 13 Our plan for cycling and walking is available at <https://www.gov.uk/government/publications/cycling-and-walking-plan-for-england>.
- 14 To give your views on the England Tree Strategy, please visit <https://consult.defra.gov.uk/forestry/england-tree-strategy/>.
- 15 MHCLG (2019) The Value and Incidence of Developer Contributions in England 2018/19
- 16 As above, a Section 106 planning obligation could still be used to secure a covenant on the land, where necessary. However, the value would be captured through the Infrastructure Levy, rather than Section 106.
- 17 Institute for Fiscal Studies (2019) “English local government funding: trends and challenges in 2019 and beyond”, <https://www.ifs.org.uk/uploads/English-local-government-funding-trends-and-challenges-in-2019-and-beyond-IFS-Report-166.pdf>
- 18 For more information see <https://www.commonplace.is/>
- 19 Estimates provided to the Housing, Communities and Local Government Select Committee Inquiry into Land Value Capture: <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/766/766.pdf>







# Image Credits

Page	Image	Credit
Front cover	Tregunnel Hill	ADAM Architecture
3	Timekeepers Square	Buttress Architects, English Cities Fund, HDA Winner
11	Rochester Riverside, Chatham	BPTW for Countryside, HDA winner
14	Peverell Avenue in Poundbury	Andrew Cameron & Associates
17	Timekeepers Square	Buttress Architects, English Cities Fund, HDA Winner
18	South Gardens, Elephant and Castle	Maccreeanor Lavington for Lend Lease, HDA winner
19	East Float, Wirral Waters	House by Urban Splash & Peel L&P
23	Community engagement, St Cuthbert's Garden Village	Stuart Walker Photography
24	Wapping Wharf Phase I, Bristol	Alec French Architects
25		Robert Kwolek
27	Wapping Wharf Phase I, Bristol	Alec French Architects
28	Fountains Close	Richmond Housing Partnership
31	Cecil Square	ADAM Architecture
38	Community engagement	HTA Design
39	Community engagement	HTA Design
40	Community engagement	HTA Design
42	Community engagement	HTA Design
43	Inholm site plan, Inholm, Northstowe, Cambs	Proctor and Matthews, Homes England, HDA winner
44	Roussillon Park, Chichester	Designed Ben Pentreath Ltd
46	AVRO Manchester	Urban Splash
47	Cane Hill	HTA Design
48	Park Hill, Sheffield	Urban Splash & Places for People
49	Tregunnel Hill	ADAM Architects
50	Great Kneighton	Countryside Properties

Page	Image	Credit
51	Milford	HTA Design
53	Roussillon Park, Chichester	Designed Ben Pentreath Ltd
61	South Gardens, Elephant and Castle	Maccreeanor Lavington for Lend Lease, HDA winner
65	Foreman Manor	Aspen Homes
69	Listers Pods, Lister Mills, Bradford	Urban Splash
72	Community engagement, St Cuthbert's Garden Village	Stuart Walker Photography
73	Nansledan	ADAM Architecture
75		Robert Kwolek
77	Piece Hall	Piece Hall
81		PRP Architects
Rear cover	Campbell Park, Milton Keynes	Urban Splash & Places for People







© Crown copyright, 2020

Copyright in the typographical arrangement rests with the Crown.

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>

This document/publication is also available on our website at [www.gov.uk/mhclg](http://www.gov.uk/mhclg)

If you have any enquiries regarding this document/publication, complete the form at <http://forms.communities.gov.uk/> or write to us at:

Ministry of Housing, Communities and Local Government  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF  
Telephone: 030 3444 0000


For all our latest news and updates follow us on Twitter: <https://twitter.com/mhclg>

August 2020


# Annual Infrastructure Funding Statement

**Financial Year 2019/20**



 @Eastherts

 EastHertsDC

 easthertscouncil

[www.eastherts.gov.uk](http://www.eastherts.gov.uk)

01279 655261



# East Herts Council – Annual Infrastructure Funding Statement 2019/20

## Introduction

As part of recent changes to legislation Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019) East Herts Council is now required to produce an Annual Infrastructure Funding Statement.

This report is the first Annual Infrastructure Funding Statement produced by East Herts Council and provides a summary of the income and expenditure of the financial contributions the Council has secured through Section 106 Agreements for the financial year 2019/20. It does not include information on contributions listed within Section 106 Agreements payable directly to Hertfordshire County Council or on infrastructure that is delivered under Section 78 agreements, or directly by developers. Hertfordshire County Council is producing their own Annual infrastructure Funding Statement to provide this information which will be available on their website - <https://www.hertfordshire.gov.uk/home.aspx>

Further detailed information on the new Section 106 Agreements signed and the contributions received in 2019/20, along with information on the allocation and expenditure of historic contributions in the financial year 2019/20 can be found later in this report.

Please note that the information provided in this report is the most robust available at the time of publication, and will be updated annually and published on the Council's website in accordance with legislation.



# East Herts Council – Annual Infrastructure Funding Statement 2019/20

## Section 106 Agreements

Under Section 106 of the Town and Country Planning Act 1990, East Herts Council can seek obligations, both on-site and off-site, to mitigate the impacts of development and ensure that the Council's planning policy requirements are fulfilled.

These obligations can be financial and non-financial, and are set out in legal agreements between the developer and the Council. They support the funding and development of new infrastructure and services to benefit the community and to mitigate the impacts of development.

East Herts Council has set out its infrastructure needs in its Infrastructure Delivery Plan (IDP) and in its District Plan. Further information on these and Section 106 can be found on the Council's website [www.eastherts.gov.uk](http://www.eastherts.gov.uk)

Section 106 contributions and obligations can vary on a site by site basis depending on a range of factors such as the viability of the development and site-specific considerations, but can include:

- Site-specific financial contributions – these are secured for use for specific purposes as per the individual agreement wording and Community Infrastructure Levy (CIL) guidance. E.g. education facilities, health services, transport / highways works, funding for community facilities, as well as for leisure, arts, sports and open spaces provision.
- Provision of on-site affordable housing (or financial contribution in lieu of on-site provision if applicable).
- Non-financial obligations such as employment strategies and travel plans.
- Monitoring fees.

## Monitoring fees:

The Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019 now allow Local Authorities to charge a monitoring fee through Section 106 planning obligations. These fees are to cover the costs of monitoring and reporting on the delivery of Section 106 obligations, but they must be proportionate and reasonable and reflect the actual cost of monitoring.

All new Section 106 Agreements will now include a provision for monitoring fees, negotiated on a site by site basis and payable to East Herts Council and this will be reported on in the 2020/21 Annual Infrastructure Funding Statement.

## Historic Section 106 Contributions received and allocated prior to 2019/20:

East Herts Council has collected information on all Section 106 Agreements to which it was a party, and has monitored the receipt and allocation of Section 106 financial contributions from the financial year 1996/97 to the present date.

Historically up to the end of the financial year 2018/19 (From 01/04/1996 to 31/03/2019) a total of £8,672,318.81 was received in Section 106 contributions by East Herts Council.

Of this £4,036,713.73 has been spent, with a further £3,709,100.31 identified for allocation, leaving £866,151.52 unallocated as of 31/03/2019.

Details on the Section 106 contributions received and spent in the last three financial years are shown below:

- 2017/18      received - £744,390.54      spent - £125,690.90
- 2018/19      received - £842,855.20      spent - £864,549.03
- 2019/20      received - £1,911,961.44      spent - £684,062.58

# **New Section 106 Agreements, financial contribution collection and expenditure in 2019/20**

This section provides information on the Section 106 Agreements signed in the financial year 2019/20, with details on the financial contributions and the number of affordable housing units listed within each agreement.

Information is also given on the contributions triggered for payment along with details on the allocation and spend of any historic contributions held up to 31/03/2020.

Since July 2019 the collection and allocation of Section 106 contributions payable to East Herts Council has been monitored by the infrastructure Contributions & Spend Manager.

## **New Section 106 Agreements signed in 2019/20:**

Fourteen (14) new Section 106 Agreements were signed and sealed in 2019/20 – this figure includes Supplemental Agreements, Deed of Variations and Unilateral Undertakings agreed during this period.

These agreements have a total of £4,329,010.46 in financial contributions payable to East Herts Council, either as the beneficiary of the contribution or as the collection authority.

The new Section 106 Agreements also contain provision for the developer to provide 560 affordable housing units on site as part of the development planning permission. Further information is provided later in this report on the breakdown of these figures for the individual developments.

The table below lists all the Section 106 Agreements to which East Herts Council was a signatory in the financial year 2019/20:



<b>planning-application</b>	<b>Location</b>	<b>Date of Section 106</b>	<b>Total funding for East Herts Council</b>
3/15/1691/OUT	Land @ Green End, Braughing	10/04/2019	£0.00 – no financial contributions for East Herts Council
3/17/1222/VAR (replaces 3/14/1369/FP)	Carriage Court - Land at 3-9 North Road, Hertford	10/04/2019	£43,428.91
3/17/1537/FUL	Land & buildings Gascoyne Way, Hertford	05/06/2019	No financial contributions for East Herts Council
3/18/0031/FUL	Land at Junction of Rye Street & Farnham Road, Bishop's Stortford	16/07/2019	£88,950.00
3/18/1234/FUL	Land at Coneybury Farm, Royston Road, Buntingford	18/09/2019	£568,437.00
3/18/2457/FUL	Land east of Aspenden Road, Buntingford	24/10/2019	£125,296.00
3/19/0408/FUL	Land Stortford Road, Standon	28/10/2019	£27,910.00
3/18/1898/VAR	Stortford Fields - Land at Bishops Stortford North	19/12/2019	£0.00 - variation of trigger points
3/18/2253/OUT	BISH5 - Land off Whittington Way, Bishop's Stortford	19/12/2019	£2,080,837.00
3/18/2465/OUT	HERT2 - Land East Of Marshgate Drive Hertford	19/12/2019	£892,154.51

<b>planning-application</b>	<b>Location</b>	<b>Date of Section 106</b>	<b>Total funding for East Herts Council</b>
3/15/1011/FUL	Land at Walnut Close, Much Hadham	15/01/2020	No financial contributions for East Herts Council
3/18/1523/FUL	SAWB3 - Chalks Farm, South of West Road, Sawbridgeworth	16/01/2020	£165,253.00
3/19/0308/FUL (replaces 3/17/0645/FUL)	306-310 Ware Road, Hertford	23/01/2020	£49,064.04
3/18/1760/FUL	SAWB2 - Land north of West Road, Sawbridgeworth	27/03/2020	£287,680.00
<b>Total financial contributions listed within the agreements payable to East Herts Council</b>			<b>£4,329,010.46</b>

The figures quoted for the future contributions listed above are subject to change due to the addition of indexation when the payment is triggered.

Each Section 106 Agreement provides details on the trigger points for payment and indexation of the individual contributions listed within it, along with details on the timescale within which the contribution must be allocated – usually ten years from date of receipt of the contribution.

Information on the individual Section 106 Agreement entered into with the developer can be found on the planning portal by using the planning application reference for the development – <https://publicaccess.eastherts.gov.uk/online-applications/>

## Affordable Housing units within new Section 106 Agreements signed in 2019/20:

Nine (9) of the fourteen new Section 106 Agreements signed in 2019/20 included a provision to provide affordable housing on site as part of the development planning consent, giving a total of 560 units.

The table below lists the individual developments with affordable housing included in the Section 106 Agreement:

Planning application ref:	Location of development:	Affordable housing units:
3/15/1691/OUT	Land @ Green End, Braughing	3
3/18/0031/FUL	Land at Junction of Rye Street & Farnham Road, Bishop's Stortford	12
3/18/2457/FUL	Land east of Aspenden Road, Buntingford	26
3/19/0408/FUL	Land Stortford Road Standon	9
3/18/2253/OUT	BISH5 - Land off Whittington Way, Bishop's Stortford	299
3/18/2465/OUT	HERT2 - Land East Of Marshgate Drive Hertford	56
3/18/1523/FUL	SAWB3 - Land Chalks Farm, South of West Road, Sawbridgeworth	80
3/19/0308/FUL (replaces 3/17/0645/FUL)	306-310 Ware Road, Hertford	19
3/18/1760/FUL	SAWB2 - Land north of West Road, Sawbridgeworth	56
<b>Total units of Affordable Housing listed with the above agreements:</b>		<b>560</b>



## Total Section 106 income and expenditure up to 31/3/2020:

As previously explained East Herts Council has collected information and monitored the receipt and allocation of Section 106 contributions from the financial year 1996/97 to the present date.

The table below highlights the total amounts collected, spent and allocated from contributions received between 01/04/1996 to 31/03/2020:

<b>Section 106 Contributions from 01/04/1996 to 31/03/2020:</b>	<b>Amount allocated:</b>
Received contributions – total to 31/03/2020	£10,584,280.25
Spent contributions – total to 31/03/2020	£4,738,276.31
<b>Unspent Section 106 Contributions:</b>	<b>Amount:</b>
Allocated to Revenue for maintenance – total to 31/03/2020	£773,746.91
Allocated for Affordable Housing (payment in lieu) – total to 31/03/2020	£1,729,835.28
Allocated to named uses – total to 31/03/2020	£1,965,747.94
Allocated to NHS – total to 31/03/2020	£501,900.86
UNALLOCATED – total to 31/03/2020	£874,772.95

The unallocated balance of £874,772.95 is made up of contributions listed as unallocated because they do not have a specific project named in the contribution wording. These unallocated contributions are available for use only within the

contractual wording of the individual Section 106 agreements, and to be allocated towards a project they have to be used in accordance with the individual contribution wording. For example the 'outdoor sports facilities contribution for providing outdoor sports facilities in Buntingford' is listed as unallocated as no specific sport or use is named, but it can only be used for outdoor sports in within the area identified. The East Herts Council website provides further information on how organisations and groups can apply for Section 106 funding - [https://www.eastherts.gov.uk/planning-building/Section -106-agreements-funding-projects](https://www.eastherts.gov.uk/planning-building/Section-106-agreements-funding-projects)

## Section 106 contributions triggered in the financial year 2019/20:

Payment was triggered from sixteen (16) individual Section 106 Agreements in 2019/20, resulting in receipt of £1,911,761.44 in financial contributions. (This figure includes some historically outstanding contributions which had additional late payment fees added on to the contribution and indexation amount).

The following table provides information on the developments from which these contributions were received and the total amount of contributions paid:

Planning Application Ref:	Location of development:	Section 106 Contributions received:
3/13/0804/OP	Stortford Fields - ASR 1-4 Bishops Stortford North, Bishop's Stortford	£47,306.98
3/13/0813/OP	Lovats Chase - Land at Park Farm Industrial Estate, Buntingford	£16,815.28
3/13/0886/OP	St Michaels Hurst ASR5 -Farnham Rd/Hazel End Rd, Bishop's Stortford	£399,894.14

<b>Planning Application Ref:</b>	<b>Location of development:</b>	<b>Section 106 Contributions received:</b>
3/14/0528/OP	MEADOW VALE - Area 2 - Land South of Hare Street	£238,381.62
3/14/1627/OP	Land east of Cambridge Road, Puckeridge	£50,945.16
3/14/1766/FP & 3/15/2502/VAR	Herts Regional College, Ware	£49,667.02
3/14/2023/FP	Tanners Way, Hunsdon	£20,498.98
3/15/0260/FUL	Well House & Dixon Yard, Acorn St, Hunsdon	£26,041.66
3/15/0300/OUT	Former Sainsbury Depot Buntingford	£743,412.85
3/16/1164/FUL	Land south of Martlets, Hunsdon Rd, Widford	£18,523.86
3/16/1218/FUL	The Cheshnuts, Puckeridge	£70,484.07
3/16/1391/FUL	LOVATS CHASE - Land North of Park Farm, Ermine Street	£6,188.79
3/17/1055/OUT	Western part of Café Field, Old Standon Hill, Puckeridge	£101,925.51
3/17/1222/VAR (replaces 3/14/1369/FP)	Carriage Court - 3-9 North Road, Hertford	£43,428.91
3/17/2588/OUT	Goods Yard (Blocks A1 - A5) Bishop's Stortford CM23 3BL	£50,392.00
3/19/0408/FUL	Land Stortford Road Standon	£28,054.61
<b>Total financial contributions received in 2019/20</b>		<b>£1,911,961.44</b>



Breakdown of these received contributions is listed below:

<b>Section 106 Contribution use:</b>	<b>Amount received 2019/20</b>
Affordable housing - financial contribution in lieu of on-site affordable housing	£122,187.71
Amenity greenspace (inc. allotments & burial spaces contributions)	£57,022.78
Children & young people contributions	£39,022.87
Community facilities inc. village halls	£73,327.50
Employment - financial contributions towards employment provision and strategies	£77,249.84
Health services contributions - collected by East Herts Council on behalf of NHS*	£353,964.52
Open space contributions	£20,668.57
Outdoor sports contributions	£796,922.51
Parks & gardens contributions	£147,553.96
Recycling contributions for the provision of waste and recycling receptacles	£33,645.66
Transport - including contributions towards cycle routes, parking provision and travel plans	£187,295.52
Monitoring fee	£3,100.00
<b>TOTAL</b>	<b>£1,911,761.44</b>

\* General Medical Services is collected for NHS East and North Hertfordshire Clinical Commissioning Group, Community Healthcare Is collected for Herts Community Trust (HCT) and Mental Health is collected for Herts Partnership Foundation Trust (HPFT)

## Section 106 expenditure in 2019/20:

East Herts Council is the body accountable for the spending and allocation of received Section 106 financial contributions and therefore must ensure that:

- The Section 106 funding is spent on facilities / projects that can be demonstrated to be required because of the new development or need in the locality of the development.
- The process is transparent and fair to all and follows a consistent procedure.
- Projects supported are necessary, viable, will deliver the required social and community benefits, and will be well managed and sustainable.

In the financial year 2019/20 a total of £684,062.58 was allocated to individual projects or uses from thirty-eight (38) individual received contributions.

The table below gives further information on the individual funding allocations, the contribution source and the balance, if any, of the contribution total after the allocation:

<b>Contribution obligation:</b>	<b>Year Received:</b>	<b>Section 106 Receipt:</b>	<b>Amount allocated:</b>	<b>Balance left:</b>	<b>Allocation details / projects funded:</b>
Contribution to British Waterways - 3/04/2309/FP	2004/05	£10,000.00	<b>£10,000.00</b>	£0.00	Transferred to Canal & Rivers Trust
Replacement Seats contribution - 3/05/1758/LB	2006/07	£15,000.00	<b>£15,000.00</b>	£0.00	Allocated to HUDS for improvements to street furniture in Hertford
Accessibility contribution - 3/09/1892/FP	2012/13	£8,788.32	<b>£8,788.32</b>	£0.00	Ware Arts Centre access improvements

<b>Contribution obligation:</b>	<b>Year Received:</b>	<b>Section 106 Receipt:</b>	<b>Amount allocated:</b>	<b>Balance left:</b>	<b>Allocation details / projects funded:</b>
Open Space – 3/11/0872/RP	2012/13	£167,200.00	<b>£3,500.00</b>	£142,700.00	Revenue contribution for open space & grounds maintenance
Affordable Housing (in lieu) from 3/07/2005/FP	2012/13	£490,028.22	<b>£32,500.00</b>	£380,528.22	Allocated for Affordable Housing
Affordable Housing (in lieu) from 3/10/0396/FP	2012/13	£574,000.00	<b>£124,283.45</b>	£946.55	Allocated for Affordable Housing
Children & young people - 3/11/1927/FP	2012/13	£2,295.00	<b>£1,516.22</b>	£0.00	Hunsdon Play Area & MUGA Project
Parks & Public Gardens - 3/88/1349/OP	2012/13	£40,000.00	<b>£4,000.00</b>	£8,000.00	Revenue contribution for open space & grounds maintenance
Children & young people - 3/12/1094/FP	2013/14	£1,076.00	<b>£1,076.00</b>	£0.00	New moveable goals at Grange Paddocks Leisure Centre
Open space maintenance - 3/11/0384/FP	2013/14	£31,946.61	<b>£3,195.00</b>	£15,971.61	Revenue contribution for open space & grounds maintenance
Baldock St enhancement - 03/10/0386/FP	2014/15	£43,681.30	<b>£9,900.00</b>	£6,245.18	Historic building works

<b>Contribution obligation:</b>	<b>Year Received:</b>	<b>Section 106 Receipt:</b>	<b>Amount allocated:</b>	<b>Balance left:</b>	<b>Allocation details / projects funded:</b>
improvements maintenance - 3/10/1198/FP	2014/15	£53,772.00	£5,370.00	£26,920.00	Revenue contribution for open space & grounds maintenance
Outdoor sports facilities - 3/13/2223/FP	2014/15	£71,252.15	<b>£60,000.00</b>	£11,252.15	Ware Town Council - MUGA project
Children & young people - 3/10/1147/FN	2015/16	£8,935.00	<b>£8,935.00</b>	£0.00	Hartham Play Area - crowd funded project
Outdoor sports facilities - 3/13/0527/FP	2015/16	£36,837.53	<b>£36,837.53</b>	£0.00	Parsonage Lane play equipment
Play facilities contribution - 3/14/0590/FP	2015/16	£3,873.03	<b>£3,873.03</b>	£0.00	Hartham Play Area - crowd funded project
Community facilities - 3/11/0554/FP	2016/17	£30,578.13	<b>£8,233.04</b>	£2,360.29	High Wych Village Hall & new EHC flytip cameras
Outdoor sports facilities - 3/11/0554/FP	2016/17	£57,220.95	<b>£24,945.00</b>	£32,275.95	High Wych recreation ground - theatre hut access improvements
Play facilities contribution - 3/14/0590/FP	2017/18	£4,052.55	<b>£4,052.55</b>	£0.00	Hartham Play Area - crowd funded project
Outdoor sports facilities - 3/14/1583/FP	2017/18	£31,497.99	<b>£31,497.99</b>	£0.00	Bishops Stortford Rugby Football Club - Improvements



<b>Contribution obligation:</b>	<b>Year Received:</b>	<b>Section 106 Receipt:</b>	<b>Amount allocated:</b>	<b>Balance left:</b>	<b>Allocation details / projects funded:</b>
Rhodes Art Centre - 3/13/0804	2017/18	£80,174.41	<b>£80,174.41</b>	£0.00	Transferred to Rhodes Art Centre
Town Centre Improvements Ware - 3/10/0386/FP	2017/18	£80,000.00	<b>£7,117.30</b>	£30,822.65	Buryfields open space - new street lighting
Open space contribution - 3/14/0978/FP	2017/18	£134,723.39	<b>£50,716.00</b>	£84,007.39	Transferred to Capital to fund Castle Park Project
Underpass contribution - 3/16/0115/FUL	2018/19	£26,264.63	<b>£26,264.63</b>	£0.00	Transferred to HCC for improvements to Hale Road / Gascoyne Way underpass
Community facilities - 3/11/0554/	2018/19	£33,016.96	<b>£33,016.96</b>	£0.00	High Wych Memorial Hall improvements
Rhodes Museum - 3/13/0886/OP	2018 /19	£9,465.21	<b>£9,465.21</b>	£0.00	Transferred to Rhodes Arts Centre
Recycling & refuse - 3/16/1218/FUL	2019/20	£1,044.00	<b>£1,044.00</b>	£0.00	Transferred to recycling budget
Recycling & refuse - 3/16/1218/FUL	2019/20	£1,044.00	<b>£1,044.00</b>	£0.00	Transferred to recycling budget
Parish hall contribution - 3/15/0260/FUL	2019/20	£3,392.67	<b>£3,392.67</b>	£0.00	Hunsdon Parish Hall heating & lighting projects

<b>Contribution obligation:</b>	<b>Year Received:</b>	<b>Section 106 Receipt:</b>	<b>Amount allocated:</b>	<b>Balance left:</b>	<b>Allocation details / projects funded:</b>
Play space contribution - 3/15/0260/FUL	2019/20	£19,174.43	<b>£19,174.43</b>	£0.00	Hunsdon Play Area & MUGA Project
Recycling & refuse - 3/13/0886/OP	2019/20	£25,705.67	<b>£25,705.67</b>	£0.00	Transferred to recycling budget
Community facilities - 3/19/0408/FUL	2019/20	£5,258.10	<b>£5,258.10</b>	£0.00	Kitchen improvements Standon Village Hall
Hunsdon Village Hall - 3/14/2023/FP	2019/20	£3,872.93	<b>£1,708.03</b>	£2,164.90	Hunsdon Parish Hall heating & lighting projects
Children & young people - 3/14/2023/FP	2019/20	£2,127.85	<b>£2,127.85</b>	£0.00	Hunsdon Play Area & MUGA Project
Sports & recreation - 3/14/2023/FP	2019/20	£14,498.20	<b>£14,498.20</b>	£0.00	Hunsdon Play Area & MUGA Project
Recycling & refuse - 3/17/1055/OUT	2019/20	£3,548.91	<b>£3,548.91</b>	£0.00	Transferred to recycling budget
Recycling & refuse - 3/16/1164/FUL	2019/20	£1,367.08	<b>£1,367.08</b>	£0.00	Transferred to recycling budget
Recycling & refuse - 3/17/1222/VAR	2019/20	£936.00	<b>£936.00</b>	£0.00	Transferred to recycling budget
<b>Total amount allocated in 2019/20</b>				<b>£684,062.58</b>	

Allocation of identified Section 106 contribution funding to Capital and Revenue budgets to fund specific Council projects, affordable housing or recycling and refuse provision is undertaken at the end of the financial year.

Individual project funding is available for organisations and groups to bid for throughout the year.

## Further information on Section 106 Funding

The East Herts Council website provides further information on how organisations and groups can apply for Section 106 funding - <https://www.eastherts.gov.uk/planning-building/Section-106-agreements-funding-projects>

## Applying for Section 106 funding

By completing and submitting the online **Expressions of Interest form**, anyone looking for funding for their project can let the Council know who they are, what they have planned and how much funding they need. The Council can then use this information to check to see if any of the Section 106 funding is available that may be of use for the project. If no funding is currently available, the planned project will be added to the list of potential projects for new Section 106 Agreements from future local developments.

If there are Section 106 funds available and applicable, the organisation or group applying for funding will be contacted by the Infrastructure Contributions & Spend Manager and asked to complete a full application form for audit purposes. The completed application form will be checked against the identified Section 106 Agreement contribution wording to confirm the appropriate use of the funding. Officers and Councillors will then evaluate the completed funding application before it is agreed and signed off, and the funds transferred to the organisation /group.

## **East Herts Council Report**

### **Audit and Governance Committee**

**Date of Meeting:** 17 November 2020

**Report by:** Steven Linnett, Head of Strategic Finance and Property

**Report title:** Strategic Risk Monitoring – 2020 21 Quarter Two

**Ward(s) affected:** All

---

### **Summary**

#### **RECOMMENDATION FOR AUDIT AND GOVERNANCE COMMITTEE:**

- (a) **The Strategic Risk Register be reviewed and officers advised of any further action that could be taken to manage risk.**

#### **1.0 Proposal(s)**

- 1.1 Quarterly monitoring of the Strategic Risk Register resumed in 2020/21 and this report details the controls introduced during quarter two.

#### **2.0 Background**

- 2.1 Audit and Governance Committee received a report on 22 September 2020 detailing the controls implemented in quarter one and those planned for future.

#### **3.0 Reason(s)**

- 3.1 Public services are facing unprecedented challenges and the effective management of risk is needed more than ever. Our risk-managed approach to decision making will help the council



achieve objectives and deliver services more efficiently.

- 3.2 The content of the Strategic Risk Register has been considered by members of Leadership team and updated for quarter two.

#### **4.0 Options**

- 4.1 At the meeting on 22 September Members asked for the risk register to be presented in a tracked change format at this meeting. Please see appendix 1. A clean version is also provided at appendix 2.
- 4.2 Members will note that there has been minimal change to descriptions. Scores remains unchanged with the exception of item 3, the performance, resilience and security of IT systems. Given enhanced cybersecurity the Deputy Chief Executive has reduced both the likelihood and impact scores. (The scoring matrix is included at the foot of the register.)

#### **5.0 Risks**

- 5.1 Embedding risk management produces many benefits for the Council which are documented within the Risk Management Strategy presented at May's meeting.

#### **6.0 Implications/Consultations**

- 6.1 Due to the lack of a Leadership Team meeting ahead of the committee report deadline the register has been updated and circulated electronically.

#### **Community Safety**

No

#### **Data Protection**

No

## **Equalities**

No

## **Environmental Sustainability**

No

## **Financial**

Risk management can provide protection of budgets from unexpected losses. Better governance can be demonstrated and the annual audit plan is risk based.

The 'resources' item within the Strategic Risk Register deals with financial pressures and several other entries will have financial impacts.

## **Health and Safety**

None specific but risk management processes can provide a safer environment across the District and all services for the benefit of the public, staff and our contractors.

Compliance reports are submitted by the Health and Safety Officer to Safety Committee, Leadership Team, Human Resources Committee and Executive.

## **Human Resources**

The fourth item within the Strategic Risk Register details the risk of not having the capacity or skills to deliver services, staff recruitment and retention, succession planning etc.

## **Human Rights**

No

## **Legal**

One strategic risk specifically concerns legislation and several other risks touch on legal matters.

## **Specific Wards**

No

## **7.0 Background papers, appendices and other relevant material**

7.1 Please see the Strategic Risk Register at appendix 1.

**Contact Member** Councillor George Cutting, Executive Member for Corporate Services

[George.Cutting@eastherts.gov.uk](mailto:George.Cutting@eastherts.gov.uk)

**Contact Officer** Steven Linnett  
Head of Strategic Finance and Property  
Tel No: 01279 50 2050

[Steven.Linnett@eastherts.gov.uk](mailto:Steven.Linnett@eastherts.gov.uk)

**Report Author** Graham Mully, Insurance and Risk Business Advisor

Tel No: 01279 502166

[Graham.Mully@eastherts.gov.uk](mailto:Graham.Mully@eastherts.gov.uk)

	Title	Description	Current		Target		Owner	Controls introduced or planned in 2020/21 quarter 2.
			likelihood score	impact score	likelihood score	impact score		
1	Resources	<ul style="list-style-type: none"> <li>The lockdown has caused a loss of income of approximately £800,000 per month. The restrictions are now easing but it is likely to take some time for people to return to their previous patterns of behaviour.</li> <li>Medium Term Financial Plan included a range of projects to reduce net expenditure. At the moment it is unclear when, and in some cases if, these projects can be delivered.</li> <li>Total Government support of just over £1.7 million has been received. However, it remains unclear whether all of the Council's losses will be funded by central government.</li> <li>Once the economy has started to recover, the Government will have to determine how it will manage</li> </ul>	3	3	3	3	<del>Interim</del> Head of Strategic Finance and Property	<u>Council is in receipt of funding that compensates for loss of transactional income but not items such as rent on investment properties. Rent payments have no significant defaults to date. Rent reductions have been agreed for 2 tenants in Charringtons but this has to set against compensation that would have been payable when we need to move tenants out for handover for the Old River Lane regeneration as we have included appropriate break clauses as part of the new rent agreement.</u> <u>A detailed set of savings proposals and the detailed budget and MTFP work is underway and will be reported to Audit &amp; Governance Committee in due course but includes costs benchmarking and also a transformation programme focused on agile working.</u>



		public finances going forward. It is possible that a new phase of austerity may follow and central funding for district councils is likely to be limited.						<p><del>Assistance is being provided to support local businesses to try and ensure the local economy can recover strongly when restrictions are lifted.</del></p> <p><del>Information is being provided to central government to highlight the financial difficulties and lobbying is being undertaken by the Society of District Council Treasurers, the District Councils Network and the Local Government Association.</del></p> <p><del>The Medium Term Financial Plan will be updated and amended to reflect the council's changed circumstances and future prospects. It may be necessary to seek additional efficiencies to replace or supplement those already planned.</del></p>
2	Political change (local or national)	<ul style="list-style-type: none"> <li>• Planning policy changes.</li> <li>• Devolution.</li> <li>• Leadership / management culture.</li> <li>• Environmental sustainability and the need for carbon reduction across the council with an ambition to become carbon neutral by 2030.</li> <li>• Brexit risks:</li> </ul>	3	3	3	2	Chief Executive	<p>It is likely that we will see significant changes to both national and local policies following from COVID-19.</p> <p>Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies.</p>

		<ul style="list-style-type: none"> <li>• Potential project delays due to labour shortages or materials imports, or increased project costs due to tariffs or supply chain difficulties.</li> <li>• Settled status for EU nationals with only half of the 4,000 registered in District having applied for settled status. <a href="#">(June 2019 data.)</a></li> <li>• Risk to business growth.</li> </ul>						Officers are considering the lessons from how the Council has been able to operate during the crisis. It is evident that working from home is possible on a greater scale and this will have implications for our future accommodation needs.
3	Performance, resilience and security of IT systems	<ul style="list-style-type: none"> <li>• Risk of data breach / loss, business continuity incident or poor performance impacting service delivery.</li> <li>• Changing demand on council services and the requirement to invest in and encourage online interaction with customers.</li> </ul>	<del>32</del>	<del>32</del>	2	2	Deputy Chief Executive	IT provision was greatly tested following the lockdown due to COVID-19. We were able to respond swiftly and effectively, enabling over 700 staff across the shared service to continue in their roles working from home. Road map implemented for ensuring IT security. Digital By Design work stream established and One Page Plan completed. Employees and members continue to deliver council services remotely and meetings are now conducted through video conferencing. In general IT systems have held up enabling

							the council to continue to support residents and businesses. <u>We continue to deliver tightened cybersecurity and are now required by the Government to comply with Cyber Essentials, which we are now working towards. The Digital By Design group continues to explore more online interaction and a proof of concept for the use of webchat has commenced.</u>
4	Capacity and skills to deliver services	<ul style="list-style-type: none"> <li>Recruitment and retention of staff.</li> <li>Capability and skills to deliver services and projects.</li> <li>Succession planning.</li> </ul>	3	2	2	2	Head of HR and Organisational Development <u>The temporary labour supply arrangement went live in April 2020 which has reduced fees paid to agencies and ensures a wider pool of potential candidates. This appears to be working well. A new online presence has been set up with Indeed to both improve the employer brand and to provide a more cost effective online recruitment presence; this went live from 1<sup>st</sup> of June 2020 and initial 4 vacancies on Indeed have performed well. Ongoing work has continued with the Communications team and HR to improve the online presence and</u>

								<p><u>promote the employer brand further. Staff turnover had reduced for the 19/20 (1/4/19-31/3/2020) period to 10.1% from 19% meaning that the regrading and pay proposals appear to have aided attraction and retention as planned. Turnover has continued to remain low which is common in the current pandemic and at end of quarter 2 this it is now predicted to be 5.9% for 20/21. Career graded posts are continuing to be used with the projects team creating a further post in July as part of a restructure and Legal looking at career post for four solicitor posts to attract and retain staff in this hard to recruit area. A review of apprentices is continuing to both manage costs and support succession. A wellbeing survey has been undertaken (May 2020) and followed up on to ensure staff are supported during the pandemic alongside a number of wellbeing and effective ways of working initiatives to further support employee wellbeing and the retention of staff. The</u></p>
--	--	--	--	--	--	--	--	---



Wellbeing survey will be re-run alongside a full staff survey in December 2020.

All recruitment must be approved by Leadership Team with enhanced justification and a requirement to explore either restructures or process changes to eliminate the need for the post.

Government has brought in the £95k exit payment cap that includes pension strain costs in the calculations. The Government Actuary's Department estimates that 86% of staff made redundant would be affected. Staff being made redundant at 55 and having access to their pension as required by law, would lose all of their redundancy pay, including the statutory element and their pension would be reduced by around 40%. The inclusion of pension strain in the cap calculation therefore means that compulsory redundancy will leave the majority of officers with no severance pay and a substantial reduction in pension

benefits that could seriously affect their expected retirement lifestyle and potentially cause poverty in retirement. It is understood the Government plan to amend the Regulations requiring immediate access to pension to become voluntarily agreed between employer and employee but they have introduced the cap without that amendment. It is further understood that legal challenges are being brought against Government by various unions. The temporary labour supply arrangement went live in April 2020 which will reduce fees paid to agencies and ensure wider pool. A similar arrangement for consultants is being implemented and goes live in August 2020. A new online presence has been set up with Indeed to both improve the employer brand and to provide a more cost effective online recruitment presence; this went live from 1<sup>st</sup> of June. Ongoing work has begun with the Comms team and HR to improve the

Page 152

								<div>online presence and promote the employer brand further. Staff turnover has reduced for the 19/20 period to 10.1% from 19% meaning that the regrading and pay proposals appear to have aided attraction and retention as planned. Career graded posts are continuing to be used with the projects team creating a further post in July as part of a restructure. A review of apprentices and the professional training pot is underway to ensure it supports succession planning but recruitment of new apprentices has been delayed by the pandemic and changes to standards. A wellbeing survey has been undertaken and followed up on to ensure staff are supported during the pandemic alongside a number of wellbeing and effective ways of working initiatives to further support employee wellbeing and the retention of staff.</div>
5	Poor performance or failure of key partner or	<div><div>Risk that supplier, contractor or key third sector partner fails or fails to deliver.</div><div>Impact on services.</div></div>	2	3	1	3	Chief Executive	Regular discussions are continuing with contractors and key third sector partners to ensure no failures in delivery.

	contractor	<ul style="list-style-type: none"> <li>• <u>Delays to key projects and financial consequences.</u></li> <li>• <u>Increased costs to maintain service delivery.</u></li> </ul>						<p><u>Credit risk scores are obtained for major contracts during the operation of the contract and particular attention is paid to trade news concerning contractors' financial health.</u></p> <p><u>Waste-related business continuity plans are also regularly reviewed. Brexit may impact on the sale of materials contracts and costs may increase. Talks are ongoing with other Hertfordshire authorities to determine alternative business continuity planning options.</u></p>
6	Infrastructure / growth	<ul style="list-style-type: none"> <li>• Delivery of strategic projects and the risk that residents and key stakeholders are not supportive.</li> <li>• Management of housing growth to ensure that new developments are controlled, provide sustainable communities and with appropriate infrastructure in place. Threat to existing employments sites and the need to ensure that new sites</li> </ul>	2	3	2	3	Chief Executive	<p>Grange Paddocks and Northgate End construction work is underway.</p> <p>Delays to the Hertford Theatre and Hartham Leisure Centre Projects but public consultations <u>now undertaken</u> <del>now underway.</del> <u>and Hartham planning application submitted.</u></p> <p><u>Old River Lane project final business case planning is</u></p>



Page 154		<p>are provided.</p> <ul style="list-style-type: none"> <li>Reliance on partners and stakeholders.</li> </ul>						<p><u>underway and will be reported to a future Council meeting.</u></p> <p>Project delivery will be kept under constant review as government guidance changes.</p>
7	Legal	<ul style="list-style-type: none"> <li>Risk of avoidable data breach caused by action of staff, contractors or partners, or resilience of systems.</li> <li>Use of third party systems for virtual meetings during COVID-19 pandemic and potential security problems associated with this.</li> <li>Capacity to respond to changing legislation after Brexit.</li> <li>Alternative service delivery models.</li> <li>Effective management of both large scale development projects and major procurement exercises.</li> </ul>	2	3	2	3	Head of Legal and Democratic Services	<p>Training provided re Zoom and centralised controls imposed on the East Herts corporate account requiring increased security features be enabled.</p> <p>COVID-19 restrictions <u>re holding physical meetings have been intensified again, meaning that plans to move back to in-person Council meetings have been put on hold and these will continue as virtual meetings, most probably until the spring.</u><del>for holding physical/hybrid meetings slowly being relaxed making reliance on software for virtual meetings less important.</del></p> <p>Steps being taken to address long term capacity and capability to respond quickly. <u>Recruitment for an Information Governance and Data Protection Manager as</u></p>

								<p><u>well as 4 new permanent lawyer posts are underway, meaning that the service will be far more resilient if/once they are all recruited to. Proposals for Legal Services restructure to be presented to Leadership Team in the near future.</u></p> <p><u>Linked to above, one of the 4 lawyer posts is a Contracts and Procurement Lawyer, which if successful in recruiting to will provide much better in house control over major project work.</u></p> <p>Mandatory data protection <u>and fraud awareness</u> e-learning for staff, <del>along with scam detection training.</del></p>
8	Business economy	<ul style="list-style-type: none"> <li>• Ability to attract, sustain and nurture businesses within the District. Insufficient space for existing business to grow.</li> <li>• Risk of being unable to ensure employment land is provided alongside new developments, or that employment land is lost to housing development.</li> <li>• Likelihood of a global recession following COVID-19</li> </ul>	3	3	2	2	Head of Communications, Strategy and Policy	<p>2 stage approach to mitigating recession following COVID-19:</p> <p>Council has supported over 2200 businesses with £30m of government funded grants and £18m of reliefs.</p> <p>Further work in each town centre underway in conjunction with town councils, police and</p>

pandemic increased leading to increase in unemployment, low business growth and commercial property values decreasing significantly.

- Loss of low skilled labour and exchange rates post Brexit could further increase risk to businesses.

business representative organisations, ~~focusing on a #ShopLocal campaign whilst encouraging social distancing measures.~~ £132k of ERDF funding for re-opening the high streets safely will be administered between now and 31 March 2021 focusing on creating a safe environment (hand sanitizers, street furniture for traffic management, communications to businesses and residents).

Council also commissioning a new service with Broxbourne Borough Council and the CVS to support newly unemployed residents get back into work by supporting them with digital skills such as interviewing over Zoom and MS Teams. Service launched 5<sup>th</sup> October 2020.

European Regional Development Fund project to support businesses has been agreed with MHCLG, will hopefully launch in summer 2020. This will provide a step change in our approach by

								<p>targeting specific sectors as well as growing the Ware and Bishop's Stortford Launchpad. <a href="#">Paper due to Executive 9<sup>th</sup> November.</a></p> <p>Development of 20 Ha new employment land at key sites is being supported through the master planning process.</p> <p>Steps being taken to protect existing employment land through introduction of Article 4 Directions on designated sites in January 2021 and robust negotiations on mixed development schemes in key sites such as Caxton Hill and the Goods Yard.</p>
9	COVID-19 (Coronavirus) pandemic	<ul style="list-style-type: none"> <li>Business continuity incident and emergency planning response, specifically resulting from the COVID-19 pandemic.</li> </ul>	3	3	2	3	Head of Health and Housing	<p><a href="#">Providing advice to businesses on compliance with regulations and legislation.</a></p> <p><a href="#">Grants to support new burdens such as COVID Marshalls and local track and trace have been received or announced.</a></p> <p><a href="#">Additional funding announced by government to support November 2020 heightened restrictions.</a></p>



Page 158								<p>Pandemic Business Continuity Plan updated.</p> <p>Legal advice sought for all major contracts in terms of force majeure.</p> <p>Comprehensive guidance placed on the intranet on homeworking, health and safety and HR matters.</p> <p>Increased use of video conferencing for remote workers.</p>
----------	--	--	--	--	--	--	--	---

Likelihood	Description	Likelihood of occurrence	Probability of occurrence		
	3	Probable	Annually	The event will probably occur	
	2	Possible	1 in 5 years	The event may occur	
	1	Unlikely	Less frequently than 1 in 5 years	The event may occur in exceptional circumstances	
Impact	Description	Financial	Reputation	Service / operation	
	3	Significant	> £400,000 p.a.	Adverse national media	Major fall in service quality
	2	Moderate	£100,000 to £400,000 p.a.	Adverse local media	Significant fall in service quality
	1	Minor	< £100,000	Public concerns restricted to local complaints	Little impact to service quality

Impact	Significant			
	3			High
	Moderate		Medium	
	2			
	Minor	Low		
	1			
		Unlikely	Possible	Probable
		1	2	3
		Likelihood		

This page is intentionally left blank

	Title	Description	Current		Target		Owner	Controls introduced or planned in 2020/21 quarter 2.
			likelihood score	impact score	likelihood score	impact score		
1	Resources	<ul style="list-style-type: none"> <li>The lockdown has caused a loss of income of approximately £800,000 per month. The restrictions are now easing but it is likely to take some time for people to return to their previous patterns of behaviour.</li> <li>Medium Term Financial Plan included a range of projects to reduce net expenditure. At the moment it is unclear when, and in some cases if, these projects can be delivered.</li> <li>Total Government support of just over £1.7 million has been received. However, it remains unclear whether all of the Council's losses will be funded by central government.</li> <li>Once the economy has started to recover, the Government will have to determine how it will manage</li> </ul>	3	3	3	3	Head of Strategic Finance and Property	<p>Council is in receipt of funding that compensates for loss of transactional income but not items such as rent on investment properties. Rent payments have no significant defaults to date. Rent reductions have been agreed for 2 tenants in Charringtons but this has to set against compensation that would have been payable when we need to move tenants out for handover for the Old River Lane regeneration as we have included appropriate break clauses as part of the new rent agreement.</p> <p>A detailed set of savings proposals and the detailed budget and MTFP work is underway and will be reported to Audit &amp; Governance Committee in due course but includes costs benchmarking and also a transformation programme focused on agile working.</p>



Page 162		public finances going forward. It is possible that a new phase of austerity may follow and central funding for district councils is likely to be limited.						
2	Political change (local or national)	<ul style="list-style-type: none"> <li>• Planning policy changes.</li> <li>• Devolution.</li> <li>• Leadership / management culture.</li> <li>• Environmental sustainability and the need for carbon reduction across the council with an ambition to become carbon neutral by 2030.</li> <li>• Brexit risks: <ul style="list-style-type: none"> <li>• Potential project delays due to labour shortages or materials imports, or increased project costs due to tariffs or supply chain difficulties.</li> <li>• Settled status for EU nationals with only half of the 4,000 registered in District having applied for settled status. (June 2019 data.)</li> <li>• Risk to business growth.</li> </ul> </li> </ul>	3	3	3	2	Chief Executive	<p>It is likely that we will see significant changes to both national and local policies following from COVID-19.</p> <p>Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies.</p> <p>Officers are considering the lessons from how the Council has been able to operate during the crisis. It is evident that working from home is possible on a greater scale and this will have implications for our future accommodation needs.</p>

3	Performance, resilience and security of IT systems	<ul style="list-style-type: none"> <li>• Risk of data breach / loss, business continuity incident or poor performance impacting service delivery.</li> <li>• Changing demand on council services and the requirement to invest in and encourage online interaction with customers.</li> </ul>	2	2	2	2	Deputy Chief Executive	<p>IT provision was greatly tested following the lockdown due to COVID-19. We were able to respond swiftly and effectively, enabling over 700 staff across the shared service to continue in their roles working from home. Road map implemented for ensuring IT security.</p> <p>Digital By Design work stream established and One Page Plan completed.</p> <p>Employees and members continue to deliver council services remotely and meetings are now conducted through video conferencing. In general IT systems have held up enabling the council to continue to support residents and businesses.</p> <p>We continue to deliver tightened cybersecurity and are now required by the Government to comply with Cyber Essentials, which we are now working towards. The Digital By Design group continues to explore more online interaction and a proof of concept for the use of webchat has commenced.</p>
---	--	---	---	---	---	---	------------------------	---

Page 164	Capacity and skills to deliver services	<ul style="list-style-type: none"> <li>Recruitment and retention of staff.</li> <li>Capability and skills to deliver services and projects.</li> <li>Succession planning.</li> </ul>	3	2	2	2	Head of HR and Organisational Development	<p>The temporary labour supply arrangement went live in April 2020 which has reduced fees paid to agencies and ensures a wider pool of potential candidates. This appears to be working well. A new online presence has been set up with Indeed to both improve the employer brand and to provide a more cost effective online recruitment presence; this went live from 1<sup>st</sup> of June 2020 and initial 4 vacancies on Indeed have performed well. Ongoing work has continued with the Communications team and HR to improve the online presence and promote the employer brand further. Staff turnover had reduced for the 19/20 (1/4/19-31/3/2020) period to 10.1% from 19% meaning that the regrading and pay proposals appear to have aided attraction and retention as planned. Turnover has continued to remain low which is common in the current pandemic and at end of quarter 2 this it is now predicted to be 5.9% for 20/21. Career graded</p>
----------	---	--	---	---	---	---	---	---

								<p>posts are continuing to be used with the projects team creating a further post in July as part of a restructure and Legal looking at career post for four solicitor posts to attract and retain staff in this hard to recruit area. A review of apprentices is continuing to both manage costs and support succession. A wellbeing survey has been undertaken (May 2020) and followed up on to ensure staff are supported during the pandemic alongside a number of wellbeing and effective ways of working initiatives to further support employee wellbeing and the retention of staff. The Wellbeing survey will be re-run alongside a full staff survey in December 2020.</p> <p>All recruitment must be approved by Leadership Team with enhanced justification and a requirement to explore either restructures or process changes to eliminate the need for the post.</p> <p>Government has brought in the £95k exit payment cap that includes pension strain costs in</p>
--	--	--	--	--	--	--	--	--



							<p>the calculations. The Government Actuary's Department estimates that 86% of staff made redundant would be affected. Staff being made redundant at 55 and having access to their pension as required by law, would lose all of their redundancy pay, including the statutory element and their pension would be reduced by around 40%. The inclusion of pension strain in the cap calculation therefore means that compulsory redundancy will leave the majority of officers with no severance pay and a substantial reduction in pension benefits that could seriously affect their expected retirement lifestyle and potentially cause poverty in retirement. It is understood the Government plan to amend the Regulations requiring immediate access to pension to become voluntarily agreed between employer and employee but they have introduced the cap without that amendment. It is further understood that legal challenges</p>
--	--	--	--	--	--	--	--

								are being brought against Government by various unions.
5	Poor performance or failure of key partner or contractor	<ul style="list-style-type: none"> <li>• Risk that supplier, contractor or key third sector partner fails or fails to deliver.</li> <li>• Impact on services.</li> <li>• Delays to key projects and financial consequences.</li> <li>• Increased costs to maintain service delivery.</li> </ul>	2	3	1	3	Chief Executive	<p>Regular discussions are continuing with contractors and key third sector partners to ensure no failures in delivery.</p> <p>Credit risk scores are obtained for major contracts during the operation of the contract and particular attention is paid to trade news concerning contractors' financial health.</p> <p>Waste-related business continuity plans are also regularly reviewed. Brexit may impact on the sale of materials contracts and costs may increase. Talks are ongoing with other Hertfordshire authorities to determine alternative business continuity planning options.</p>

	Infrastructure / growth	<ul style="list-style-type: none"> <li>• Delivery of strategic projects and the risk that residents and key stakeholders are not supportive.</li> <li>• Management of housing growth to ensure that new developments are controlled, provide sustainable communities and with appropriate infrastructure in place. Threat to existing employments sites and the need to ensure that new sites are provided.</li> <li>• Reliance on partners and stakeholders.</li> </ul>	2	3	2	3	Chief Executive	<p>Grange Paddocks and Northgate End construction work is underway.</p> <p>Delays to the Hertford Theatre and Hartham Leisure Centre Projects but public consultations now undertaken and Hartham planning application submitted.</p> <p>Old River Lane project final business case planning is underway and will be reported to a future Council meeting.</p> <p>Project delivery will be kept under constant review as government guidance changes.</p>
7	Legal	<ul style="list-style-type: none"> <li>• Risk of avoidable data breach caused by action of staff, contractors or partners, or resilience of systems.</li> <li>• Use of third party systems for virtual meetings during COVID-19 pandemic and potential security problems associated with this.</li> <li>• Capacity to respond to changing legislation after Brexit.</li> </ul>	2	3	2	3	Head of Legal and Democratic Services	<p>Training provided re Zoom and centralised controls imposed on the East Herts corporate account requiring increased security features be enabled.</p> <p>COVID-19 restrictions re holding physical meetings have been intensified again, meaning that plans to move back to in-person Council meetings have been put on hold and these will continue</p>

		<ul style="list-style-type: none"> <li>• Alternative service delivery models.</li> <li>• Effective management of both large scale development projects and major procurement exercises.</li> </ul>						<p>as virtual meetings, most probably until the spring.</p> <p>Steps being taken to address long term capacity and capability to respond quickly. Recruitment for an Information Governance and Data Protection Manager as well as 4 new permanent lawyer posts are underway, meaning that the service will be far more resilient if/once they are all recruited to..</p> <p>Linked to above, one of the 4 lawyer posts is a Contracts and Procurement Lawyer, which if successful in recruiting to will provide much better in house control over major project work.</p> <p>Mandatory data protection and fraud awareness e-learning for staff.</p>
--	--	--	--	--	--	--	--	---



Business economy	<ul style="list-style-type: none"> <li>• Ability to attract, sustain and nurture businesses within the District. Insufficient space for existing business to grow.</li> <li>• Risk of being unable to ensure employment land is provided alongside new developments, or that employment land is lost to housing development.</li> <li>• Likelihood of a global recession following COVID-19 pandemic increased leading to increase in unemployment, low business growth and commercial property values decreasing significantly.</li> <li>• Loss of low skilled labour and exchange rates post Brexit could further increase risk to businesses.</li> </ul>	3	3	2	2	Head of Communications, Strategy and Policy	<p>2 stage approach to mitigating recession following COVID-19:</p> <p>Council has supported over 2200 businesses with £30m of government funded grants and £18m of reliefs.</p> <p>Further work in each town centre underway in conjunction with town councils, police and business representative organisations. £132k of ERDF funding for re-opening the high streets safely will be administered between now and 31 March 2021 focusing on creating a safe environment (hand sanitizers, street furniture for traffic management, communications to businesses and residents)</p> <p>Council also commissioning a new service with Broxbourne Borough Council and the CVS to support newly unemployed residents get back into work by supporting them with digital skills such as interviewing over Zoom and MS Teams. Service</p>
------------------	---	---	---	---	---	---	--

								<p>launched 5<sup>th</sup> October 2020.</p> <p>European Regional Development Fund project to support businesses has been agreed with MHCLG. This will provide a step change in our approach by targeting specific sectors as well as growing the Ware and Bishop's Stortford Launchpad. Paper due to Executive 9<sup>th</sup> November.</p> <p>Development of 20 Ha new employment land at key sites is being supported through the master planning process.</p> <p>Steps being taken to protect existing employment land through introduction of Article 4 Directions on designated sites in January 2021 and robust negotiations on mixed development schemes in key sites such as Caxton Hill and the Goods Yard.</p>
--	--	--	--	--	--	--	--	---

COVID-19 (Coronavirus) pandemic	<ul style="list-style-type: none"> <li>Business continuity incident and emergency planning response, specifically resulting from the COVID-19 pandemic.</li> </ul>	3	3	2	3	Head of Health and Housing	<p>Providing advice to businesses on compliance with regulations and legislation.</p> <p>Grants to support new burdens such as COVID Marshalls and local track and trace have been received or announced.</p> <p>Additional funding announced by government to support November 2020 heightened restrictions.</p> <p>Pandemic Business Continuity Plan updated.</p> <p>Legal advice sought for all major contracts in terms of force majeure.</p> <p>Comprehensive guidance placed on the intranet on homeworking, health and safety and HR matters.</p> <p>Increased use of video conferencing for remote workers.</p>
---------------------------------------	--	---	---	---	---	----------------------------	---

Likelihood	Description		Likelihood of occurrence	Probability of occurrence	
	3	Probable	Annually	The event will probably occur	
	2	Possible	1 in 5 years	The event may occur	
	1	Unlikely	Less frequently than 1 in 5 years	The event may occur in exceptional circumstances	
Impact	Description		Financial	Reputation	Service / operation
	3	Significant	> £400,000 p.a.	Adverse national media	Major fall in service quality
	2	Moderate	£100,000 to £400,000 p.a.	Adverse local media	Significant fall in service quality
	1	Minor	< £100,000	Public concerns restricted to local complaints	Little impact to service quality

Impact	Significant			
	3			High
	Moderate		Medium	
	2			
	Minor	Low		
	1			
		Unlikely	Possible	Probable
		1	2	3
		Likelihood		



This page is intentionally left blank

## **East Herts Council Report**

### **Audit and Governance Committee**

**Date of Meeting:** 17th November 2020

**Report by:** Councillor Geoff Williamson, Deputy Leader and Executive Member for Financial Sustainability

**Report title:** Quarterly Corporate Budget Monitor – Quarter Two - September 2020

**Ward(s) affected:** ALL

---

### **Summary**

- To provide a report on financial monitoring for East Herts Council for 2020/21 as at 30<sup>th</sup> September 2020.
- The net revenue budget for 2020/21 is £10.667m as set out in table 1, this is funded by Council Tax. The forecast outturn as at 30<sup>th</sup> September 2020 predicts an overspend of £168k at the year end.
- The revised capital budget for 2020/21 is £70.499m, of which £20.224m is estimated to be carried forward to future years.

### **RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:**

- a. The net revenue budget forecast overspend of £168k in 2020/21 be noted (table 1);**
- b. The revised capital budget for 2020/21 is £70.499m, of which £20.224m is estimated to be carried forward to future years be noted (paragraph 5.1.1);**

## **1.0 Proposal(s)**

1.1 Not applicable

## **2.0 Background**

2.1 This report sets out the financial position for the financial year 2020/21 to date and provides forecasts for the outturn position.

2.2 The Council's revenue budget is made up of 5 areas; these are shown in table 1. The report that follows provides details of the forecast outturn position against these areas.

2.3 The 2020/21 Budget was set by Council on 29<sup>th</sup> January 2020. The Council's income and expenditure has been impacted by the Covid-19 pandemic, as previously reported to Executive. This report contains estimates of the Covid-19 income loss scheme funding from the government to support the loss of fees and charges income and also Local Authority support grant.

2.4 The income loss scheme will involve a 5% deductible rate, whereby councils will absorb losses up to 5% of their planned sales, fees and charges income, with the government compensating them for 75p in every pound of relevant loss thereafter.

Table 1 – 2020/21 Revenue Forecast Outturn

	<b>Original Budget 2020/21</b>	<b>Forecast outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total Net Cost of Services	15,511	17,392	1,881
Corporate Budgets Total	830	930	100
Capitalising Salaries	(150)	(50)	100
Net Use of Reserves	732	522	(210)
Funding	(6,256)	(7,959)	(1,703)
<b>Net Revenue Spend</b>	<b>10,667</b>	<b>10,835</b>	<b>168</b>
Funded by Council Tax	(10,667)	(10,667)	-
<b>Overspend</b>	<b>-</b>	<b>168</b>	<b>168</b>

2.5 The report contains the following sections and Appendices:

Background Report Sections	
2.6	Net Cost of Services
2.16	Corporate budgets
3.0	Reserves
4.0	Funding
5.0	Capital budgets
6.0	Debtors

Appendices	
A	Capital
B	Debtors



## 2.6 Net Cost of Services

2.7 The Councils net cost of services budget for 2020/21 is £15.511m. An overspend of £168k is forecast in 2020/21. Table 2 overleaf shows this current forecast outturn position broken down by service area.

Table 2 – Net Cost of Services

	<b>Original Budget 2020/21</b>	<b>Forecast outturn</b>	<b>Grant funding</b>	<b>Revised outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive & Directors	383	390	-	390	7
Communications, Strategy & Policy	1,255	1,267	-	1,267	12
HR & Organisational Development	540	505	-	505	(35)
Strategic Finance & Property	1,628	1,974	-	1,974	346
Housing & Health	2,692	2,760	(76)	2,684	(8)
Democratic and Legal	1,269	1,315	-	1,315	46
Planning & Building Control	915	2,004	(390)	1,614	699
Operations	3,665	6,001	(1,680)	4,321	656
Shared Revenues & Benefits Service	1,683	1,719	-	1,719	36
Revenues & benefits retained costs	(386)	(447)	-	(447)	(61)
Housing Benefit Subsidy	(550)	(362)	-	(362)	188
Shared Business & Technology Services	2,417	2,411	-	2,411	(6)
<b>Total Net Cost of Services</b>	<b>15,511</b>	<b>19,538</b>	<b>(2,146)</b>	<b>17,392</b>	<b>1,881</b>

2.8 The use of reserves to fund Net Cost of Services expenditure is included in section 3.0.

## 2.9 HR & organisation development

A forecast underspend of £35k is reported. Most of this relates to an underspend on salary budgets due to having a lower number of apprentices than initially expected. Recruitment was delayed initially due to the pandemic's impact on apprenticeship courses and has been delayed further to allow potential savings to be considered

## 2.10 Strategic Finance & Property

A forecast shortfall in income of £346k is reported. As reported previously, this relates to:

- £50k reduced rental income from Charrington's House in relation to the current nationwide pandemic. £49k increase in service charge and business rates costs due to vacant space in building as site is to be redeveloped.
- £53k underachievement in expected income from Millstream, as the company have not been able to buy properties in line with the business plan due to the pandemic
- £200k underachievement of the financial sustainability saving target due to delays in acquisitions, again caused by the pandemic

## 2.11 Democratic and Legal

A forecast overspend of £46k is reported. £27k of this is related to an increase in court and legal costs and the remainder an overspend on salaries due to the continued use of agency workers.

## 2.12 Planning and Building Control

A forecast shortfall in income of £699k is reported against the service. This is due to the impact of Covid-19 in addition to a national downward trend of application fee income and changes to the planning system. This is net of anticipated grant income received to cover losses in fees and charges.

Additionally there has been an increase of £161k in relation to appeals costs in relation to Little Hadham and other sensitive planning and enforcement cases. This also includes a number of judicial reviews against planning decisions that the Council has taken.

## 2.13 Operations

A forecast overspend of £656k is reported against the Operations service as a result of the continued impact of covid 19 on income streams, particularly car parking income. This is net of anticipated grant income received to cover losses in fees and charges. Not all income streams are eligible to receive government funding, for example kerbside dry recycling. In addition, a loss in Alternative Financial Model income of £340k relating to waste recycling is forecasted. An increase in waste collection and materials handling costs of £86k is also forecasted.

## 2.14 Shared revenue and benefits

A forecast overspend of £36k is reported against the Shared revenues and benefits service, this is due to The pay award being higher than initially budgeted for.

## 2.15 Revenues and benefits retained costs

The revenues and benefits retained costs budget is forecast to overachieve by £61k. This is primarily due to additional central government new burdens funding. Additionally income from Summons costs has been reduced due to lack of court dates in

this financial year.

## 2.16 Corporate Budgets

Corporate budgets are costs and income received by the Council that are not service specific, these include income from the Council's investments, pension deficit contributions and New Homes Bonus grants to Town and Parish Councils. Table 3 shows the forecast outturn position against the corporate budgets.

Table 3 – Corporate budgets 2020/21 forecast outturn

	<b>Original Budget 2020/21</b>	<b>Forecast outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
NHB Grants to Town & Parish Councils	708	708	-
Interest Payments	207	207	-
Interest & Investment Income	(800)	(700)	100
Pension Fund Deficit contribution	715	715	-
<b>Corporate Budget Total</b>	<b>830</b>	<b>930</b>	<b>100</b>

2.16.1 The interest and investment income budget forecasts an underachievement in income of £100k. This is an estimate based on the current Covid 19 impact on interest rates and property fund returns, which remain unchanged since quarter 1.

2.16.2 The Interest Equalisation Reserve has a balance of £1.785m as at 31<sup>st</sup> March 2020. This reserve will be utilised to smooth the impact of any under achievement of interest income. Table 4 includes use of this reserve to cover the £100k shortfall.



### 3.0 Reserves

3.1.1 The Council holds earmarked reserves to fund unpredictable financial pressures and to smooth the effect of known spending over time. Table 4 reflects the forecast outturn position as at 30<sup>th</sup> September 2020.

3.1.2 In previous years the use of reserves to fund Net Cost of Services expenditure has been shown in table 2. A different presentation is being used in 2020/21, to aid transparency, and the use of reserves to fund Net Cost of Services expenditure is now shown in table 4.

Table 4: Use of reserves 2020/21

	<b>2020/21 Budget</b>	<b>2020/21 Forecast Outturn</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Contributions to reserves	42	42	-
Contributions from reserves	(817)	(1,027)	(210)
Use of General reserve	(96)	(96)	-
Contribution to Priority spend Reserve	1,603	1,603	-
<b>Use of Reserves:</b>	<b>810</b>	<b>522</b>	<b>(210)</b>

3.1.3 It is forecasted that there will be a contribution from reserves of £1.027m in 2020/21. This is made up of:

- £835k to fund items included in the Net Cost of Services such as Gilston Garden town project costs, expenditure on

the IT shared service and the smoothing of the leisure contract costs, approved as part of the 2020/21 budget setting

- £100k use of the interest equalisation reserve to smooth the impact of anticipated shortfall in investment returns

#### 4.0 Funding

These income budgets are general and non-service specific income sources. The table below shows the value and source of these funding streams as at 30<sup>th</sup> September 2020.

Table 5: 2020/21 funding

	<b>Original Budget 2020/21</b>	<b>Forecast Funding 2020/21</b>	<b>Variance</b>
Business Rates	(3,124)	(3,124)	-
(Surplus)/Deficit on collection fund	(300)	(300)	-
Government support grant	-	(1,703)	(1,703)
New Homes Bonus	(2,832)	(2,832)	-
<b>Total Funding</b>	<b>(6,256)</b>	<b>(7,959)</b>	<b>(1,703)</b>

4.1.1 The impact on collection rates for both Council Tax and Business Rates as a result of covid-19 is being closely monitored by officers. A contribution to the Collection fund reserve of £2.554m was made in 2019/20. This can be utilised in this and future years to mitigate the impact of reduced collection in year.

4.1.2 As mentioned in the quarter 1 budget monitoring report, the Council received £1.703m grant from central government, as Local Authority support grant to enable us to manage increased

expenditure as a result of covid-19.

## 5.0 Capital Programme

5.1.1 The revised capital budget for 2020/21 is £70.499m, this includes £30.898m carried forward from 2019/20.

5.1.2 A review of the capital programme has been undertaken, with many budgets re-profiled due to covid-19 restrictions and delays. This has resulted in £20.224m of the 2020/21 budget, now forecast to be carried forward to future years. Appendix A provides an analysis of the projects and their budgets.

## 6.0 Debtors

6.1.1 The total outstanding debt as at 30<sup>th</sup> September 2020 is £2.195m, which has increased by £417k since Q1. Since writing this report, invoices totalling £1.07m have subsequently been paid.

6.1.2 The outstanding debt over 120 days totals £1.242m.

Due to the current nationwide pandemic there has been an increase in aged debt. However officers have been proactively working by agreeing payment plans/deferrals with debtors in order to pursue the debt.

Appendix B analyses the profile of aged debtors

## 7.0 Reason(s)

7.1 As part of its budget monitoring process, the Council is required to produce budget monitoring reports in order to provide effective financial and performance management.

## 8.0 Options

8.1 Not applicable

## **9.0 Risks**

9.1 Not applicable

## **10.0 Implications/Consultations**

Consultation was undertaken with budget managers/finance contacts to assist in writing this report.

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

No

### **Environmental Sustainability**

No

### **Financial**

All financial implications are included in this report.

### **Health and Safety**

No

### **Human Resources**

No

### **Human Rights**

No

### **Legal**

All statutory requirements have been considered in preparing this report



## Specific Wards

No

## 11.0 Background papers, appendices and other relevant material

Appendix A: Capital

Appendix B: Debtors

**Contact Member** Councillor Geoff Williamson, Deputy Leader & Executive Member for Financial Sustainability  
[Geoffrey.Williamson@eastherts.gov.uk](mailto:Geoffrey.Williamson@eastherts.gov.uk)

**Contact Officer** Steven Linnett, Head of Strategic Finance and Property  
Tel No: 01279 502050  
[Steven.Linnett@eastherts.gov.uk](mailto:Steven.Linnett@eastherts.gov.uk)

**Report Authors** Alison Street, Financial Planning Manager  
Tel No: 01279 502056  
[Alison.Street@eastherts.gov.uk](mailto:Alison.Street@eastherts.gov.uk)

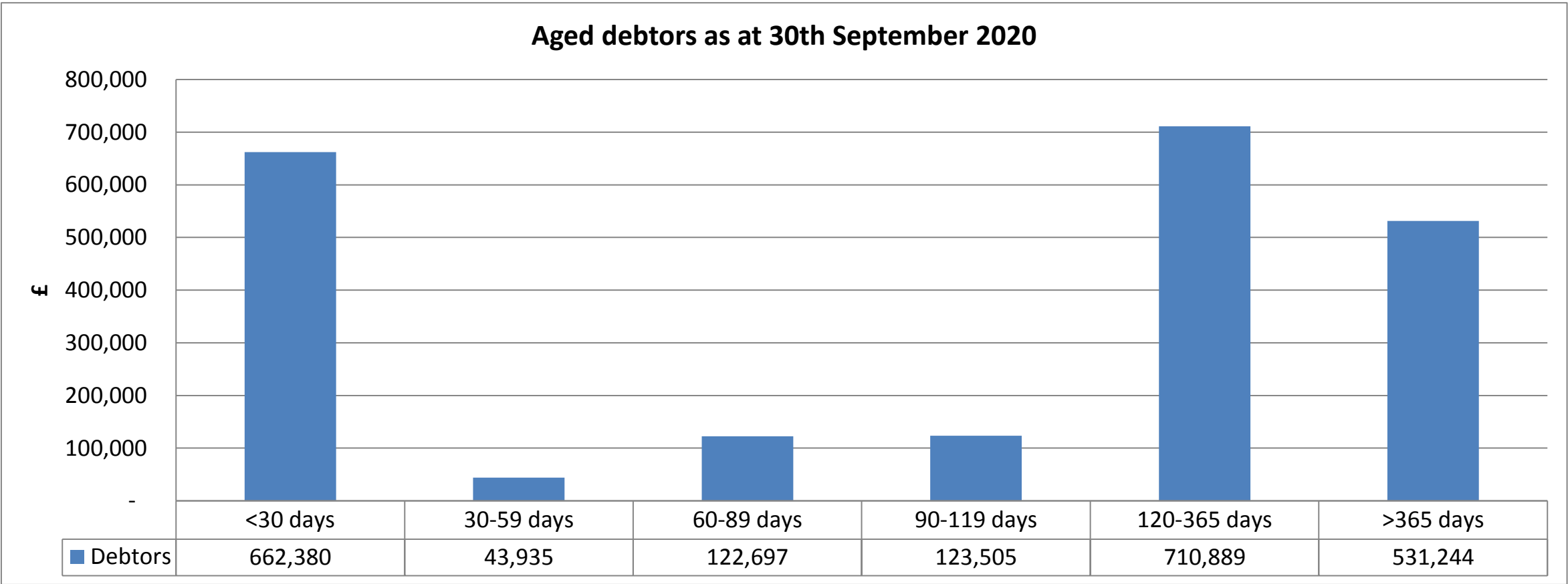
Nasir Miah, Finance Business Advisor  
Tel No: 01279 502054  
[Nasir.Miah@eastherts.gov.uk](mailto:Nasir.Miah@eastherts.gov.uk)

<b>Capital Forecast Outturn Quarter 1 September 2020</b>
--

	<b>Revised Budget 2020/21 £'000</b>	<b>Forecast Outturn 2020/21 £'000</b>	<b>Variance 2020/21 £'000</b>
<b>Strategic Finance &amp; Property</b>			
Investment in operational assets	274	274	0
Car Park Resurfing	155	10	(145)
LED Lighting Upgrades	290	195	(95)
Solar Panels - Wallfields	45	0	(45)
Improve & renew structures along rivers and watercourses	82	82	0
Land Management Asset Register & Associated Works	50	50	0
Arts Centre - ORL	250	250	0
Northgate End	19,033	17,000	(2,033)
Financial Sustainability	6,120	4,000	(2,120)
Repayment of Loan	6,000	6,000	0
Hostel	1,825	1,825	0
Major Capital Project Contingency	2,500	0	(2,500)
<b>Shared Business &amp; Technology Services</b>			
Rolling programme to be utilised on ICT projects subject to ITSG review	1,164	800	(364)
<b>Operations</b>			
Grange Paddocks Leisure Centre	15,612	12,759	(2,853)
Bridge Works	250	250	0
Hartham Leisure Centre	9,185	900	(8,285)
Hartham pool filtration works	420	0	(420)
Ward Freman Leisure Centre	881	881	0
Hertford Theatre	1,066	1,066	0
Hertford & Beyond	8	8	0

Replacement play equipment across the district (in response to the Condition Audit to be reviewed in 2018/19)	23	23	0
Play Area and other projects, Hartham Common, Hertford	375	375	0
Castle Park - HLF	1,509	200	(1,309)
Trinity Close - Open Space Project	127	127	0
Buntingford Depot site works for Residual Waste	208	208	0
Heat Detection Unit at Buntingford Depot	305	305	0
<b>Housing &amp; Health</b>			
Decent Home Grants	120	120	0
Future Housing Schemes	5	0	(5)
Colebrook Court (Network Housing)	33	33	0
Energy Grants	20	20	0
Community Capital Grants	155	155	0
<b>Planning &amp; Building Control</b>			
Historic Building Grants -	20	20	0
<b>Communications, Strategy &amp; Policy</b>			
Launch Pad 2	202	102	(100)
<b>Millstream Property Company</b>			
Capital Loan (10 x properties per annum)	2,185	2,185	0
<b>Current Capital Programme Budget Total</b>	<b>70,497</b>	<b>50,223</b>	<b>(20,274)</b>

The following graph shows the age of the £2.195m of debts outstanding as at 30th September 2020



This page is intentionally left blank



## **East Herts Council Report**

### **Audit and Governance Committee**

**Date:** 17<sup>th</sup> November 2020

**Report by:** Councillor Geoffrey Williamson, Deputy Leader and Executive Member for Financial Sustainability

**Report title:** Annual Treasury Management Review 2019/20

**Ward(s) affected:** None

---

### **Summary**

The report reviews the Council's treasury management activities for 2019/20, including the prudential indicators and identifies the associated impact on the 2020/21 treasury management strategy.

### **RECOMMENDATION FOR AUDIT AND GOVERNANCE COMMITTEE:**

**(a) That Members review and comment on the 2019/20 Treasury Management Activity and Prudential Indicators.**

#### **1.0 Proposal(s)**

1.1 That Members scrutinise and comment on the Treasury Management Activity and Prudential Indicators for 2019/20.

#### **2.0 Background**

2.1 Treasury management is defined as: 'The management of the Council's investments and cash flows, its banking arrangements, money market and capital transactions; the effective control of the risks associated with these activities; and the pursuit of optimum returns consistent with the

Council's risk management policy for treasury management.'

- 2.2 This activity is supported by the council's appointed independent advisors – Link Asset Services.
- 2.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).
- 2.4 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

### **3.0 Reason(s)**

- 3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019/20.

### **4.0 Options**

- 4.1 Members can suggest amendments or additions to the Annual Treasury Management Review 2019/20.

### **5.0 Risks**

- 5.1 Risk management is embedded in treasury management operations through the adoption of the CIPFA Treasury Management Code. Credit ratings, other market intelligence and counterparty limits assist to assess and mitigate risk.

### **6.0 Implications/Consultations**

- 6.1 No.

## **Community Safety**

No

## **Data Protection**

No

## **Equalities**

No

## **Environmental Sustainability**

No

## **Financial**

Yes.

The costs of treasury operations, debt management expenses and investment income are included in the 2019/20 Budget Outturn.

## **Health and Safety**

No

## **Human Resources**

No

## **Human Rights**

No

## **Legal**

The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Council also has to 'have regard' to the MHCLG's Guidance on Local Government Investments 3rd Edition effective for financial periods commencing on or after 1st April 2018, and to CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition

and Guidance Notes for Local Authorities 2018 Edition.

## **Specific Wards**

No

### **7.0 Background papers, appendices and other relevant material**

- 7.1 The Local Government Act 2003 -  
<https://www.legislation.gov.uk/ukpga/2003/26/contents>
- 7.2 CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition (available upon request from the Head of Strategic Finance and Property)
- 7.3 CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition (available upon request from the Head of Strategic Finance and Property)
- 7.4 Appendix A – Annual Treasury Management Review 2019-20

**Contact Member** Councillor Geoff Williamson, Deputy Leader & Executive Member for Financial Sustainability  
[Geoffrey.Williamson@eastherts.gov.uk](mailto:Geoffrey.Williamson@eastherts.gov.uk)

**Contact Officer** Steven Linnett, Head of Strategic Finance and Property  
Tel No: 01279 502050  
[Steven.Linnett@eastherts.gov.uk](mailto:Steven.Linnett@eastherts.gov.uk)

**Report Author** Nicola Munro, Finance Business Partner  
Tel No: 01279 502044  
[Nicola.Munro@eastherts.gov.uk](mailto:Nicola.Munro@eastherts.gov.uk)

East Herts District  
Council Annual  
Treasury  
Management  
Review 2019/20

---

*Outturn Report 2019/20*



## **ABBREVIATIONS USED IN THIS REPORT**

**ALMO:** an Arm's Length Management Organisation is a not-for-profit company that provides housing services on behalf of a local authority. Usually an ALMO is set up by the authority to manage and improve all or part of its housing stock.

**LAS:** Link Asset Services, Treasury solutions – the council's treasury management advisers.

**CE:** Capital Economics - is the economics consultancy that provides Link Asset Services, Treasury solutions, with independent economic forecasts, briefings and research.

**CFR:** capital financing requirement - the council's annual underlying borrowing need to finance capital expenditure and a measure of the council's total outstanding indebtedness.

**CIPFA:** Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.

**CPI:** consumer price index – the official measure of inflation adopted as a common standard by countries in the EU. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

**ECB:** European Central Bank - the central bank for the Eurozone

**EU:** European Union

**EZ:** Eurozone -those countries in the EU which use the euro as their currency

**Fed:** the Federal Reserve System, often referred to simply as "the Fed," is the central bank of the United States. It was created by the Congress to provide the nation with a stable monetary and financial system.

**FOMC:** the Federal Open Market Committee – this is the branch of the Federal Reserve Board which determines monetary policy in the USA by setting interest rates and determining quantitative easing policy. It is composed of 12 members--the seven members of the Board of Governors and five of the 12 Reserve Bank presidents.

**GDP:** gross domestic product – a measure of the growth and total size of the economy.

**G7:** the group of seven countries that form an informal bloc of industrialised democracies--the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom--that meets annually to discuss issues such as global economic governance, international security, and energy policy.

**Gilts:** gilts are bonds issued by the UK Government to borrow money on the financial markets. Interest paid by the Government on gilts is called a coupon and is at a rate that is fixed for the duration until maturity of the gilt, (unless a gilt is index linked to inflation); while the coupon rate is fixed, the yields will change inversely to the price of gilts i.e. a rise in the price of a gilt will mean that its yield will fall.

**HRA:** housing revenue account.

**IMF:** International Monetary Fund - the lender of last resort for national governments which get into financial difficulties.

**LIBID:** the London Interbank Bid Rate is the rate bid by banks on deposits i.e., the rate at which a bank is willing to borrow from other banks. It is the "other end" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend).

**MHCLG:** the Ministry of Housing, Communities and Local Government -the Government department that directs local authorities in England.

**MPC:** the Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.

**MRP:** minimum revenue provision -a statutory annual minimum revenue charge to reduce the total outstanding CFR, (the total indebtedness of a local authority).

**PFI:** Private Finance Initiative – capital expenditure financed by the private sector i.e. not by direct borrowing by a local authority.

**PWLB:** Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.

**QE:** quantitative easing – is an unconventional form of monetary policy where a central bank creates new money electronically to buy financial assets, such as government bonds, (but may also include corporate bonds). This process aims to stimulate economic growth through increased private sector spending in the economy and also aims to return inflation to target. These purchases increase the supply of liquidity to the economy; this policy is employed when lowering interest rates has failed to stimulate economic growth to an acceptable level and to lift inflation to target. Once QE has achieved its objectives of stimulating growth and inflation, QE will be reversed by selling the bonds the central bank had previously purchased, or by not replacing debt that it held which matures. The aim of this reversal is to ensure that inflation does not exceed its target once the economy recovers from a sustained period of depressed growth and inflation. Economic growth, and increases in inflation, may threaten to gather too much momentum if action is not taken to 'cool' the economy.

**RPI:** the Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – CPI. The main differences between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.

**TMSS:** the annual treasury management strategy statement reports that all local authorities are required to submit for approval by the full council before the start of each financial year.

**VRP:** a voluntary revenue provision to repay debt, in the annual budget, which is additional to the annual MRP charge, (see above definition).

# Annual Treasury Management Review 2019/20

---

## 1. Introduction

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019/20. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2019/20 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 05/03/2019)
- a mid-year (minimum) treasury update report (Council 18/12/2019)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Performance, Audit, Governance and Scrutiny Committee before they were reported to the full Council.

## 2. The Council's Capital Expenditure and Financing

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

<b>£m</b>	<b>2018/19 Actual</b>	<b>2019/20 Budget</b>	<b>2019/20 Actual</b>
Capital expenditure	6.2	15.5	10.8
Financed in year	(6.2)	(10.4)	(6.3)
<b>Unfinanced capital expenditure</b>	<b>-</b>	<b>5.1</b>	<b>4.5</b>

## 3. The Council's Overall Borrowing Need

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2019/20) plus the estimates of any additional capital financing requirement for the current (2020/21) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2019/20. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.



£m	31 March 2019 Actual	31 March 2020 Budget	31 March 2020 Actual
CFR General Fund (£m)	(23.1)	(12.7)	(18.5)
Gross borrowing position	7.5	7.5	7.5
Under/( over) funding of CFR	(7.5)	(7.5)	(7.5)

*\*Note, significant variation between 2020 Budget and Actual due to major project spend re-profiling.*

**The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2019/20 the Council has maintained gross borrowing within its authorised limit.

**The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

**Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

£m	2019/20
Authorised limit	£11.5m
Maximum gross borrowing position during the year	£7.5m
Operational boundary	£7.5m
Average gross borrowing position	£7.5m

## 4. Treasury Position as at 31 March 2020

At the beginning and the end of 2019/20 the Council's treasury, (excluding borrowing by finance leases), position was as follows:

DEBT PORTFOLIO	31 March 2019 Principal	Rate/ Return	Average Life yrs	31 March 2020 Principal	Rate/ Return	Average Life yrs
<b>Fixed rate funding:</b>						
-PWLB	<b>£1.5m</b>	8.875%	36	<b>£1.5m</b>	8.875%	35
-Market	<b>£6.0m</b>	8.785%	1	<b>£6.0m</b>	8.785%	
<b>Variable rate funding:</b>						
-PWLB	-			-		
-Market	-			-		
<b>Total debt</b>	<b>£7.5m</b>			<b>£7.5m</b>		
<b>CFR</b>	<b>(£23.1m)</b>			<b>(£18.5m)</b>		
<b>(Over) / under borrowing</b>	<b>(£7.5m)</b>			<b>(£7.5m)</b>		
<b>Total investments</b>	<b>£60.7m</b>			<b>£58.2m</b>		
<b>Net debt</b>	<b>(£53.2m)</b>			<b>(£50.7m)</b>		

The maturity structure of the debt portfolio was as follows:

	31 March 2019 actual	2019/20 original limits	31 March 2020 actual
Under 12 months	£0.00m	£0.00m	£6.00m
12 months and within 24 months	£6.00m	£6.00m	£0.00m
24 months and within 5 years	£0.00m	£0.00m	£0.00m
5 years and within 10 years	£0.00m	£0.00m	£0.00m
10 years and within 20 years	£0.00m	£0.00m	£0.00m
20 years and within 30 years	£0.00m	£0.00m	£0.00m
30 years and within 40 years	£1.50m	£1.50m	£1.50m
40 years and within 50 years	£0.00m	£0.00m	£0.00m

<b>INVESTMENT PORTFOLIO</b>	<b>Actual 31.3.19 £000</b>	<b>Actual 31.3.19 %</b>	<b>Actual 31.3.20 £000</b>	<b>Actual 31.3.20 %</b>
<b>Treasury investments</b>				
Banks	40.7	67%	31.7	55%
Building Societies - rated	-	-	-	-
Building Societies – unrated	-	-	-	-
Local authorities	-	-	6.5	11%
DMADF (H M Treasury)	-	-	-	-
<b>Total managed in house</b>	<b>40.7</b>	<b>67%</b>	<b>38.2</b>	<b>66%</b>
Property funds	20.0	33%	20.0	34%
<b>Total managed externally</b>	<b>20.0</b>	<b>33%</b>	<b>20.0</b>	<b>34%</b>
<b>TOTAL TREASURY INVESTMENTS</b>	<b>60.7</b>	<b>100%</b>	<b>58.2</b>	<b>100%</b>

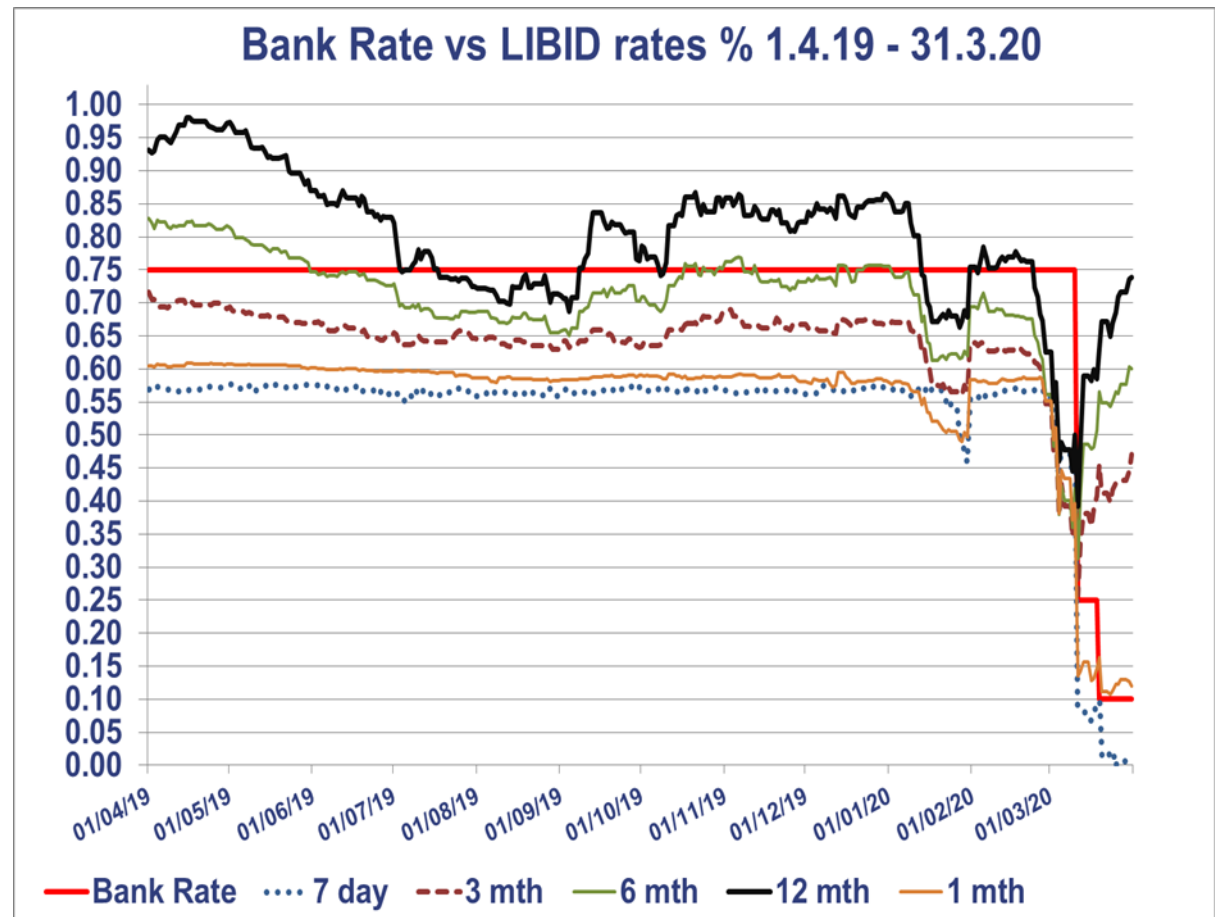
<b>Non Treasury investments</b>				
Wholly owned company (loan)	0.5	4%	1.4	8%
Wholly owned company (equity share)	0.3	2%	0.9	5%
Property	13.6	94%	15.5	87%
<b>TOTAL NON TREASURY INVESTMENTS</b>	<b>14.4</b>	<b>100%</b>	<b>17.8</b>	<b>100%</b>

<b>Treasury investments</b>	60.7	81%	58.2	77%
<b>Non Treasury investments</b>	14.4	19%	17.8	23%
<b>TOTAL OF ALL INVESTMENTS</b>	<b>75.1</b>	<b>100%</b>	<b>76.0</b>	<b>100%</b>

Setting aside property funds and Non Treasury investments, the maturity structure of the remaining investment portfolio was all under one year.

## 5. The strategy for 2019/20

### 5.1 Investment strategy and control of interest rate risk



Investment returns remained low during 2019/20. The expectation for interest rates within the treasury management strategy for 2019/20 was that Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after that issue was settled, but would only rise to 1.0% during 2020.

Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU. When the coronavirus outbreak hit the UK in February/March, rates initially plunged

but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.

While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

## **5.2 Borrowing strategy and control of interest rate risk**

The Council's capital financing requirement (CFR) for as at 31<sup>st</sup> March 2020 was (£18.5m). The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has historic borrowings of £7.5m, of which £6m is maturing in May2020.

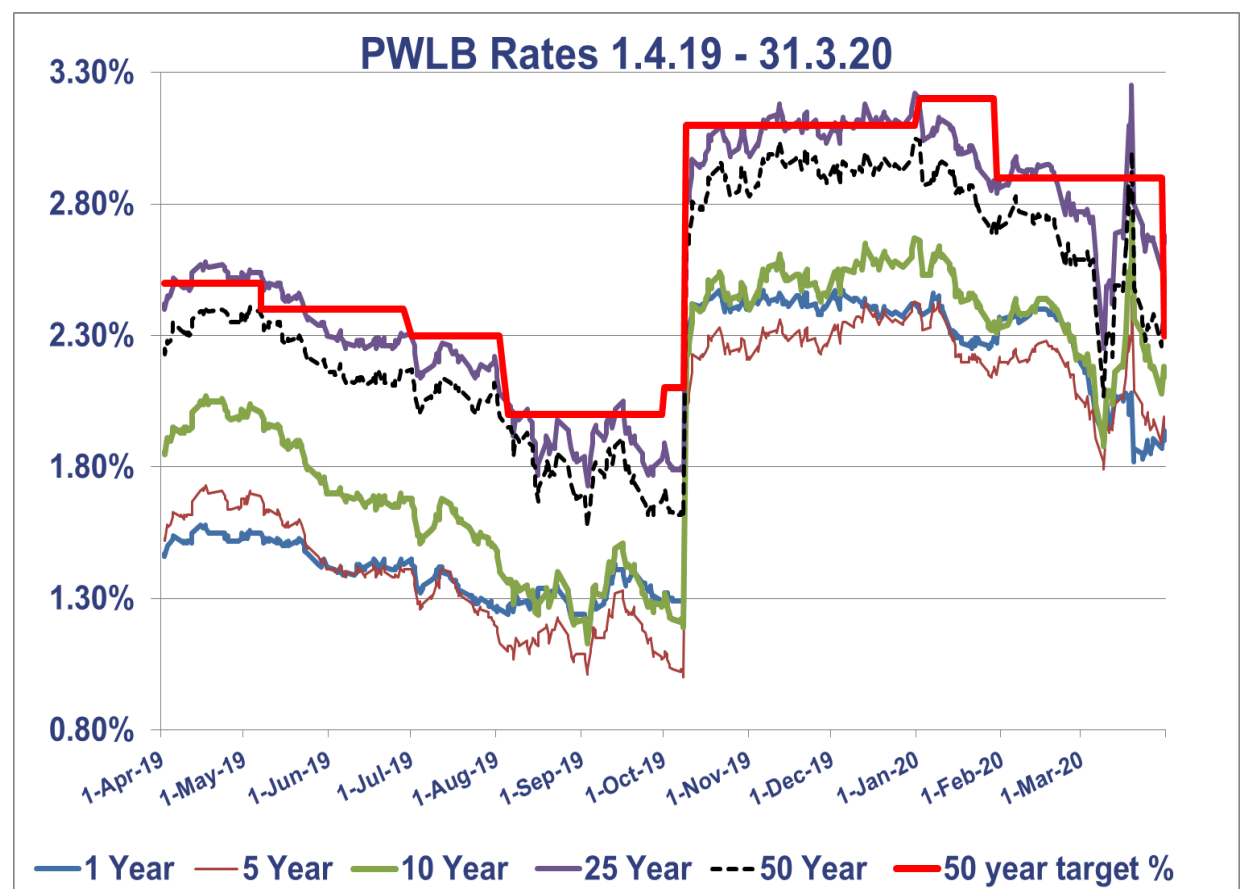
The Council is currently in a negative CFR position. This means that the capital borrowing need (the Capital Financing Requirement), has not been reached due to the level of the Council's reserves. Therefore no further borrowing was undertaken during this 2019/20.

The policy of running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.



Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2019/20 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

Link Asset Services Interest Rate View 31.1.20													
	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.90	1.00	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	0.90	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.30	2.40	2.40	2.50	2.60	2.70	2.80	2.50	2.60	2.70	2.80	3.10
10yr PWLB Rate	2.50	2.50	2.60	2.60	2.70	2.80	2.90	3.00	2.70	2.80	2.90	3.00	3.30
25yr PWLB Rate	3.00	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.30	3.40	3.50	3.60	3.90
50yr PWLB Rate	2.90	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.20	3.30	3.40	3.50	3.80



PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020, and a general background of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued; these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have therefore seen, over the last year, many bond yields up to 10 years in the Eurozone turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields were on a generally falling trend during the last year up until the coronavirus crisis hit western economies. Since then, gilt yields have fallen sharply to unprecedented lows as investors have panicked in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks also started quantitative easing purchases of government bonds which will act to maintain downward pressure on government bond yields at a time when there is going to be a huge and quick expansion of government expenditure financed by issuing government bonds; (this would normally cause bond yields to rise). At the close of the day on 31 March, all gilt yields from 1 to 5 years were between 0.12 – 0.20% while even 25-year yields were at only 0.83%.

However, HM Treasury has imposed **two changes in the margins over gilt yields for PWLB rates** in 2019-20 without any prior warning; the first on 9 October 2019, added an additional 1% margin over gilts to all PWLB rates. That increase was then partially reversed for some forms of borrowing on 11 March 2020, at the same time as the Government announced in the Budget a

programme of increased spending on infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this ends on 4 June. It is clear that the Treasury intends to put a stop to local authorities borrowing money from the PWLB to purchase commercial property if the aim is solely to generate an income stream.

Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

There is likely to be little upward movement in PWLB rates over the next two years as it will take national economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.

## Borrowing Outturn

### **Borrowing**

No borrowing was undertaken during the year.

### **Borrowing in advance of need**

The Council has not borrowed in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

### **Rescheduling**

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

### **Repayments**

No repayments were made by the Council during the year.

## 6. Investment Outturn

**Investment Policy** – the Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 5<sup>th</sup> March 2019. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

**Resources** – the Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:

Balance Sheet Resources (£m)	31 March 2019	31 March 2020
Working Capital & General Fund Balances	10.2	11.4
CFR	23.1	18.5
Over Borrowing	7.5	7.5
Earmarked reserves	12.0	12.6
Provisions	3.6	2.5
Collection Fund	0.5	1.0
Capital Grants	0.3	0.3
General Fund	3.8	3.8
Total	61.0	57.6

### Investments held by the Council

- The Council maintained an average balance of **£44.1m** of internally managed funds.
- The internally managed funds earned an average rate of return of **0.84%**.
- This is above comparable performance indicators listed below:

7 day LIBID uncompounded	0.5338%
7 day LIBID compounded weekly	0.5445%

1 month uncompounded	0.5569%
1 month uncompounded	0.5895%
3 month uncompounded	0.6339%
3 month compounded quarterly	0.6667%
7 day LIBID uncompounded	0.7046%
7 day LIBID compounded weekly	0.7705%

- Total investment income was **£1.239m** compared to a budget of **£0.990m**

### **Investments held by fund managers – Property Funds**

The Council approved the use of property funds up to a value of £20m, at the time of investment. Working with our advisors Link Asset Services, two funds were chosen, Lothbury Property Trust and Hermes Property Unit Trust. Both funds had waiting lists to invest. The invitation to invest in the Lothbury fund arose in June 2015 and the Hermes fund in December 2015. The performances of these funds for 2019/20 are detailed below:

<b>Fund Manager</b>	<b>Investments Held</b>	<b>Return</b>
Lothbury Property Trust	£10.0m	3.37%
Hermes Property Unit Trust	£10.0m	3.44%
<b>Total</b>	<b>£20.0m</b>	<b>3.40%</b>



## 7. Other Issues

### **1. IFRS 9 fair value of investments**

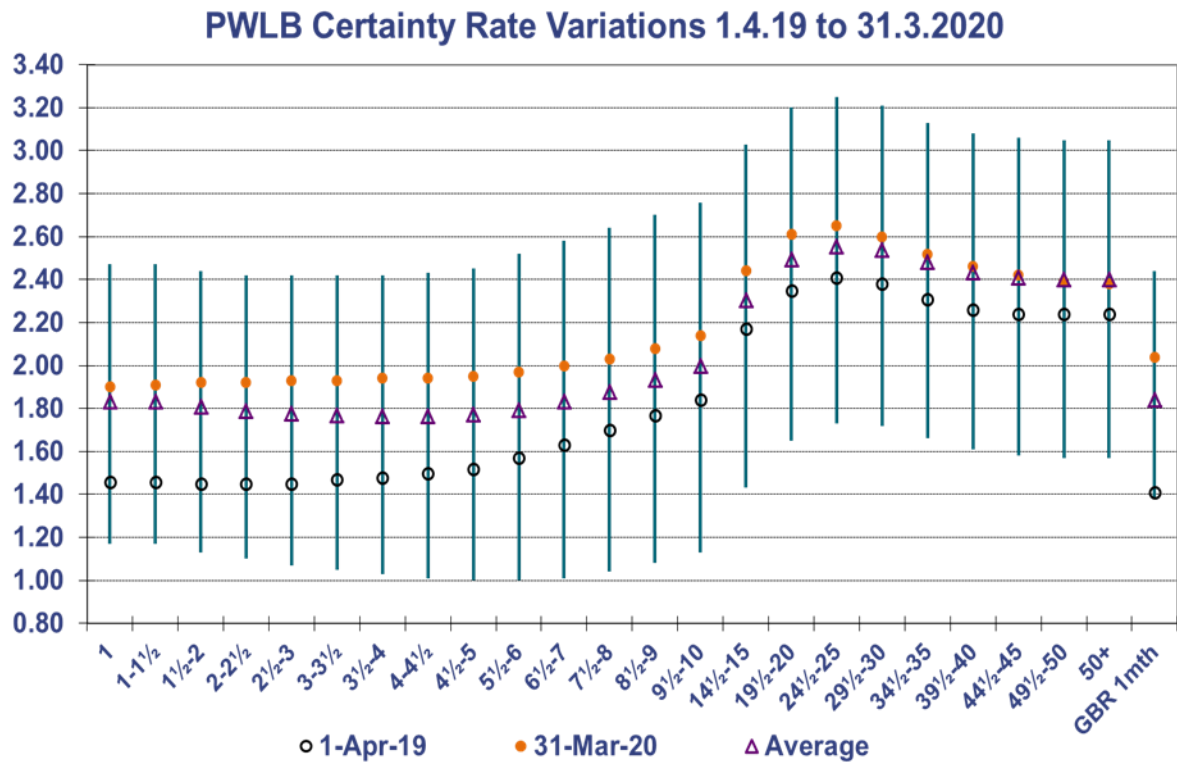
Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, [MHCLG], on IFRS 9 the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from 1 April 2018 for 2018/19. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

### **2. IFRS 16**

IFRS16 bringing currently off balance sheet leased assets onto the balance sheet, has been delayed for one year from 2019/20 due to Covid-19.

## Appendix 1: Graphs

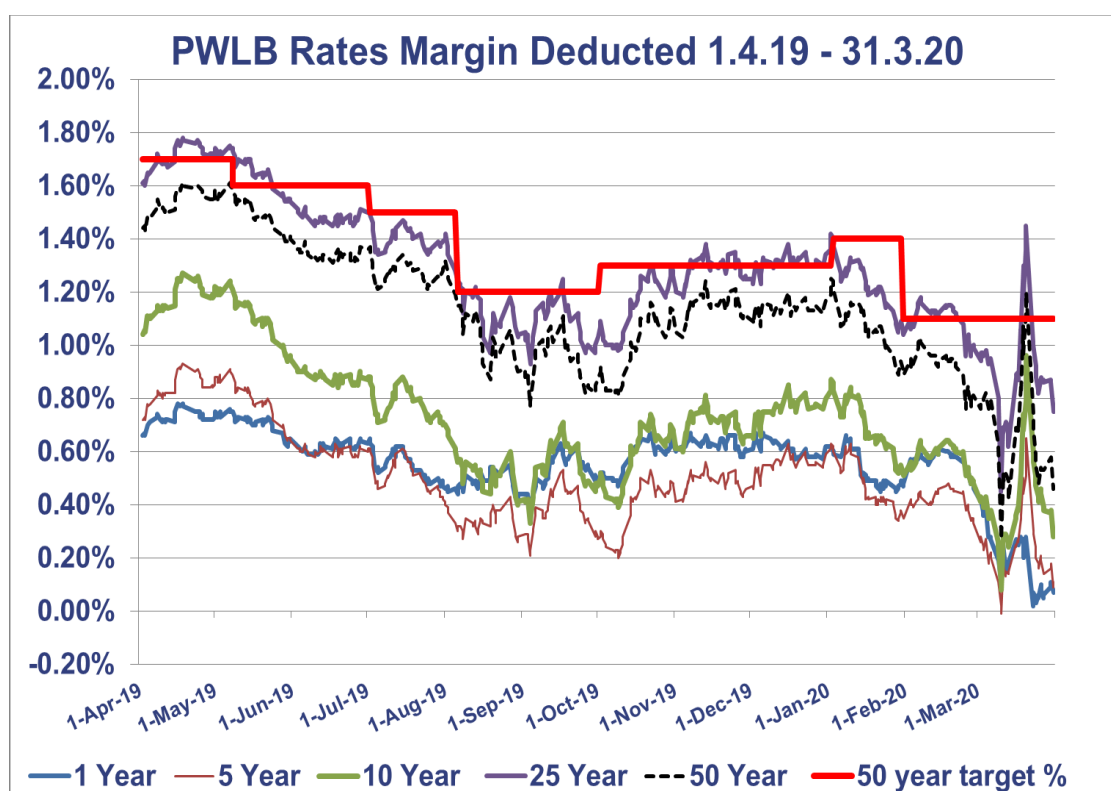
### a) PWLB borrowing rates



	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2019	1.46%	1.52%	1.84%	2.41%	2.24%
31/03/2020	1.90%	1.95%	2.14%	2.65%	2.39%
Low	1.17%	1.00%	1.13%	1.73%	1.57%
Date	03/09/2019	08/10/2019	03/09/2019	03/09/2019	03/09/2019
High	2.47%	2.45%	2.76%	3.25%	3.05%
Date	21/10/2019	19/03/2020	19/03/2020	19/03/2020	31/12/2019
Average	1.83%	1.77%	2.00%	2.56%	2.40%

## b) Gilt yields

The graphs and tables in paragraph 4.2 are for PWLB certainty rates. On 9.10.19, the margin over gilt yields for PWLB certainty rates was increased from 80 bps to 180 bps. The graph below shows PWLB rates less the margins added over gilt yields. This graph therefore shows more clearly the **actual movements in gilt yields** during the year on which PWLB rates are based.

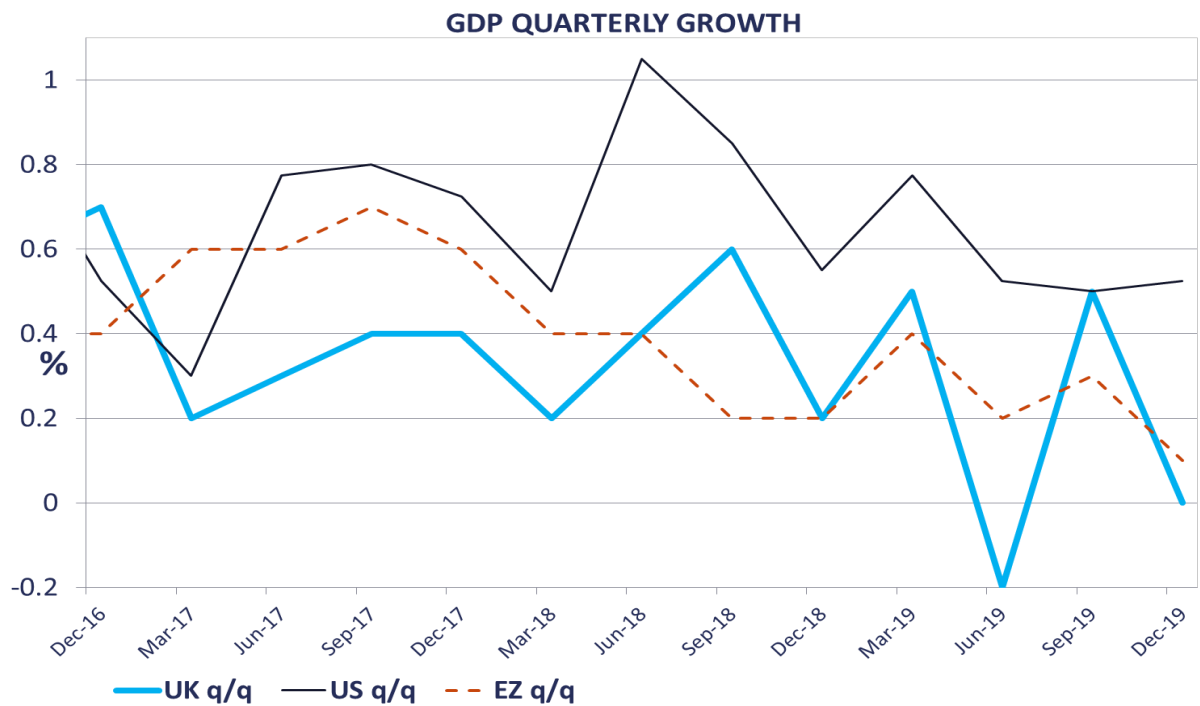


	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2019	0.66%	0.72%	1.04%	1.61%	1.44%
31/03/2020	0.10%	0.15%	0.34%	0.85%	0.59%
Low	0.02%	-0.01%	0.08%	0.45%	0.27%
Date	20/03/2020	09/03/2020	09/03/2020	09/03/2020	09/03/2020
High	0.78%	0.93%	1.27%	1.78%	1.61%
Date	15/04/2019	17/04/2019	17/04/2019	17/04/2019	17/04/2019
Average	0.55%	0.49%	0.72%	1.28%	1.12%

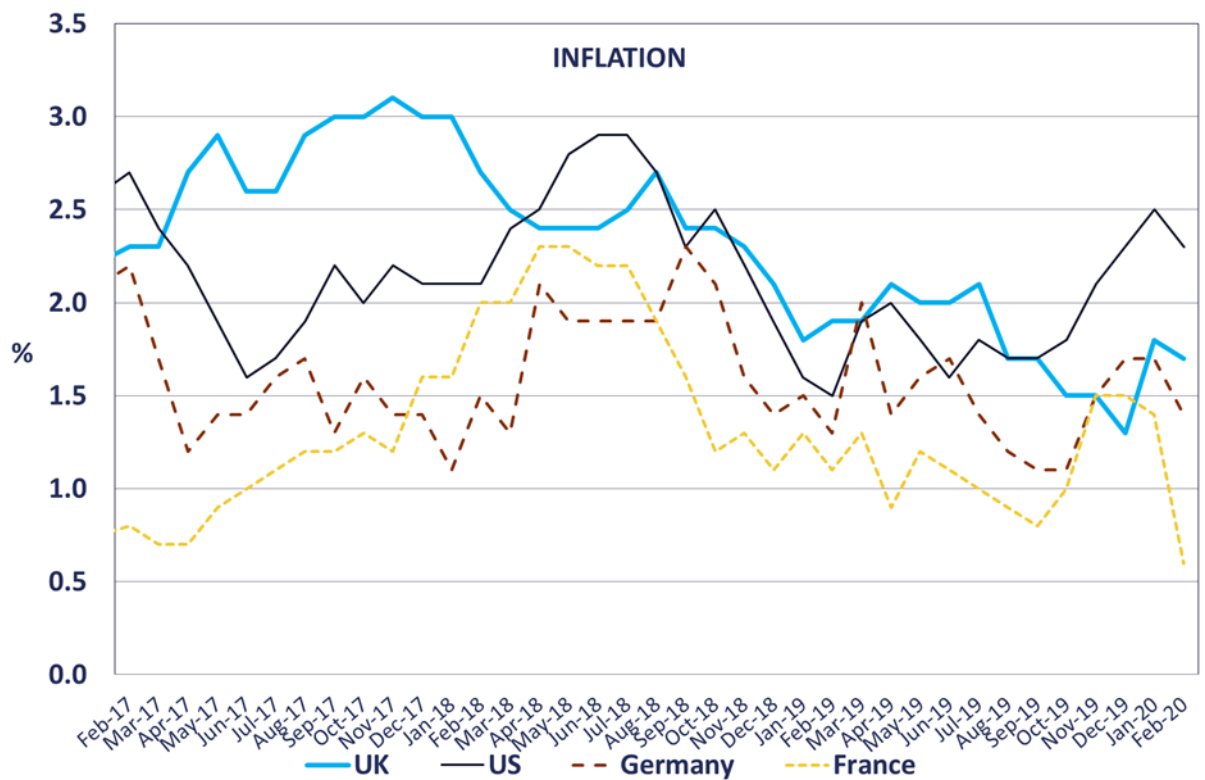
## c) Money market investment rates and forecasts 2019/20

	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.75	0.58	0.61	0.72	0.83	0.98
High Date	01/04/2019	09/05/2019	15/04/2019	01/04/2019	01/04/2019	15/04/2019
Low	0.10	0.00	0.11	0.26	0.31	0.39
Low Date	19/03/2020	25/03/2020	23/03/2020	11/03/2020	11/03/2020	11/03/2020
Average	0.72	0.53	0.56	0.63	0.70	0.80
Spread	0.65	0.58	0.50	0.46	0.52	0.59

#### d) UK, US and EZ GDP growth



#### e) Inflation UK, US, Germany and France



## Appendix 2: Approved countries for investments as at 31.3.20

*Based on lowest available rating*

### AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

### AA+

- Finland
- U.S.A.

### AA

- Abu Dhabi (UAE)
- Hong Kong
- France

### AA-

- Belgium
- Qatar
- U.K.

*Note that the UK was downgraded from AA to AA- in March 2020*



This page is intentionally left blank

## East Herts Council Report

### Audit and Governance Committee

**Date:** 17<sup>th</sup> November 2020

**Report by:** Councillor Geoffrey Williamson, Deputy Leader and Executive Member for Financial Sustainability

**Report title:** Treasury Management Mid-Year Review 2020/21

**Ward(s) affected:** None

---

### Summary

The report reviews the Council's treasury management activities for the first 6 months of 2020/21 financial year, including the prudential indicators.

### RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- (a) **That Members review and comment on the Treasury Management Activity for the first 6 months of 2020/21. (*Appendix A*)**
- (b) **That Members review and comment on the revised Prudential Indicators for 2020/21. (*Appendix A, columns, entitled revised estimates, highlighted 'green' within tables*)**
- (c) **That Members review and comment on the increase in the counter party limit, from £20m to £30m for the National Westminster Bank. (*Appendix A, paragraph 9.8*)**

### 1.0 Proposal(s)

- 1.1 This report proposes that Members scrutinise and comment

on the Treasury Management Activity and Prudential Indicators for the first 6 months of 2020/21, including the increase in counter party limit.

## **2.0 Background**

- 2.1 Treasury management is defined as: 'The management of the Council's investments and cash flows, its banking arrangements, money market and capital transactions; the effective control of the risks associated with these activities; and the pursuit of optimum returns consistent with the Council's risk management policy for treasury management.'
- 2.2 This activity is supported by the council's appointed independent advisors – Link Asset Services.
- 2.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).
- 2.4 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

## **2.0 Reason(s)**

- 3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019/20.

## **3.0 Options**

- 4.1 Members can suggest amendments or additions to the Treasury Management Mid-Year Review for 2019/20.

## **5.0 Risks**

- 5.1 Risk management is embedded in treasury management operations through the adoption of the CIPFA Treasury Management Code. Credit ratings, other market intelligence and counterparty limits assist to assess and mitigate risk.

## **6.0 Implications/Consultations**

- 6.1 No.

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

No

### **Environmental Sustainability**

No

### **Financial**

Yes.

The costs of treasury operations, debt management expenses and investment income are included in the 2020/21 Budget.

### **Health and Safety**

No

### **Human Resources**

No

## **Human Rights**

No

## **Legal**

The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Council also has to 'have regard' to the MHCLG's Guidance on Local Government Investments 3rd Edition effective for financial periods commencing on or after 1st April 2018, and to CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition and Guidance Notes for Local Authorities 2018 Edition.

## **Specific Wards**

No

### **7.0 Background papers, appendices and other relevant material**

- 7.1 The Local Government Act 2003 -  
<https://www.legislation.gov.uk/ukpga/2003/26/contents>
- 7.2 CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition (available upon request from the Head of Strategic Finance and Property)
- 7.3 CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition (available upon request from the Head of Strategic Finance and Property)
- 7.4 Appendix A – Treasury Management Mid-Year Review 2020/21



<b>Contact Member</b>	<p>Councillor Geoff Williamson, Deputy Leader and Executive Member for Financial Sustainability</p> <p><a href="mailto:Geoffrey.Williamson@eastherts.gov.uk">Geoffrey.Williamson@eastherts.gov.uk</a></p>
<b>Contact Officer</b>	<p>Steven Linnett, Head of Strategic Finance and Property</p> <p>Tel No: 01279 502050</p> <p><a href="mailto:Steven.Linnett@eastherts.gov.uk">Steven.Linnett@eastherts.gov.uk</a></p>
<b>Report Author</b>	<p>Nicola Munro, Finance Business Partner</p> <p>Tel No: 01279 502044</p> <p><a href="mailto:Nicola.Munro@eastherts.gov.uk">Nicola.Munro@eastherts.gov.uk</a></p>

This page is intentionally left blank

**East Herts District  
Council  
Treasury Management  
Strategy Statement and  
Annual Investment  
Strategy**

**Mid-Year Review Report  
2020/21**

## **1. Background**

### **1.1 Capital Strategy**

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2020/21, all local authorities have been required to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

### **1.2 Treasury Management**

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

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

## 2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Audit and Governance Committee:

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2020/21 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2020/21;
- A review of the Council's borrowing strategy for 2020/21;
- A review of any debt rescheduling undertaken during 2020/21;
- A review of compliance with Treasury and Prudential Limits for 2020/21.



### 3. Economics and interest rates

#### 3.1 Economics update

- As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6<sup>th</sup> August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:
  - The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
  - The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.
  - It forecast that there would be excess demand in the economy by Q3 2022 causing CPI **inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.
- It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.
- The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.
- In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to **downside risks**, which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support

for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1<sup>st</sup> November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid September.

- Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.
- There will be some **painful longer term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.
- One key addition to **the Bank's forward guidance** was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- The **Financial Policy Committee** (FPC) report on 6<sup>th</sup> August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
- **US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also

pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked **its inflation target** from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary “trap” like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC’s updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- **EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- **Japan.** There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and

to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.

- **World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

### 3.2 Interest rate forecasts

The Council's treasury advisor, Link Group, provided the following forecasts on 11<sup>th</sup> August 2020 (PWLB rates are certainty rates, gilt yields plus 180bps):

Link Group Interest Rate View 11.8.20										
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

Additional notes by Link on this forecast table: -

- Please note that we have made a slight change to our interest rate forecasts table above for forecasts for 3, 6 and 12 months. Traditionally, we have used LIBID forecasts, with the rate calculated using market convention of 1/8th (0.125%) taken off the LIBOR figure. Given that all LIBOR rates up to 6 months are currently running below 0.1%, using that convention would give negative figures as forecasts for those periods. However, the liquidity premium that is still in evidence at the short end of the curve, means that the rates actually being achieved by local authority investors are still modestly in positive territory. While there are differences between counterparty offer rates, our analysis would suggest that an average rate of around 0.05% is achievable for 3 months, 0.1% for 6 months and 0.15% for 12 months.
- During 2021, Link will be continuing to look at market developments in this area and will monitor these with a view to communicating with clients when full financial market agreement is reached on how to replace LIBOR. This is likely to be an iteration of the overnight SONIA rate and the use of compounded rates and Overnight Index Swap (OIS) rates for forecasting purposes.

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6<sup>th</sup> August (and the subsequent September meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31<sup>st</sup> March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.



**GILT YIELDS / PWLB RATES.** There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the initial phases of the health crisis in March, we have seen these yields fall sharply to unprecedented lows as major western central banks took rapid action to deal with excessive stress in financial markets, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. At the close of the day on 30<sup>th</sup> September, all gilt yields from 1 to 6 years were in negative territory, while even 25-year yields were at only 0.76% and 50 year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed **two changes of margins over gilt yields for PWLB rates** in 2019-20 without any prior warning. The first took place on 9<sup>th</sup> October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11<sup>th</sup> March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4<sup>th</sup> June, but that date was subsequently put back to 31<sup>st</sup>

July. It is clear HM Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11<sup>th</sup> March 2020 in margins over gilt yields, the current situation is as follows: -

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.

As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

### **The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

### **Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- **UK** - second nationwide wave of virus infections requiring a national lockdown
- **UK / EU trade negotiations** – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.

- **UK - Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- **German minority government & general election in 2021**. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been a rise in anti-immigration sentiment in Germany and France.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.
- **US – the Presidential election in 2020**: this could have repercussions for the US economy and SINO-US trade relations.

### Upside risks to current forecasts for UK gilt yields and PWLB rates

- **UK** - stronger than currently expected recovery in UK economy.
- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

#### 4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2020/21 was approved by this Council on 5<sup>th</sup> March 2019

- The underlying TMSS approved previously requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the changes are set out below:

<b>Prudential Indicator 2020/21</b>	<b>2020/21 Original Estimate £m</b>	<b>Revised Prudential Indicator £m</b>
Authorised Limit	37.7	27.0
Operational Boundary	32.5	24.5
Capital Financing Requirement	35.7	24.5



## 5. The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

### 5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2020/21 Original Estimate £m	Current Position £m	2020/21 Revised Estimate £m
Services	33.8	14.0	44.0
Commercial activities / non-financial investments	24.5	0.9	6.2
<b>Total capital expenditure</b>	<b>58.3</b>	<b>14.9</b>	<b>50.2</b>

Original estimates did not include significant budget carry forwards from 2019/20 (£30.5m). With major project re-profiling now resulting in further budget carry forward requirements to 2021/22.

The approved budget for commercial activities has also been significantly scaled down from that listed in the Treasury Management Strategy 2020-21.

### 5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2020/21 Original Estimate £m	2020/21 Revised Estimate £m
Total capital expenditure	58.3	50.2
Financed by:		
Capital receipts	1.0	1.0
Capital grants	7.7	6.0
Capital reserves	0.2	0.2
Revenue	0.0	0.0
Total financing	8.9	7.2
Borrowing requirement	49.4	43.0

### 5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

#### Prudential Indicator – Capital Financing Requirement

Due to a lower than originally estimated capital spend, the revised Capital Financing Requirement is lower than that originally forecast.

#### Prudential Indicator – the Operational Boundary for external debt

	2019/20  Actual £m	2020/21 Original Estimate £m	2020/21 Revised Estimate £m
<b>Prudential Indicator – Capital Financing Requirement</b>			
CFR	(18.5)	35.7	24.5
Net movement in CFR	4.5	49.4	43.0
<b>Prudential Indicator – the Operational Boundary for external debt</b>			
Borrowing	7.5	32.5	24.0
Other long term liabilities*	-	0.5	0.5
<b>Total debt (year end position)</b>	<b>7.5</b>	<b>32.5</b>	<b>24.5</b>

\* On balance sheet PFI schemes and finance leases etc.

## 5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose\*. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2020/21 Original Estimate £m	Current Position £m	2020/21 Revised Estimate £m
Borrowing	32.0	1.5	20.0
Other long term liabilities*	0.5	0.0	0.5
<b>Total debt</b>	<b>32.5</b>	<b>1.5</b>	<b>20.5</b>
<b>CFR* (year end position)</b>	<b>35.7</b>	<b>24.5</b>	<b>24.5</b>

\* Includes on balance sheet PFI schemes and finance leases etc.

A further prudential indicator controls the overall level of borrowing. This is **the Authorised Limit** which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2020/21 Original Indicator	Current Position	2020/21 Revised Indicator
Borrowing	36.2	1.5	26.0
Other long term liabilities*	1.5	0.0	1.0
<b>Total</b>	<b>37.7</b>	<b>24.5</b>	<b>27.0</b>

\*

Includes on balance sheet PFI schemes and finance leases etc.

## 6. Borrowing

The Council's capital financing requirement (CFR) for 2020/21 is £24.5m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 5.4 shows the Council has borrowings of £1.5m and has utilised £23m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

Due to the increase in PWLB margins over gilt yields in October 2019, and the subsequent consultation on these margins by HM Treasury - which ended on 31<sup>st</sup> July 2020 - the Authority has refrained from undertaking new long-term PWLB borrowing for the present and has met its requirements for additional borrowing by borrowing from internal balances until such time as new PWLB margins are finally determined. In addition, the effect of coronavirus on the capital programme objectives are being assessed. Therefore, our borrowing strategy will be reviewed and then revised in order to achieve optimum value and risk exposure in the long-term.

It is anticipated that further borrowing may be undertaken during this financial year.

### **6.1 PWLB maturity certainty rates (gilts plus 180bps) year to date to 30<sup>th</sup> September 2020**

PWLB rates varied within a relatively narrow range between April and July but the longer end of the curve rose during August. This increase came in two periods; the first in the second week of the month was on the back of hopes for fresh US stimulus. This saw investors switch monies out of government bonds and into equities. The second shift higher at the longer end of the curve came in the latter stages of the month as investors reacted to the announcement of the tweak to the Fed's inflation target. Despite moves further out in the yield curve, the short end remained anchored on the basis of no fundamental change to the interest rate outlook.

The 50-year PWLB target rate for new long-term borrowing was unchanged at 2.30%.

## 7. Debt Rescheduling

Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year. Historic debt of £6m that matured in May 2020 has been repaid.

## **8. Compliance with Treasury and Prudential Limits**

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30<sup>th</sup> September 2020, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2020. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

## **9. Annual Investment Strategy**

The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, was approved by the Council on 5<sup>th</sup> March 2019. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

As shown by the interest rate forecasts in section 2, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%, while some entities, including more recently the Debt Management Account Deposit Facility (DMADF), are offering negative rates of return in some shorter time periods. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31<sup>st</sup> March 2023, investment returns are expected to remain low.

### **9.1 Negative investment rates**

While the Bank of England has said that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and



lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the Covid crisis; this has caused some local authorities to have sudden large increases in investment balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have suggested that they might resort to trimming fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a glut of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions.

Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

## **9.2 Creditworthiness**

Although the credit rating agencies changed their outlook on many UK banks from stable to negative outlook during the quarter ended 30<sup>th</sup> June 2020 due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of UK banks. However, during Q1 and Q2 2020, banks made provisions for *expected* credit losses and the rating changes reflected these provisions. As we move into the next quarters ahead, more information will emerge on *actual* levels of credit losses. (Quarterly performance is normally announced in the second half of the month following the end of the quarter.) This has the potential to cause rating agencies to revisit their initial rating adjustments earlier in the current year. These adjustments could be negative or positive, although it should also be borne in mind that UK banks went into this pandemic with strong balance sheets. Indeed, the Financial Policy Committee (FPC) report on 6<sup>th</sup> August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". They stated that in their assessment, "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

All three rating agencies have reviewed banks around the world with similar results in many countries of most banks being placed on negative watch, but with a small number of actual downgrades.

Link have conducted some stress testing on the Link credit methodology based list of counterparties supplied to clients, to test for the results of a 1 notch downgrade to all Long Term Ratings from all agencies. Under such a scenario, only Commerzbank, Norddeutsche Landesbank, NatWest Markets Plc (non-ring-fenced entity), Leeds, Skipton and Yorkshire Building Societies moved from Green to No Colour. While there are a further 17 drops in other entities' suggested durations, in these instances, these entities still remain potentially available for use. (Note that this scenario excludes any additional impact from relative movement in CDS pricing.)

### **9.3 Investment Counterparty criteria**

The current investment counterparty criteria selection approved in the TMSS is mostly meeting the requirement of the treasury management function. However it is required to raise the counter party limit with our own bank National Westminster to £30m, to help with liquidity risk around Covid 19 grant payments.

### **9.4 CDS prices**

Although CDS prices, (these are market indicators of credit risk), for UK banks spiked upwards at the end of March / early April due to the liquidity crisis throughout financial markets, CDS prices have returned to more average levels since then, although they are still elevated compared to end-February. Pricing is likely to remain volatile as uncertainty continues. **However, sentiment can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.**

### **9.5 Investment balances**

The average level of funds available for investment purposes during the first 6 months was **£35.2m**. These funds were available on a temporary basis, with the level of funds available mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Council holds **£20m** core cash balances for investment purposes (i.e. funds available for more than one year).

## 9.6 Investment performance year to date as at 30<sup>th</sup> September 2020

Period	LIBID benchmark return
7 day	-0.06%
1 month	-0.02%
3 month	0.11%
6 month	0.21%
12 month	0.35%

As illustrated, the Council achieved an average interest return of 0.45%, outperforming all the above benchmarks. The Council's budgeted investment return for 2020/21 is **£800k**, and performance for the year to date is **£100k** below budget. Any deficit will be funded from the Council's interest equalisation reserve, which has been topped up in previous years, from over achievements in investment returns.

## 9.7 Investments held by fund managers – Property Funds

The Council approved the use of property funds up to a value of £20m, at the time of investment. Working with our advisors Link Asset Services, two funds were chosen, Lothbury Property Trust and Hermes Property Unit Trust. Both funds had waiting lists to invest. The invitation to invest in the Lothbury fund arose in June 2015 and the Hermes fund in December 2015. The performances of these funds for the first two quarters of 2020/21 are detailed below:

Fund Manager	Investments Held	Average Return over last 6 months
Lothbury Property Trust	£10.0m	Q1 – 2.50% Q2 – 2.68%
Hermes Property Unit Trust	£10.0m	Q1 – 2.94% Q2 – Due Nov/20
<b>Total</b>	<b>£20.0m</b>	

Property Fund performance overview: The latest overview and fund performance can be viewed on the below website links:

Lothbury Property Trust - <https://www.lothburyim.com/our-funds/lothbury-property-trust/overview/>

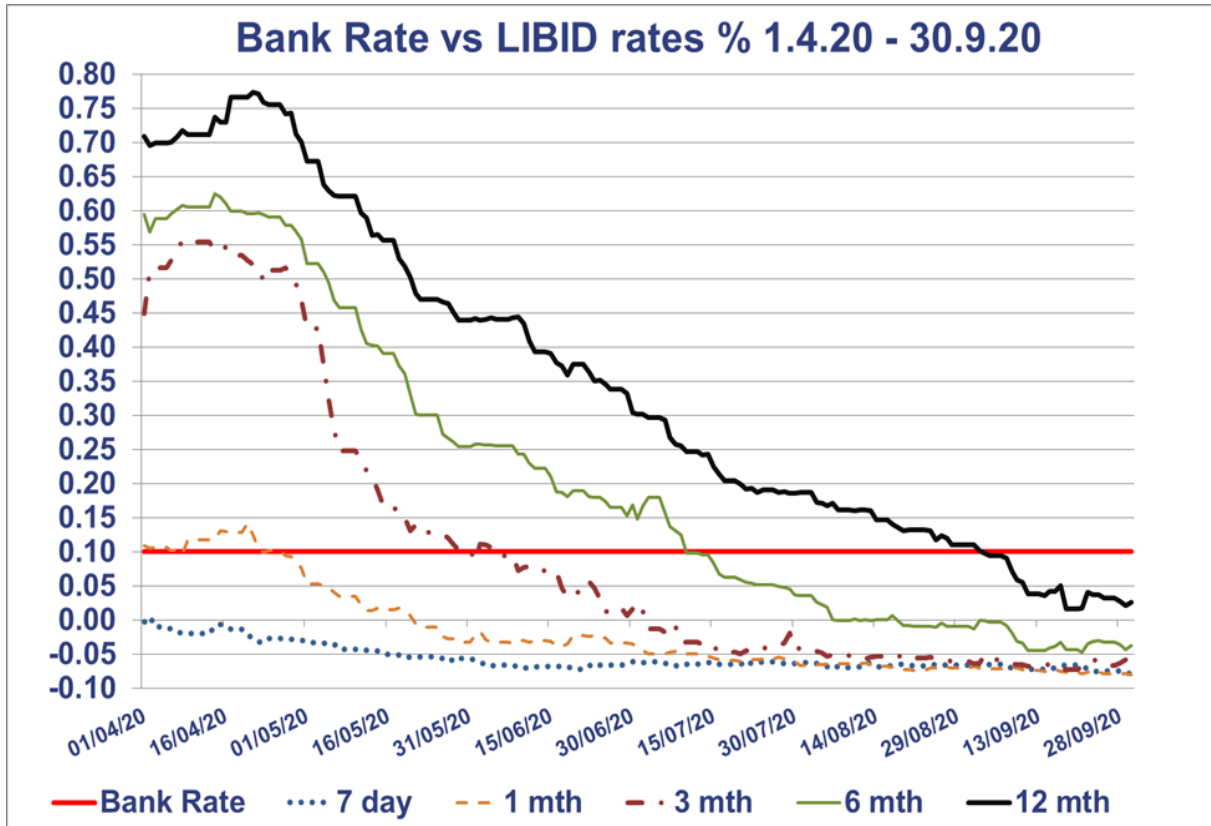
Hermes Property Unit Trust - <https://www.hermes-investment.com/uki/wp-content/uploads/2019/05/hput-quaterly-update-factsheet.pdf>

## 9.8 Approved limits

Officers can confirm that the approved limits within the Annual Investment Strategy were breached at the beginning of the financial year, with our own bank National Westminster Bank during the quarter ended 30<sup>th</sup> September 2020. This was due to the uncertainty around the Covid 19 Pandemic and the need to ensure liquidity and cash flow around the governments grants payments (£30m+).

**Recommendation:** It is recommended that the counterparty limit for the National Westminster Bank be increased from £20m to £30m, to prevent the need for further breaches throughout the Covid crisis and to be reviewed again once the crisis is over. National Westminster Bank, being part nationalised, has a low risk level.

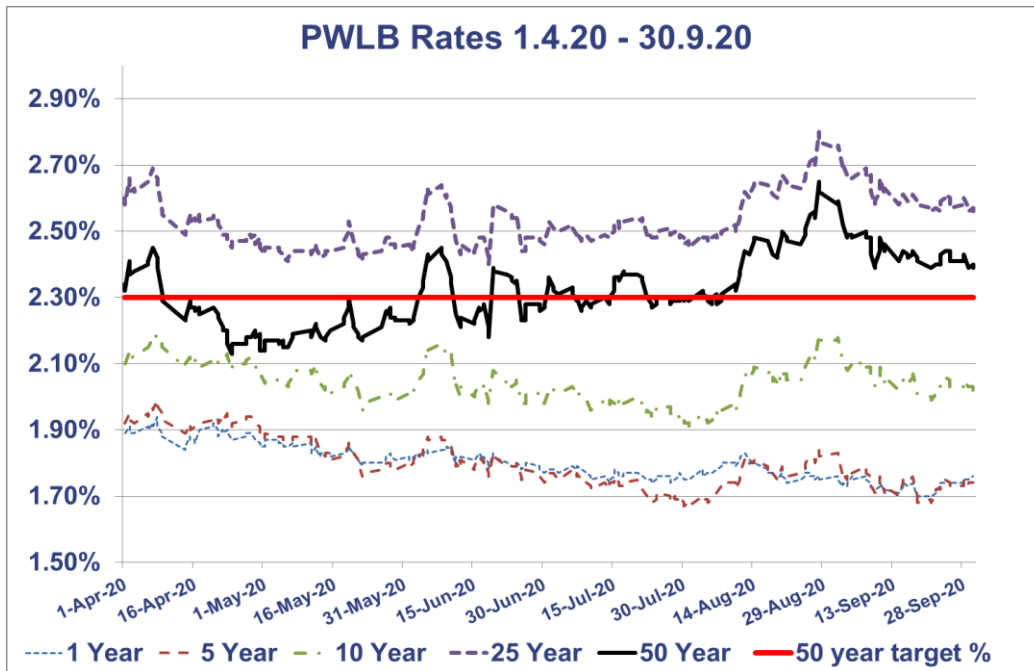
## APPENDIX 1: Investment rates



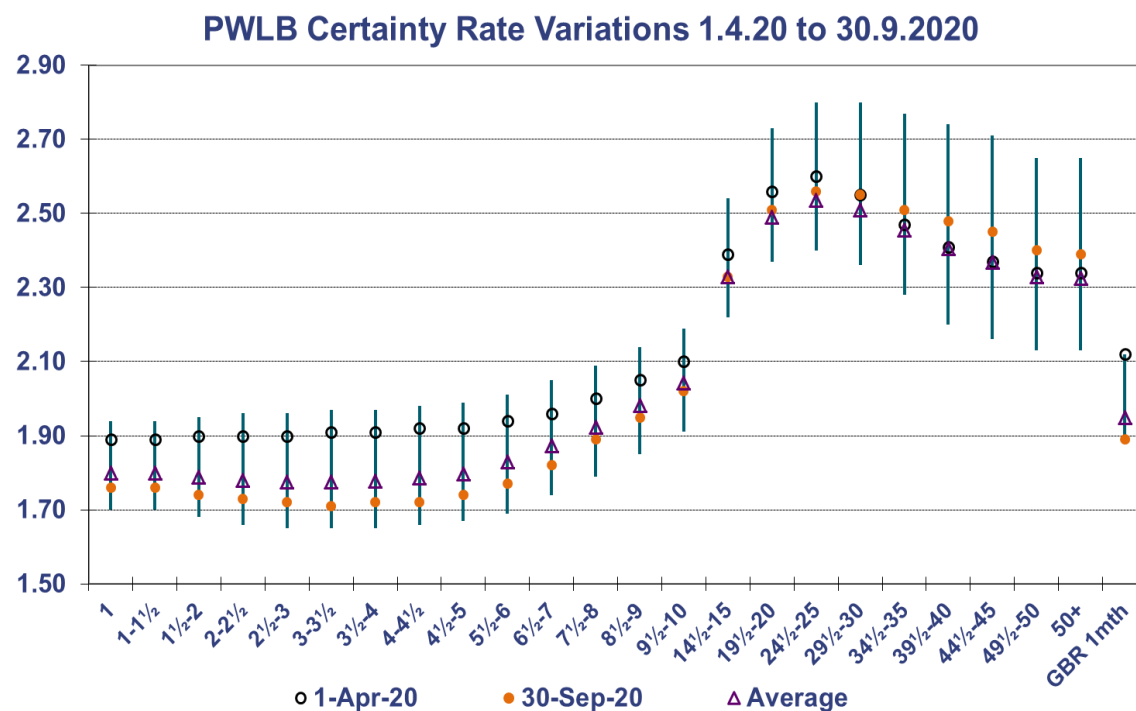
	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	0.00	0.14	0.56	0.62	0.77
High Date	01/04/2020	02/04/2020	20/04/2020	08/04/2020	14/04/2020	21/04/2020
Low	0.10	-0.07	-0.07	-0.06	-0.01	0.11
Low Date	01/04/2020	19/06/2020	21/08/2020	28/08/2020	25/08/2020	28/08/2020
Average	0.10	-0.05	-0.01	0.14	0.25	0.41
Spread	0.00	0.08	0.22	0.62	0.63	0.66



## APPENDIX 2: Borrowing rates



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.70%	1.67%	1.91%	2.40%	2.13%
Date	18/09/2020	30/07/2020	31/07/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.80%	2.65%
Date	08/04/2020	08/04/2020	08/04/2020	28/08/2020	28/08/2020
Average	1.80%	1.80%	2.04%	2.54%	2.33%



## APPENDIX 3: Approved countries for investments as at 30<sup>th</sup> September 2020

*Based on lowest available rating*

### AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

### AA+

- Canada
- Finland
- U.S.A.

### AA

- Abu Dhabi (UAE)
- France

### AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

This page is intentionally left blank

## East Herts Council Report

### Audit and Governance Committee

**Date of meeting:** 17 November 2020

**Report by:** Councillor Geoffrey Williamson, Deputy Leader and Executive Member for Financial Sustainability

**Report title:** Budget 2021/22 and Medium Term Financial Plan 2021 – 2024 Proposals

**Ward(s) affected:** All

---

### Summary

All Members received a presentation at the Members' Information Session on 13 August 2020 that set out the financial challenges the Council faces to set a balanced budget over the medium term. The Council needs to identify reductions in net cost of £1 million in 2021/22, £1 million in 2022/23 and a further £2 million in 2023/24. The total reduction in net expenditure of £4 million to be achieved by 2022/23 represents a 26% reduction of the 2020/21 net budget of £15.5 million.

The Executive tasked officers to prepare a range of options to reduce net expenditure for early Member consideration and these form part of this report. The Executive have considered these options and given an indication of which they think should be taken forward and those that should not. All the options will continue to be considered and further refined over the next two months in light of the emerging situation with the COVID-19 pandemic. The Leadership Team have also set out a further programme of work to be undertaken to deliver a financially sustainable council by 2024.

## **RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:**

- a) Comment on the savings proposals to Executive, subject to detailed impact assessments and accepting that some may need to be reconsidered in the light of the current pandemic;**
- b) Endorse, as guidance to officers, that the budget proposals should be based on a Council Tax increase of £5, general inflation assumption of up to 1% and that the provision for the national pay award will be up to 2%;**
- c) Endorse the production of a phased capital programme over 5 years to better reflect actual phasing of delivery and more realistic revenue impacts of capital financing; and**
- d) Endorse the additional programme of work to transform the Council and place it on a financially sustainable footing as set out in paragraph 4.7.**

### **1.0 Proposal(s)**

- 1.1 In line with current financial projections, the Council needs to achieve a reduction in net cost of £1 million in 2021/22, another £1 million in 2022/23 and a further £2 million in 2023/24 in the Revenue Account.
- 1.2 To understand the likely effects of meeting these net reductions the Executive tasked the Leadership Team with producing initial proposals to meet these targets. In addition, the Leadership Team have set out a further work programme to arrive at the savings target by 2023/24 which will also involve Members consideration of the evidence and in the shaping of the end proposals.
- 1.3 The substantial capital receipt achieved from the large scale voluntary transfer of the Council's housing stock on 18 March



2002 has been used to finance the capital programme and the last part of that receipt will be used up on financing the current substantial investment in leisure centres. Going forward, the capital programme will need to be financed by borrowing with resulting revenue costs in terms of interest and Minimum Revenue Provision (MRP). MRP is a statutory requirement to ensure that the Council sets aside revenue to repay the loan and Council will be requested to approve a MRP Policy as part of the Treasury Management policies early next year. It is proposed that MRP will be on a straight-line basis over the expected life of the asset.

- 1.4 With the move to financing by loan, the Council will be further constrained by the affordability of total debt as measured by Prudential Indicators with the maximum amount of debt outstanding estimated to be in the region of £35 to £40 million.
- 1.5 The Council has traditionally budgeted for capital projects as a project total all in one year and then rolled forward budget provision to reflect actual phasing. This approach does not fit well with financing by loan and the resulting revenue impacts so the capital programme will now be presented as a rolling 5 year programme reflecting phasing over those 5 years and the resulting financing costs being reflected in the revenue account.
- 1.6 The current major capital projects have been subject to a business case refresh. Leisure Centres and the Hertford Theatre business case refreshes passed the test to proceed. Due to the restricted information contained in these documents Members were briefed at an All Members Information Session on these documents with a further opportunity to ask detailed questions. The Old River Lane Regeneration Scheme business case refresh will be reported formally as it is likely to require a Council decision as a result of

the pandemic and the delays caused by the judicial reviews of the multi-storey car park provision.

## **2.0 Background**

- 2.1 East Herts Council has undergone significant change over recent years, facing financial pressures linked to the UK economic and wider global downturns and more recently Brexit uncertainty and Covid19.
- 2.2 In addition to our financial challenges, we have already high but ever rising customer expectations for service provision and quality.
- 2.3 Action needs to be taken to ensure that the Council is not placed in an unsustainable position where budgets and services will not be sufficient to meet demand in the medium or longer term.
- 2.4 During the current Covid19 emergency, budgets continue to be extremely volatile and our finance team are currently predicting a target to reduce net cost of circa £4 million for the period 2020/21 – 2023/24 which has to be met either through income, changes in the way we deliver services or changes to the service offer itself.
- 2.5 There is also an identified need for the Council to address matters linked to the delivery of the new corporate plan, such as tackling climate change, enhancing community engagement, increasing partnership development, realising the potential from digital and evolving technologies, improving employee effectiveness and performance and last, but by no means least, responding to the requirement for new ways of working post Covid19.
- 2.6 The proposition to address these challenges is to establish a more agile, customer orientated and commercial operating

model for the Council which ensures we deliver the right services, to the right standards, at the right time for our residents and businesses and in turn helps deliver Members' political ambitions both now and in the future.

2.7 There is no criticism of past performance, but a recognition that the world is changing, and we must change with it to ensure that we continue to deliver valued and appropriate services to our communities.

2.8 This is particularly true as we move as a Council from the planning to the delivery phases of our major capital projects, mostly at the same time and using the same resources.

### **3.0 Reason(s)**

3.1 The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the Council to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by government grant, Business Rates and Council Tax.

### **4.0 Options**

4.1 The Executive tasked the Leadership Team with producing, at pace, proposals to reduce net cost to meet the reduction targets. This has been produced, at Cost Centre level, aligning with the Budget Book for every Service except for a consideration of operational efficiencies within the Strategic Finance and Property teams. As the Head of Service came into post on the 14 September 2020, it is appropriate to allow the Head of Service time to get to know the service area and then consider additional proposals in six months' time.

4.2 A summary of the Leadership Team proposals are shown in the table below:

**East Herts DC MTFS 2022 - 2025**  
**Leadership Team Proposals for reductions in net cost**

	Sum of 2020/21 £000	Sum of 2021/22 £000	Sum of 2022/23 £000	Sum of 2023/24 £000
<b>Row Labels</b>				
Chief Executive		(35)	(75)	(75)
Communications, Strategy & Policy	(10)	(215)	(243)	(243)
Housing & Health		(205)	(234)	(236)
Human Resources	(50)	(77)	(107)	(110)
Legal & Democratic	(29)	(65)	(76)	(112)
Operations	(6)	(668)	(1,198)	(2,262)
Planning	(40)	(88)	(98)	(98)
Revenues and Benefits	(94)	(142)	(142)	(142)
Strategic Finance & Property		(144)	(183)	(183)
Shared ICT Service		(126)	(126)	(126)
<b>Grand Total</b>	<b>(229)</b>	<b>(1,765)</b>	<b>(2,482)</b>	<b>(3,587)</b>
<b>Target</b>		<b>1,000</b>	<b>2,000</b>	<b>4,000</b>
<b>(Surplus)/Deficit</b>		<b>(765)</b>	<b>(482)</b>	<b>413</b>

4.3 A breakdown of each service areas' proposals and the detailed sheets to support each proposal are attached at Appendix A. Please note that these proposals require further consideration of their appropriateness as a result of the on-going pandemic and the practical implications of implementation and the potential costs which will be funded from reserves.

4.4 When Council approved the budget and Medium-Term Financial Strategy on 29 January 2020 they approved the option to introduce garden waste collection charges in 2021/22 with a target cost reduction of £0.4 million. The Head of Operations

and the Head of Strategic Finance and Property have examined this reduction target and now believe that a reduction in the net cost of the waste and recycling service of £0.75 million can be achieved with the introduction of charging and changes to collection core costs as a result. This item is the single biggest contributor to the net cost reduction target and is in line with the MTFS already approved by Council.

- 4.5 The Executive has provided initial views on what to take forward with officers and this is detailed in Appendix B.
- 4.6 The views of Audit and Governance Committee will be reported at the Executive Meeting.

### **Programme of further work**

- 4.7 The Leadership Team propose to carry out further work in the relation to the Medium-Term Financial Strategy (MTFS) to further inform Members and to assist with further targeting of reductions in net cost. The proposed programme is as follows:
- Commission a cost comparison report from the Chartered Institute of Public Finance and Accountancy comparing the Council's cost across standard service classifications e.g. Environmental Health. This comparison will be with our statistical nearest neighbours, i.e. a group of district councils having similar demographics and rural and urban areas. Secondly the report will compare East Herts with all other District Councils. This will identify where services comparatively cost more. Of course, this can be as a result of policy decisions by Members to prioritise resources to these services, but it will provide vital context and challenge to costs. To be completed by 30/10/2020.
  - The Head of Strategic Finance and Property will undertake a 5-year analytical review of budgets against actuals in order to identify any budgets which are consistently

under or over spent in order to identify any further efficiencies. To be completed by 30/10/2020.

- A quick review of the Council's procurement strategy and practices will be commissioned. This will help understand if our routes to market are the most appropriate (should we be using more frameworks than traditional tendering), potential cost savings opportunities based on actual recent procurement exercises and a suggested best practice procurement strategy. This will also include analysing one year's supplier spending against the contracts register to identify off contract spending so that compliance with contracts can be reinforced. This will be followed up by the Shared Internal Audit Service in future years until such time as the financial system monitors this automatically. Subject to discussion with external reviewer target completion by 30/10/2020.
- Over the next 6 months, it is also recommended that East Herts undertakes a further operational review which will consider the following:
  - Ensuring our staff teams are resourced appropriately, allowing us to focus on our corporate plan priorities.
  - Accelerating a number of operational projects to improve efficiency such as bringing together administrative and business support functions.
  - Recognising the need to drive and realise a more commercial approach to how the council operates.
  - Ensuring flexibility and collaboration – working across council services and with partners to share expertise, capacity and space.
  - Consulting with our residents to understand what services they find most useful and why
  - Undertaking an agile working review to:
    - transform existing working practices to ones that are



more effective and efficient and ensure that previous investment in technology is being fully utilised to support agile working, starting with the finance system.

- Create a culture which acknowledges that it is about the work you do not where you do it
  - Maximise customer self-service and digital engagement.
  - Identify and then deliver new ways of working smarter through IT and technology solutions that will underpin how we collaborate and communicate; and
  - Review our future office and space needs and ensure that we have the right space of the right size in the right place.
- The operational review will allow changes to the way services are delivered to be properly evaluated, costed and delivered over the next three years ensuring that, combined with the income generation proposals, the council's resources are focussed on delivering the new Corporate Plan. Without this review and a transformation programme to deliver these significant changes there is a highly probable risk that in future Members will have to make significant reductions in services or risk intervention from central government.

4.8 Members can also take comfort from the experience of the many local authorities that have used this approach to successfully survive “austerity”. The dangers inherent in not adopting the systematic approach suggested are perhaps best illustrated by Northamptonshire County Council which failed to take a measured, evidence based approach, allowed widely optimistic assumptions to underpin their budget and failed to deliver the change programme and had many incidents of “savings to be identified” in their plans.

4.9 Very recently Croydon Council has been subject to a Report in the Public Interest issued by the external auditor for failing to tackle their financial issues and putting all their effort into

lobbying government for more money.

## **Capital Programme**

- 4.10 The Council has traditionally budgeted for capital projects as a project total all in one year and then rolled forward budget provision to reflect actual phasing. This approach does not fit well with financing by loan and the resulting revenue impacts so the capital programme will now be presented as a rolling 5 year programme reflecting phasing over those 5 years and the resulting financing costs being reflected in the revenue account.
- 4.11 The current major capital projects have been subject to a business case refresh. Leisure Centres and the Hertford Theatre business case refreshes passed the test to proceed. Due to the restricted information contained in these documents Members were briefed at an All Members Information Session on these documents with a further opportunity to ask detailed questions. The Old River Lane Regeneration Scheme business case refresh will be reported formally as it is likely to require a Council decision as a result of the pandemic and the delays caused by the judicial reviews of the multi-storey car park provision.

## **5.0 Risks**

- 5.1 The budget, MTFP and Transformation Projects will each have a separate risk register created as the budget proposals are developed.
- 5.2 In terms of risks to the Council's financial position there is currently fundamental uncertainty due to the impact of COVID-19 with new national restrictions just coming into force at the date of writing this report. The main concern is about "the tail" as, combined with a potential no deal Brexit, we may have

considerable in year volatility on the Council Tax Base in 2021/22. Should house building slow or stop this will affect growth projections in the tax base and also the reductions in the tax base flowing from potentially increased local council tax support claims could result in an overall negative growth tax base. There is also potentially loss of business rates through voids and bad debts if businesses cease trading. There is the potential affect on fees and charges and potential upwards pressure on pricing from potential border delays causing supply shortages to also factor into the risk assessment. Certainty on the Brexit trade deal position will emerge in December but the impact of COVID-19 will continue well into 2020/21 and probably beyond. The adequacy of the General Fund balance to meet unexpected expenditure will be considered by the Head of Strategic Finance and Property and be reported to Council as part of his report under Section 25 Local Government Act 2003 on the robustness of the estimates made in drawing up the budget and the adequacy of the proposed level of reserves.

## **6.0 Implications/Consultations**

- 6.1 The council is required to consult with Business Ratepayers under s.34 Local Government Finance Act 1988.
- 6.2 Consultation with the public will involve asking about perceptions of value for money and the importance of services to them but not specifics of the budget proposals due to the technical nature of the budget papers and the resource pressures as a result of COVID-19.

## **Community Safety**

The budget underpins delivery of the Council's policies and priorities in relation to community safety.

## **Data Protection**

No

## **Equalities**

The Council has a statutory duty under the Equalities Act 2010, in particular s149. This includes the requirements on the Council to have due regard to the need to eliminate discrimination and harassment, to advance equality of opportunity, to foster good relations and to remove or minimise disadvantages suffered by persons who share protected characteristics.

Compliance with these duties in the Equalities Act does permit the Council to treat some persons more favourably than others, but only to the extent that such conduct is not otherwise prohibited.

In setting the budget, decisions on some matters may be particularly relevant to the discharge of this duty and an equalities impact assessment will be undertaken to assess and ensure compliance with this duty.

## **Environmental Sustainability**

The budget underpins policies and priorities in relation to the environmental and sustainability areas.

## **Financial**

These are contained in the main body of the report.

## **Health and Safety**

No

## **Human Resources**

The budget will provide a provision for a pay award of up to 1.5% but the actual award is subject to national NJC negotiations. This provision is set in the light of forward inflation estimates consensus contained in the Bank of England Monetary Policy Report November 2020

## **Human Rights**

No

## **Legal**

The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 (as amended by the Localism Act 2011) requires the Council to estimate revenue expenditure and income for the forthcoming year from all sources, together with government grant and contributions from reserves, in order to determine a basic Council Tax Requirement.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates and adequacy of reserves to the Council when it is considering the budget.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Full Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year. The issuing of a Section 114 report requires the Full Council to meet within 21 days to consider the report and during that period the Council is prohibited from entering into new agreements involving the incurring of expenditure.

## **Specific Wards**

No

## **7.0 Background papers, appendices and other relevant material**

Appendix A – Detailed Leadership Team proposals

Appendix B - Executive initial view on the proposals

<b>Contact Member</b>	<p>Councillor Geoff Williamson, Deputy Leader and Executive Member for Financial Sustainability</p> <p><a href="mailto:Geoffrey.Williamson@eastherts.gov.uk">Geoffrey.Williamson@eastherts.gov.uk</a></p>
<b>Contact Officer</b>	<p>Steven Linnett, Head of Strategic Finance and Property</p> <p>Tel No: 01279 502050</p> <p><a href="mailto:Steven.Linnett@eastherts.gov.uk">Steven.Linnett@eastherts.gov.uk</a></p>



## Appendix A Detailed Proposals

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
Richard Cassidy	Chief Executive	CED1	Senior Management restructure		-30	-65	-65	Management restructure
Richard Cassidy	Chief Executive	CED2	Corporate Support Team		-5	-10	-10	Review of Corporate Support team

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
Ben Wood	Communications, Strategy & Policy	CM001	Policy		-25	-25	-25	Cease Corporate Policy work
Ben Wood	Communications, Strategy & Policy	CM002	Communications	-10	-10	-10	-10	Cease printing Link and make digital only.
Ben Wood	Communications, Strategy & Policy	CM002	Communications					Option 1 reduce communications activity will save £30k per annum
Ben Wood	Communications, Strategy & Policy	CM002	Communications		-90	-90	-90	Option 2 cease communications activity other than reactive to press or crisis Plus increased online payments and diverting cash and cheques to Post
Ben Wood	Communications, Strategy & Policy	CS001	Digital Receptions		-50	-63	-63	Office/Paypoint
Ben Wood	Communications, Strategy & Policy	ED001	Economic Development		-35	-35	-35	Repurpose function to concentrate on Launchpad
Ben Wood	Communications, Strategy & Policy	ED101	Ec Dev Subscriptions		-5	-20	-20	Cease payments at end of agreed funding term for external partnerships
Ben Wood	Communications, Strategy & Policy	ED102	Launchpad		0	0	0	No proposals
Ben Wood	Communications, Strategy & Policy	IN001	Major Projects Team		0	0	0	No proposals as no major projects proposed to be halted
Ben Wood	Communications, Strategy & Policy	RD101	Rural Development Programme		0	0	0	Project ceased and no expenditure on this cost centre
Ben Wood	Communications, Strategy & Policy	RED001	Economic Development		0	0	0	Only expenditure is payment towards Visit Herts

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
Jonathan Geall	Housing & Health	BU101	Public Health Burials		0	0	0	
Jonathan Geall	Housing & Health	CW001	Community Wellbeing Team		-25	-50	-50	Restructure service
Jonathan Geall	Housing & Health	CW101	Resilience Partnership		-26	-26	-26	End partnership and absorb within Health & Housing
Jonathan Geall	Housing & Health	CW102	Community Safety		0	0	0	PCSO saving of £44k previously approved
Jonathan Geall	Housing & Health	CW103	Community Grants		-84	-84	-84	Option 3 Cease Community Transport grant
Jonathan Geall	Housing & Health	CW103	Community Grants					Option 2 Community Transport grant reduction of 50% saving £42k per annum
Jonathan Geall	Housing & Health	CW103	Community Grants					Option 1 Community Transport grant reduction saving £6k per annum
Jonathan Geall	Housing & Health	CW103	Community Grants		-16	-16	-16	End all sports grants
Jonathan Geall	Housing & Health	CW103	Community Grants		-11	-11	-11	Reduce general grants
Jonathan Geall	Housing & Health	CW103	Community Grants		0	0	0	£10k reduction approved in last budget. Community Grants to be consolidated together and further consideration given to SLAa to organisations that deliver corporate priorities. Grants to parish councils to cease as they can raise finance via the precept.
Jonathan Geall	Housing & Health	CW103	Community Grants		0	0	0	Stop providing courses and leave to the market.
Jonathan Geall	Housing & Health	EH001	Environmental Health		-10	-12	-12	End van leases and use electric pool cars
Jonathan Geall	Housing & Health	EH101	EH Sampling		0	0	0	Budget reduced in 2017
Jonathan Geall	Housing & Health	EH104	Air Quality		-2	-4	-6	Reduce air monitoring
Jonathan Geall	Housing & Health	EH106	Housing		-31	-31	-31	Delete housing survey and delete income target incorrectly in revenue
Jonathan Geall	Housing & Health	HG001	Housing		0	0	0	Largely Funded by Government grants - any reduction in service on homelessness risks Government clawing money back
Jonathan Geall	Housing & Health	HG103	Homelessness		0	0	0	
Jonathan Geall	Housing & Health	HG104	Hillcrest Hostel		0	0	0	
Jonathan Geall	Housing & Health	LN001	Licensing		0	0	0	
Jonathan Geall	Housing & Health	LN101	Premises and Gambling Licences		0	0	0	Fees and Charges review to be undertaken
Jonathan Geall	Housing & Health	RLN101	Taxi Licensing		0	0	0	Statutory requirement to break even

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
Simon O'Hear	Human Resources	HR1	HR&OD	-10	-24	-34	-37	Various changes
Simon O'Hear	Human Resources	HR2	Apprentices	-40	-53	-73	-73	Delete posts

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
James Ellis	Legal & Democratic	LDS1	Legal Services	31	-7	-27	-63	Staffing restructure
James Ellis	Legal & Democratic	LDS2	Civic Regalia		-6			Sell spare chain
James Ellis	Legal & Democratic	LDS2	Cease webcasting		-15	-15	-15	As a challenge, how many meetings could we reduce by and thus produce a saving in less officers servicing committees?
James Ellis	Legal & Democratic	LDS2	Civic Regalia		-6	0	0	Sell spare chain
James Ellis	Legal & Democratic	LDS2	Democratic Services		0	-3	-3	IRP to be convened once every 4 years only
James Ellis	Legal & Democratic	LDS3	Land Charges	-60	0	0	0	Bulk order of searches by Housing Association in 2020/21 Service required to breakeven. Service will transfer to Land registry over MTFS period.
James Ellis	Legal & Democratic	LDS4	Electoral Registration		-2	-2	-2	Invitation to Register reminders
James Ellis	Legal & Democratic	LDS4	Electoral Registration		-25	-25	-25	Annual Canvas reform
James Ellis	Legal & Democratic	LDS4	Electoral Registration		-4	-4	-4	Postage
James Ellis	Legal & Democratic	LDS5	Street Naming and Numbering		0	0	0	Electronic application with card payment or BACS? Go Digital only?

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
Jess Khanom-Metaman	Operations	EN001	Environmental Inspection		31	0	0	Necessary cost pressure
Jess Khanom-Metaman	Operations	OP30	Markets		0	0	0	Nil expenditure
Jess Khanom-Metaman	Operations	OPS1	Business Support		-3	-3	-3	Postage
Jess Khanom-Metaman	Operations	OPS1	Business Support	-6	-6	-6	-6	Training
Jess Khanom-Metaman	Operations	OPS11	Leisure		100	100	-404	
Jess Khanom-Metaman	Operations	OPS12	Garden Waste charging		-703	-735	-735	Core budget approved January 2020 assumes £400k saving already in budget
Jess Khanom-Metaman	Operations	OPS13	Public conveniences		-18	-18	-18	Close Buntingford and end Community Toilet Scheme
Jess Khanom-Metaman	Operations	OPS20-26	Car Parking			-484	-551	Comprehensive changes to car parking service offer
Jess Khanom-Metaman	Operations	OPS27-29	Hertford Theatre		34	88	-400	Pressure from closure then reopening operating at surplus
Jess Khanom-Metaman	Operations	OPS6	Remove litter and dog waste bins		-70	-95	-95	Remove litter and dog waste bins
Jess Khanom-Metaman	Operations	OPS6	Litter and dog waste bins		-19	-19	-19	Combine litter and dog waste bins
Jess Khanom-Metaman	Operations	OPS6	Parks and Open Spaces		-8	-15	-20	Catering Concessions
Jess Khanom-Metaman	Operations	OPS7	Allotments		-1	-1	-1	Fees and charges
Jess Khanom-Metaman	Operations	OPS8	Playgrounds		-5	-10	-10	Close 6 playgrounds

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
Sara Saunders	Planning	PBC2	Building Control		23	23	23	Cost pressure due to incorrect budget set after dividend for Dacorum joining the company
Sara Saunders	Planning	PBC3	Pre-App Planning Advice		0	0	0	Pre-App Planning Advice fees review
Sara Saunders	Planning	PBC4	Planning Policy	-40	0	0	0	Grant funding for Neighbourhood Plan referenda
Sara Saunders	Planning	PL001	Planning Services		-41	-41	-41	Archive digitisation
Sara Saunders	Planning	PL001	Planning Services		-30	-30	-30	Online adverts except for some major applications
Sara Saunders	Planning	PL001	Planning Services		-30	-30	-30	Staffing restructure
Sara Saunders	Planning		Historic Building Grants		-10	-20	-20	Phased cessation. Assist with signposting to other historic building grants available?

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
Su Tarran	Revenues and Benefits	RB001	Revenues and Benefits Shared Se	-11	-59	-59	-59	Staffing changes
Su Tarran	Revenues and Benefits	RB002	Revenues and Benefits retained c	-83	-83	-83	-83	Various budget adjustments

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
Steven Linnett	Strategic Finance & Property	SF001	Strategic Finance		-6	-6	-6	Reduction in Shared Internal Audit Service Days
Steven Linnett	Strategic Finance & Property	SF001 - 6	Finance					To be reveiwed by the new Head of Strategic Finance & Property after 6 months.
Steven Linnett	Strategic Finance & Property	SF003	Procurement		-5	-5	-5	Delete post
								Bank charges - we will retender the banking, merchant acquiring for card
Steven Linnett	Strategic Finance & Property	SF101	Other Expenses		0	0	0	payments and reduce the number of bank accounts down to 1.
Steven Linnett	Strategic Finance & Property	SP001	Property & Asset Management		0	0	0	
Steven Linnett	Strategic Finance & Property	SP002	Facilities Management		-33	-33	-33	Post Room and Courier service changes
Steven Linnett	Strategic Finance & Property	SP003	Wallfields		0	0	0	
Steven Linnett	Strategic Finance & Property	SP004	Charringtons		-100	-139	-139	Office transferred to City Heart from june 2021
Steven Linnett	Strategic Finance & Property	SP005	Buntingford		0	0	0	To examine potential for a different site or seek to reduce the lease costs.
Steven Linnett	Strategic Finance & Property	SP006	Rent and Misc		0	0	0	
Steven Linnett	Strategic Finance & Property	SP007	Street Lighting		0	0	0	
Steven Linnett	Strategic Finance & Property	SP008	Land Drainage		0	0	0	Explore Community Payback to do some of this work as a cost avoidance measure?

Head of Service	Service	Cost Centre	Description	2020/21	2021/22	2022/23	2023/24	Proposal
Helen Standen	Shared ICT Service	SS001	Shared ICT Service		-6	-6	-6	Subject to lease clawback.
Helen Standen	Shared ICT Service	SS001	Shared ICT Service		-20	-20	-20	End Print service
Helen Standen	Shared ICT Service	SS001	Shared ICT Service		-20	-20	-20	End design service

# 1 Chief Executive and Directors

Corporate Priority: Enabling our communities  
Portfolio Holder: Linda Haysey  
LT Lead: Richard Cassidy

CED1

## Description of Service:

This budget code represents the central costs of the Chief Executive and Deputy Chief Executive posts.

The cost of these posts are recharged across service budgets based on proportions of overall time allocated. These time allocations are reviewed annually.

## Description of Transformation/Efficiency Proposal:

A chief officer review was undertaken in 2017/18 which resulted in a restructure, deleting a vacant Corporate Director post and developing the other Director post in the Deputy CE and providing an ongoing saving of circa £90k per annum.

A further review of the Councils senior management team will be undertaken in 2020/21 as part of a wider organisational review.

## What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

These posts are high profile within the community and with stakeholders as they represent the Council at local, regional and national levels.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£30*	£65*	£65*
Capital				

\*Savings as part of a wider senior management review.

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£296,480	£0	£296,480

## EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed?

No

(Page 266 to be added)

<b>What are the key issues raised in the EQIA?</b>	
--	--

<b>KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL</b>	
<b>POSITIVE</b>	<b>NEGATIVE</b>
Reduced salary costs	Impact on services due to reduction in management capacity.

<b>CORPORATE PRIORITIES ASSESSMENT</b> (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
May impact on performance	May impact on performance	May impact on performance	May impact on performance

<b>LEGAL IMPLICATIONS</b>
---------------------------

Potential Redundancy costs unless the reduction is achieved by not replacing a post

# 1 Corporate Support Team

Corporate Priority: Enabling our communities  
Portfolio Holder: Linda Haysey  
LT Lead: Richard Cassidy

CED2

## Description of Service:

This budget code represents the costs of the of the personal assistant support to the Leader of the Council, Chairman of the Council, Chief Executive & Deputy Chief Executive.

## Description of Transformation/Efficiency Proposal:

As part of a review undertaken in 2019/20 the team was restructured, providing an ongoing saving of £40,000 per annum.

A further review of the team will be undertaken in the next six months to identify additional efficiencies.

## What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

These are not public facing roles.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£5	£10	£10
Capital				

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£86,320	£0	£86,320

### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE



CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

## 1 Remove policy function

**Description of Service:** Policy support to Leadership Team and Executive

### Description of Transformation/Efficiency Proposal:

We currently have a 0.6 WTE role at Grade 8 which supports Leadership Team and Executive with corporate policy work. This includes:

- Corporate planning (co-ordination of corporate plan, annual report, performance monitoring analysis and trends)
- Regular briefings and updates to Executive and Leadership Team on national and regional policy matters
- Support to Leader and Chief Executive on research and preparation for presentations at national/ regional events
- Registering assets of community value

Deleting the post would result in a revenue saving but there would be redundancy costs involved.

### What do the public say?:

No data from the public.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£25	£25	£25
Capital	0	0	0	0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£139	£0	£139

### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Revenue savings	Less capacity to respond to policy changes (eg. Around Unitary government) Registering assets of community value no longer supported

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Limited impact although less capacity for research around sustainable policy development	Limited impact although less support for regional events (eg. LSCC)	No process to register assets of community value	Limited impact

LEGAL IMPLICATIONS
Possible risks to not fulfilling obligations set out in Localism Act regarding Assets of Community Value (although as new legislation this has not been tested)

## 1 Remove Link Magazine

Corporate Priority:	Enabling Communities
Portfolio Holder:	George Cutting
LT Lead:	Ben Wood

**Description of Service:** Link Magazine (production of content, printing of 60,000 copies then distribution to all households in District)

### Description of Transformation/Efficiency Proposal:

Link magazine was reduced from 4 copies per year to 2 (a spring and summer edition), reducing original budget of £24,000 to £16,000. Agreement was subsequently to reduce this to a further one per year (over the summer) which would result in additional savings. Income (generated through selling advertising space) is budgeted at around £1k per edition.

We have the option of ceasing the physical production and printing of Link magazine entirely. This would create a full saving of £14,000 however it is suggested that a budget of £4,000 is retained in order to supplement our other channels of communication. This would involve boosting facebook posts, target google ads and further SEO as well as unlocking more functionality through our email marketing provider. This will provide much better value for money. In addition these channels provide stronger customer insight data in terms of views, interactions and customer behaviour.

There is the option to only produce a limited number of printed copies and distribute these directly to the residents who are not digitally engaged. However we do not have such a database and collecting/ maintaining this would negate most of the savings that can be derived.

### What do the public say?:

We have no metrics or feedback from members of the public which indicate whether Link Magazine is read and how much value it adds. Our only insight comes from Members who suggest residents who are not digitally engaged appreciate the hard copy. As well as not being able to understand readership, we are unable to seek content on the feedback and understand what people want to hear more/ less of.

In 2015 we included a promotion on the Link magazine that every reader could claim a free Hertford Theatre ticket to test readership. Only person claimed a free ticket out of a population of 144,000.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£10	£10	£10	£10
Capital	0	0	0	0

<b>Expenditure:</b>	<b>Income:</b>	<b>Net Budget:</b>
£16	£2	£14

<b>EQUALITY IMPACT ASSESSMENT</b>	
<b>Has an EQIA been completed?</b> (If yes, date to be added)	Initial assessment complete
<b>What are the key issues raised in the EQIA?</b>	Issue is that we have a lack of insight on who the digitally excluded are. In addition Link magazine is a promotional publication to share good news stories (it isn't about updating on specific services) so not receiving the information has a limited impact upon excluding individuals or communities with protected characteristics.

<b>KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL</b>	
<b>POSITIVE</b>	<b>NEGATIVE</b>
Revenue savings Reduced environmental impact (printing and distribution)	Potential exclusion of those not digitally enabled

<b>CORPORATE PRIORITIES ASSESSMENT</b>			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Less waste from printed production of material	N/A	Potential that not having it means some people cannot access the data however this cannot be quantified.	Supports move towards digital delivery

<b>LEGAL IMPLICATIONS</b>
None (no statutory notices are published in the magazine and there is no legal requirement to produce it)

## 1 Reactive communications

**Description of Service:** Reduce size and scope of communications

### Description of Transformation/Efficiency Proposal:

Currently the communications service has a pro-active (promoting campaigns) and reactive (responding to crises/ issues) function. The service also manages the website and intranet. Responsibilities are spread across the team (1x G11 manager, 2x G7 comms officers, 1x G8 digital content manager). As one of the comms officers has handed in their notice we have an opportunity to review the overall purpose and function of communications.

Not replacing the 0.8 WTE Grade 7 officer would result in around £30,000 revenue savings however the service would be impacted as follows:

- Reduction in most internal communications (eg. team update and internal comms exercises linked to East Herts Together)
- Reduction of comms support for some major campaigns (prioritizing 2/3 major pieces of work per year and ceasing support for other smaller promotions)
- Reduced response times for content publishing and copywriting on w/site
- Fewer press releases

This is option 1.

There is further scope to move to a completely reactive service which in practice means the communications will provide:

- Basic updates on the w/site and some limited development of functionality
- Capacity for producing and publishing content in reactive/ crisis response capacity (done through monitoring of social media, response to press enquiries and complaints)
- No campaign/ promotional support for projects or initiatives (including signposting to campaigns led by others)
- No regular customer communications (email marketing and multi-channel updates)
- No internal communications
- No communications support for wider regional or countywide work (Eg. Community Resilience Forum)

Although extreme Three Rivers DC have a model akin to this whereby 1 comms officer responds to issues and when they arrive. We could delete the communications manager role leaving just one comms officer and the digital content manager realizing savings of around £60,000 on top of the £30,000 above. This model would rely on individuals at senior levels (Member and officer) to be more directly responsible for communications and promotion themselves. There would be redundancy costs involved. This is option 2.



Little customer insight to council communications as a service.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue				
Option 1	£0	£30	£30	£30
Option 2	£0	£90	£90	£90
Capital	0	0	0	0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£180	£0	£180

#### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No – but any restructure would require an EQIA to be undertaken
<b>What are the key issues raised in the EQIA?</b>	N/A

#### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
Revenue savings	Risk that if council doesn't promote itself and the brand then reputation will be damaged due to residents filling in any voids/ gaps about the council themselves.

#### CORPORATE PRIORITIES ASSESSMENT

Sustainability	Economic Growth	Enabling Communities	Digital by Design
Residents aren't aware of council work in this area	Residents aren't aware of council work in this area	Less direct dialogue and engagement with residents	Residents aren't aware of council work in this area

#### LEGAL IMPLICATIONS

None

1 Digital Receptions

Corporate Priority: Digital by Design  
Portfolio Holder: George Cutting  
LT Lead: Ben Wood

## **Description of Service: Digital receptions**

### **Description of Transformation/Efficiency Proposal:**

The digital reception consists of moving away from the traditional 9-5 staffed reception desks in Wallfields and Charringtons to a front of house presence where:

- Customers can “walk-in” to access a desktop/ phone in a secure booth to make enquiries/ payments/ applications/ book an appointment with an officer about housing/ benefits/ healthy hub/ licensing/ view registers
- Customers can check-in when they arrive for an appointment and be directed to interview room where they can speak to an officer on video conferencing equipment
- Self-scanning stations available for customers to submit copies of relevant documents
- 1x customer service advisor present as a floor walker to direct customers to booths/ interview rooms after check in
- Where possible, co-located with other services (TBC but may include citizens advice, CVS, DWP etc)

This will be supported by additional measures which will increase efficiency including:

- Proof of concept for webchat (beginning October 2020 and set to conclude with recommendations March 2021). Given telephony is the contact channel of choice for East Herts customers this may provide a cheaper contact channel
- Increasing range of payment options online and over the phone focused on services where there is no online or telephony payment facility including all types of licence, pre-application planning advice, land searches, street naming and numbering. A business case has been agreed for this work however no timescale has yet been agreed with IT for implementation
- Stopping acceptance of cheque and cash payments (in line with the above project to ensure other payment channels are available)
- Decommissioning payment kiosks (lease due to expire 2022 and they will not be renewed)
- Forced migration to self-service on the website by removing downloadable pdf forms and only offering webforms

Please note design work had taken place on Wallfields reception in terms of changing the layout to facilitate self-service for customers. This work has been put on hold pending. No further investment is planned in Charrington's for the same reason. Co-location will be explored as part of the wider agile working policy.

The current customer service establishment is 13.00 WTE. Since Covid-19 restrictions were imposed we have had 11.00 WTE in place and kept two posts vacant. Call handling performance has increased as both receptions are no longer fully staffed.

We are partially re-opening receptions on an appointment basis only from early October however it is suggested that for 20/21 the 2 vacant posts can be deleted on the basis that we will not be going back to the 9-5 staffed model.

Additional savings may be possible thereafter as part of wider and continuing review of customer services including consolidation of first points of contact for planning and housing

and health in customer services. There are also direct savings from decommissioning use of the kiosks.

#### What do the public say?:

Govmetric feedback for Face to Face services is our most highly rated channel. East Herts is often in the top 10 of authorities in the country who use face to face with 90% of customers often rating their experience as good. Removing F2F will not be popular with some customers however we have not had large numbers of complaints since we shut the offices in late March.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£50 (deletion of 2 vacant advisor posts)	£63 (additional £13k from stopping kiosk lease from KPRS and G4S security services for cash handling)	£63
Capital	0	0	0	0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£532	£0	£532

#### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	Complete for reopening of receptions late October however further work will be required on full digital model
<b>What are the key issues raised in the EQIA?</b>	On average we have around 20,000 visits to the receptions per year. Some of these will be customers with immediate or time critical needs (eg. benefits or housing related). The booking system means seeing an office immediately may not be possible however once launched (October 2020) we will explore the effectiveness of being able to do this.

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Revenue savings Increased performance on telephony contact (which is the main contact channel for East Herts residents) Reduced capital overheads if reception floor space needs are reduced	Potential for services to not be able to respond as well to customers in crisis who present

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Reduced floor space and associated needs Scanned documents instead of printing reducing environmental impact	More modern payment channels for customers and clients	Potential for lower scores on govmetric and customers not being able to access face to face support	Supports move towards digital delivery

LEGAL IMPLICATIONS
None (there will still be provision for customers to view documents in person such as the enforcement and electoral register)

**Description of Service:** Economic development reduced in size and scope to just focus on delivering income generating services (ie. The Launchpad)

### **Description of Transformation/Efficiency Proposal:**

Currently the economic development service is responsible for various activities as follows:

- Commissioning support and contract management for Visit Herts, Better Business for All
- Liaison with planning policy on key site development and economic impacts of major applications (this ranges from larger projects such as HGGT and ORL to smaller developments such as Caxton Hill/ Tamworth Road)
- Liaising with new businesses (finding premises, signposting to support and grant schemes)
- Inputting into wider partnership meetings, studies and work programmes (LSCC, DIZ, HEDOG)
- Liaison with town councils and town centres on high street challenges, issues and events (eg. This year it includes project managing the spend of RHSS funds)
- Running the Bishop's Stortford and Ware Launchpad
- Additional ad hoc projects as required (eg. The JobSmart scheme)

We could reduce the size and scope of the service to just focus just on the Launchpad which provides direct support to businesses as well as income. This would mean:

- Changing JD for Economic Development manager to be Launchpad Manager (possible saving if scale is reduced – Grade 10 to Grade 8 - £13,000). If existing post holder remains then there would be pay protection for a period of time meaning full saving would not be realized until 2022/23.
- Deletion of Economic Development officer post (role is shared with North Herts so saving is 0.5 WTE at Grade 8 – around £22,000. Redundancy costs would be involved.

All the activity above – other than the Launchpad – would cease. We have recently signed an agreement to deliver an ERDF funded business support programme on expanding the Launchpad (income for which is used to off-set our cash contribution to the project). Day to day running of the Launchpad as well as project management for this new work would be the sole function of economic development.

### **What do the public say?:**

These services are not directly visible to members of the public however businesses that receive direct or indirect support may see an impact.

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£22	£35	£35
Capital	0	0	0	0

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£105	(£40)	£65,000

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No – although any restructure would require an EQIA to be undertaken
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Revenue savings Focus just on revenue generating activity	Likely that partners will feel district council is not concerned about economic wellbeing – particularly on town centres Risk that some commercial elements of new developments are overlooked Council will essentially have no capacity to undertake any economic development work other than running the Launchpad Joint working with North Herts would cease

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Limited impact	Removal of a large part of the activities and actions within the economic theme	Limited impact	Limited impact

LEGAL IMPLICATIONS
None



## 1 Review of membership fees

**Description of Service:** Membership fees for economic development

### Description of Transformation/Efficiency Proposal:

We currently pay into the following organisations as follows:

- London Stansted Cambridge Corridor: £10,000 per annum (no timescales for review). Regional economic partnership (private and public sector) which lobbies for additional investment for government and undertakes marketing for inward investment for businesses
- Digital Innovation Zone (DIZ): £10,000 per annum (initially for 2 years – 2019/20 and 2020/21). East Herts and West Essex partnership (public and private) which shares best practice on digital collaboration and lobbies/ bids for digital infrastructure investment
- Central Zone Alliance (CZA): £15,000 per annum (Initially for 2 years – 2020/21 and 2021/22 sub-group of 5 districts in the in the LSCC who want to raise their profile. Currently this is not budgeted for and is paid supported through underspends elsewhere in the service
- Better business for All (BBfA): £5000 per annum (Initially for 2 years – 2018/19 and 2019/20. Nb paid 50% from economic development and 50% from housing and health) Partnership of herts local authority regulators (rates, trading standards, licensing etc) who collaborate to make regulatory support for businesses more streamlined
- Visit Herts: £5000 per annum (aligned to LEP contract with VH which expires 2021/22) contracted to deliver destination management and tourism services for Hertfordshire on behalf of LEP and 8 districts.

On the basis that for every organization except the LSCC we have entered temporary/ fixed term arrangements we can honour our agreements and then cease funding thereafter.

The LSCC and DIZ Boards have Executive Member presence on their Boards.

Generally speaking withdrawing from the CZA and BBfA would be the least controversial options.

### What do the public say?:

None of these organisations - with the possible exception of Visit Herts who have a website to promote business and attractions – are widely known to the public.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24

Revenue	£0	£5 (BBfA)	£20 (BBfA, DIZ and VH)*	£20
Capital	0	0	0	0

\*doesn't include £15,000 saving from the CZA as it isn't budgeted for

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£38	£0	£38

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Revenue savings	<p>Potential loss of profile and reputation amongst other organisations who are members (especially with regards to LSCC and DIZ)</p> <p>In the case of Visit Herts some businesses may feel we are not supporting the tourism sector.</p>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Limited impact	Withdrawing from the LSCC and Visit Herts would be seen as being less supportive of businesses	Limited impact	The DIZ is a large part of our partnership working within this theme

LEGAL IMPLICATIONS
None

# 1 Launchpad

Corporate Priority:	Economic Growth
Portfolio Holder:	Jan Goodeve
LT Lead:	Ben Wood

**Description of Service:** See proposal to reduce economic development to just Launchpad service only

## Description of Transformation/Efficiency Proposal:

We have signed up to an ERDF project (£1.2m over 3 years) to support business expansion. The project is match funded so £600k (£200k per year) comes from the ERDF and the same from East Herts. We are using existing costs to make up around £150k of this and the additional cash will come from Launchpad income.

We therefore have to make £50k per income for the project to be sustainable and that is the target we will be working to. Any income has to go towards the project so can't be added to general income.

No savings or income proposals attached.

## What do the public say?:

No data from the public.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	0	0	0	0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£0	£0	£0

### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
----------	----------

--	--

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS			
None			

## 1 Remove Capital Project Support

**Description of Service:** The Major Projects Team supports delivery of Old River Lane, Hertford Theatre and Leisure Services (Hartham and Grange Paddocks).

### Description of Transformation/Efficiency Proposal:

There is a separate review of capital projects in place. As the posts are linked to the projects should any projects cease we can delete the posts. The revenue saving would be £210k plus £70k capital per year.

### What do the public say?:

No data from the public.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	0	0	0	0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£280	£0	£280

#### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

#### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
Revenue savings	No capacity to support projects

#### CORPORATE PRIORITIES ASSESSMENT

Sustainability	Economic Growth	Enabling Communities	Digital by Design
Limited impact	ORL not delivered	Leisure Services and	Limited impact

		Hertford Theatre not delivered	
--	--	--------------------------------	--

## LEGAL IMPLICATIONS

None



## 1 Rural Development Programme

Corporate Priority:	Economic Growth
Portfolio Holder:	Jan Goodeve
LT Lead:	Ben Wood

**Description of Service:** Project has now ceased. No expenditure in this budget.

## 1 Tourism

Corporate Priority:	Economic Growth
Portfolio Holder:	Jan Goodeve
LT Lead:	Ben Wood

**Description of Service:** No expenditure in this budget. Tourism budget reduced from £20k in 15/16 to £5k which pays for Visit Herts and comes out of another budget.

## 1 Town Centres

Corporate Priority:	Economic Growth
Portfolio Holder:	Jan Goodeve
LT Lead:	Ben Wood

**Description of Service:** No expenditure in this budget.

**Description of Service:**

Salaries and associated staffing costs to carry out non-statutory health and well-being work and oversight /work on community safety and safeguarding matters which have a statutory component.

**Description of Transformation/Efficiency Proposal:**

The Community Wellbeing and Partnerships team in Housing and Health has five project / programme officers:

- ASB & Community Safety Manager (grade 9)
- Projects & New Business Manager (0.81 FTE grade 8)
- Housing and Health Projects Officer (0.81 FTE grade 7)
- Healthy Lifestyles Programme Officer (grade 9)
- Community Wellbeing Programme Officer (grade 9).

This equates to 4.6 FTE.

These officers all have different JDs and are all occupied on a number of high profile projects and programmes.

Reduce the headcount from 4.6 FTE to 3.6 FTE. This is most likely to be achieved by deletion of one full-time post. The exact details of this have not yet been determined pending LT's in principle support.

If this proposal progressed:

- it should be noted that if member of staff could not be redeployed redundancy costs are likely.
- there presumptions have been made about the grade of the 1 FTE reduction. The modelling below is based on a grade 9 post
- there could be knock-on job re-evaluations to accommodate a reduction in posts. The costs of this have not been included in the modelling below
- this restructure could accommodate the withdrawal from the Hertfordshire Resilience Partnership (see separate efficiencies template). It is assumed that taking on a HCC officers via TUPE can be avoided (as they are less than 50% at EHC)
- to accommodate staff consultation and notice, the efficiency is assumed to commence half way through 2021/22 in the modelling below.

**What do the public say?:****VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000**

Revenue	£0	£25	£50	£50
Capital	£0	£0	£0	£0

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£469	£13	£456

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No – would need to form part of the restructure consultation documentation
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Opportunity to rationalise roles</li> </ul>	<ul style="list-style-type: none"> <li>Potentially demotivated staff</li> <li>Increased workload for remaining staff may reduce capacity to focus on other aspects of work. Potential for this change to be felt by the public engaging with these services</li> <li>Savings may only be realised over the longer term when the potential for redundancy payments in the short term is factored in</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

Usual legal and HR aspects of a restructure where officers are put at risk would need to be observed

**Description of Service:**

Emergency planning-related contracts – Hertfordshire Resilience Partnership contract and Lone Worker call-handing by Stevenage CCTV.

**Description of Transformation/Efficiency Proposal:**

End subscription to the Hertfordshire Emergency Planning / Resilience Partnership and incorporate the functions within the job description of an existing/revised role within East Herts. The notice period to withdraw from the Partnership would be confirmed should LT give 'in principle' support to explore this further. For modelling purposes, the efficiency is here represented in full from 2021/22. This would need to be refined based on the notice period.

It is assumed that there is no increase in East Herts staffing costs (even from a job re-evaluation if this change was incorporated into a restructure of the Community Wellbeing and Partnerships team in Housing and Health).

We do not believe there are any TUPE implications.

**What do the public say?:**

**VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Revenue	£0	£26	£26	£26
Capital	£0	£0	£0	£0

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

<b>Expenditure:</b>	<b>Income:</b>	<b>Net Budget:</b>
£32	£0	£32

**EQUALITY IMPACT ASSESSMENT**

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A



KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>No significant reduction to public services as it believed duties can be absorbed into existing East Herts staff base</li> </ul>	<ul style="list-style-type: none"> <li>Increased pressures on existing EHC officers</li> <li></li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

None

**Description of Service:**

Community safety activities – net cost (excluding planned PCSOs contribution deletion in 2021/22, see below) represents small amount of CCTV costs.

**Description of Transformation/Efficiency Proposal:**

The income noted below relates to (a) grant income from the PCC for community safety work to cover costs in the expenditure half of this budget; this is simply in-out – income/costs pound for pound. and (b) income from town councils for CCTV, the expenditure for which is noted elsewhere in the budget; this is simply in-out – income/costs pound for pound.

No efficiencies proposed.

The £50k net costs in 2020/21 will reduce by £44k in 2021/22 with the removal of the remaining PCSO contribution. This was approved by Council on 29<sup>th</sup> January 2020.

**What do the public say?:**

**VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

<b>Expenditure:</b>	<b>Income:</b>	<b>Net Budget:</b>
£160	£109	£50 NOTE: £44 reduction in 2021/22 already approved by Council

**EQUALITY IMPACT ASSESSMENT**

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

**KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL**

Page 294	<b>POSITIVE</b>	<b>NEGATIVE</b>
----------	-----------------	-----------------

	•
--	---

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

## H&H21 (CW103) Community Projects

<b>Corporate Priority:</b>	Enabling communities
<b>Portfolio Holder:</b>	Cllr Suzanne Rutland-Barbsy
<b>LT Lead:</b>	Jonathan Geall

**Description of Service:** Community revenue grants, SLA payment to CVS and sports grants.

### Description of Transformation/Efficiency Proposal:

- a) Reduction of £6k in Sports Development budget to bring in line with current SLA to Active In the Community of £10k.  
ADDITIONAL
- b) Reduction of a further £10k to remove all Sports Development grant funding.  
ADDITIONAL
- c) Reduction of 25% of community revenue grants budget, that is, £11k.  
ADDITIONAL
- d) Reduction of a further 25% of community revenue grants budget (50% in total), £11k.

NOTE: CVS's grant was reduced in 2020/21 and 2021/22 (approved by Council on 29<sup>th</sup> January 2020). It was rolled together into one year (2020/21) and is represented in the CAB budget rather than here. No further reduction is proposed here.

### What do the public say?:

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	a) £6 b) £10 c) £11 d) £11 TOTAL = £38	a) £6 b) £10 c) £11 d) £11 TOTAL = £38	a) £6 b) £10 c) £11 d) £11 TOTAL = £38
Capital	£0	£0	£0	£0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£79	£0	£79

#### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>• Budget efficiency</li> <li>• Potential for sports development to be directly accessed from other bodies such as Sport England</li> <li>• Increased drive to self-sufficiency among community groups</li> </ul>	<ul style="list-style-type: none"> <li>• Council retraction from sports development (groups would have to find alternative funding sources)</li> <li>• Reduced community revenue grants pot (group would have to find alternative sources, including via crowd funding and the East Herts Lottery)</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

## Description of Service:

EH001 = Environmental Health staffing budget and associated costs

EH101 = Direct costs of food sampling, water sampling, food inspection, vets, publicity

## Description of Transformation/Efficiency Proposal:

A change in the way the team works and the introduction of the pooled electric cars mean that the need for dedicated vans for Environmental Health has reduced. We will therefore not renew the contracts for the three vans at the end of their current contract. This represents a financial efficiency.

Environmental Health is a statutory service. Work has commenced on comparing the East Herts structure with that of other authorities. This work is ongoing, however finding to date indicate that on a like-for-like basis, we've found that the commercial and environmental pollution elements of Environmental Health are staffed as follows:

- East Herts – 10.41 FTE
- East Devon – 13 FTE
- Tunbridge Wells – 13.5 FTE
- Maidstone – 12.08 FTE
- Swale – 9 FTE

The team continues to restructure to deliver efficiencies:

- currently we are trialling sharing our Environmental Sustainability Co-ordinator with Stevenage BC for six months. Possibly this could become permanent. We are currently using the freed up revenue to employ a fixed term assistant to the Co-ordinator
- we have converted Environmental Health Practitioner posts to Technical Officer posts to reduce and stretch resources
- 18 months ago we deleted the engineering function and delivered an efficiency.

We are not proposing any further staffing efficiencies at this stage.

## What do the public say?:

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£10	£12	£12
Capital	£0	£0	£0	£0



CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£985	£35	£950

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
1. Reduction in financial costs 2. Potential reduction in damage to the environment if electric vehicles used instead	

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

**Description of Service:**

Monitoring of air pollution/quality and land contamination and noise monitoring.

**Description of Transformation/Efficiency Proposal:**

Reduce the air quality budget (£16,850) and thus monitoring and some interventions

Reduction of £6,000 achieved over three years

No proposed reduction in land contamination budget or noise monitoring

**What do the public say?:****VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)**

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£2	£4	£6
Capital	£0	£0	£0	£0

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

Expenditure:	Income:	Net Budget:
£29	£0	£29

**EQUALITY IMPACT ASSESSMENT**

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No, but one should be before this is considered.
<b>What are the key issues raised in the EQIA?</b>	

**KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL**

POSITIVE	NEGATIVE
1. Revenue efficiency	1. Some reduction in extent of air quality monitoring (but considered manageable)

**CORPORATE PRIORITIES ASSESSMENT**

Sustainability	Economic Growth	Enabling Communities	Digital by Design
Negative			



**Description of Service:**

Payment to reserve for future house condition surveys, fee income from HMO licences and allowance for repayment of capital grants

**Description of Transformation/Efficiency Proposal:**

The budget includes an annualised £50,000 payment towards future house condition surveys. It is felt that such survey either cease, are funded from reserves already accumulated and/or a funded on an if/when basis (perhaps jointly with other authorities to achieve economies of scale). This would remove a £50,000 from the budget.

This cost centre includes an 'odd' income target for repayment of (part) of previous capital grants to individual householders if they subsequently sell their property within a certain period, typically 10 years (on a sliding scale). It is 'odd' as this would appear to be a capital repayment. It is proposed to remove this income target as (a) there is no way of telling whether any repayments will become due within a year, (b) with fewer grants being made and DFGs now handled by the Hertfordshire Home Improvement Agency (HHIA) there is less scope for repayment and (c) as part of the efficiency (taking three years ago) to join the HHIA to post which led on chasing up these payments was deleted.

**What do the public say?:**

**VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Revenue – ceasing house condition survey payments	£0	£50	£50	£50
Revenue – removing grant repayment income target	£0	-£19	-£19	-£19
<b>NET</b>	<b>£0</b>	<b>£31</b>	<b>£31</b>	<b>£31</b>
Capital	£0	£0	£0	£0

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

<b>Expenditure:</b>	<b>Income:</b>	<b>Net Budget:</b>
£51	£29	£21

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
3. Revenue efficiency	1. Need to consider scaled back approach to private house condition survey

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

**Description of Service:**

Housing staffing providing statutory homelessness and allocating of affordable housing functions and non-strategy development function

**Description of Transformation/Efficiency Proposal:**

No efficiency is proposed.

The demand on the Housing team is growing due to (a) the difficult economic situation, exacerbated by Covid-19, (b) continued housing price and housing rent inflation from a high starting point and (c) the Homelessness Reduction Act 2017 adding to the duties to temporarily house and assist homeless people.

By way of example of the growth in the workload, 2018/19 an average of just five households were temporarily housed in b&b at any one time; the figure is now 21 *excluding additional need resulting from coronavirus*.

The two officers carrying out housing development, strategy and research activities fulfil non-statutory functions. That said, these officers provide essential advice to Planning re: affordable housing requirements on s106 sites, Harlow Gilston Garden Town and other strategic sites. They manage the council's relationship with the 16 registered providers currently operating in the district.

The Housing service funds a considerable number of officers and services from government grants for homelessness prevention so as to relieve pressure on the base budget.

**What do the public say?:****VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000**

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

Expenditure:	Income:	Net Budget:
£661	£0	£661

**EQUALITY IMPACT ASSESSMENT**

Has an EQIA been completed?

No

(Page 304 to be added)



What are the key issues raised in the EQIA?	N/A
---	-----

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
4.	2.

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

## H&H14 (HG102)

Corporate Priority: Enabling communities  
Portfolio Holder: Cllr Peter Boylan  
LT Lead: Jonathan Geall

### Description of Service:

Internal recharge only

### Description of Transformation/Efficiency Proposal:

No efficiency is proposed

### What do the public say?:

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£18	£0	£18

#### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

#### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
5.	3.

#### CORPORATE PRIORITIES ASSESSMENT

Sustainability	Economic Growth	Enabling Communities	Digital by Design

### LEGAL IMPLICATIONS

Corporate Priority: Enabling communities  
Portfolio Holder: Cllr Peter Boylan  
LT Lead: Jonathan Geall

**Description of Service:** Budget covering expenditure of Homelessness Grant monies on various activities to reduce/handle homelessness including rent deposits, housing options interventions in pursuit of the council's statutory homelessness duties. Grant income and some temporary accommodation income included in this budget.

**Description of Transformation/Efficiency Proposal:**

No efficiency is proposed. *Note: much of the net budget shown is covered by government grant specifically provided for these purposes.*

The demand on the Housing team is growing due to (a) the difficult economic situation, exacerbated by Covid-19, (b) continued housing price and housing rent inflation from a high starting point and (c) the Homelessness Reduction Act 2017 adding to the duties to temporarily house and assist homeless people.

By way of example of the growth in the workload, 2018/19 an average of just five households were temporarily housed in b&b at any one time; the figure is now 21 *excluding additional need resulting from coronavirus.*

**What do the public say?:**

**VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)**

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

Expenditure:	Income:	Net Budget:
£251	£80	£171

**EQUALITY IMPACT ASSESSMENT**

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
6.	4.

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

## H&H16 (HG104)

Corporate Priority:	Enabling communities
Portfolio Holder:	Cllr Peter Boylan
LT Lead:	Jonathan Geall

**Description of Service:** Salary, running costs and income relating to Hillcrest Hostel. This budget represents a net income (excluding provision for bad debt which is accounted for outside of Housing and Health cost centres).

### Description of Transformation/Efficiency Proposal:

No efficiency is proposed.

### What do the public say?:

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£81	£121	-£40

#### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

#### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
7.	5.

#### CORPORATE PRIORITIES ASSESSMENT

Sustainability	Economic Growth	Enabling Communities	Digital by Design





## H&H 1,2,3 (LN001, RLN101, LN101)

<b>Corporate Priority:</b>	<b>Economic Growth</b>
<b>Portfolio Holder:</b>	<b>Cllr Peter Boylan</b>
<b>LT Lead:</b>	<b>Jonathan Geall</b>

### Description of Service:

LN001 = Staffing and associated costs associated with processing applications for, issuing and enforcing taxi licences, premises licences, gambling licences and scrap metal licences

RLN101, LN101 = Income to covers eligible costs

### Description of Transformation/Efficiency Proposal:

None proposed. Relatively small net budget for team and function.

Fees for taxi licences by law should be levied on a cost recovery basis only. Other licences are set by statute and/or local benchmarking and are increased by inflation each year

### What do the public say?:

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£352	£311	£41

#### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

#### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
8.	6.

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

## 1 HR&OD (HR1)

### Description of Service:

Provision of HR, OD, Payroll and H&S services to the council and also to Hertford Town Council and some income re training courses and work supporting Datchworth Parish Council in terms of HR.

The service includes processing new starters and leavers (as well internal moves/secondments), running payroll, advising on OD, H&S and HR matters, developing employment policies and procedures, supporting recruitment, developing and delivering/commissioning training. HR supporting managers with people management etc.

### Description of Transformation/Efficiency Proposal:

**Staffing/Staffing Costs of Service – No reduction proposed – income from staffing resource and training to be increased:**

The staffing budget has been reduced in terms of HR Officer FTEs in recent times as well as in HR admin regarding a 1 day reduction following previous rounds. Some investment has however been made in the Trainee HR Officer full-time post developed from the previous HR Apprentice role. Revenue budgets were also reduced in terms of staff training pots held by HR, in previous reduction rounds as well as investment in staff benefits for MyRewards.

**Increase in Income based on providing more HR, OD and H&S support Externally and selling e-learning and face to face training places to our partners or customers.**

Currently HR have an income value of £1,000, this was exceeded last year by almost double with an out-turn of £1,730 compared to £850 the year before. We will be revising our prices for HTC who have very low terms from 2016, we have increased charges for new customers' Datchworth Parish Council although this work will not amount to that much and have begun working with Ware Town Council and Hertfordshire Building Control. We are confident that without increase our staffing capacity or costs we can deliver an income of £10,000 in 21-22 and in this year we could achieve £4,000 without increasing our staffing further.

**Potential increase in income = £3,000 (20-21) and £9,000 (21-22)**

### Potential savings:

#### **4401 Misc Hired & Contracted Services 14,000**

This budget is used up fully on the annual cost of **MyRewards** – which has been renewed at this price for one year until October 2021. This could be cut and therefore save 5 months cost in 21-22 which would equate to **£5,800**. It is worth noting that this potential saving would not be supported by the feedback from staff forum that this benefit is really useful to staff who when they use MyRewards effectively are saving around £1,000 per annum – if we do move away from MyRewards we would be able to replace the cycle to work scheme from another provider (which is included in MyRewards) and if take up remains reasonable it would not cost anything further than the cost already incurred by lending staff the purchase

price up front due to savings on NI.

#### **0684 Occupational Health 5,500**

This budget has been increased this year but the increase is shown in the 10k labelled as Special items, a new provider from the county framework has been sourced but it involved an annual upfront cost and higher (P.A.Y.G) doctor assessment costs. The Head of HR was trying to negotiate the cost down from approximately £9,000 with the additional 3.5k being funded from the 10k special items. The cost could potentially be reduced by removing pre-employment questionnaires for all new starters which can instead be pre-filtered and used where required and therefore reduce the number required. HR are confident we could negotiate a better deal but are keen to move away from the current provider due to concerns re the quality of the medical/occupational advice received and the need to support staff back to work in reasonable timescales.

Based on a combined budget of £9,000, HR believe this could be reduced to £7,500 which would mean a budget reduction of **£1,500 from the special items** this could be implemented this year and next.

#### **8100 Special Items 10,000**

In addition to the suggested reduction of £1,500 above, this pot could be reduced further by **£5,000** as this was added as part of the special items for professional training which was expected to exceed the 20k budget by at least 5k clearly this would mean we would be limited to the previous 20k and the number of staff supported through this fund which can easily be spent on 4-5 staff being developed each year especially if we are funding 100% due it being hard to recruit. The remaining 1.5k left would be used to fund flu vaccinations (approximately £700 but this may increase based on demand) and to support other costs e.g. additional professional training or in-house training not covered by existing pots or where medical needs have proved more costly.

#### **0651 Long Service Awards 2,450**

There is a potential custom and practice on this and it also a potential concern re age discrimination re the practice continuing (normally no more than 4-5 years should be recognised). EHC also now pay a nominal £25 per month staff recognition award so you can argue we are recognising performance rather than length of service. HR believe this could be cut and it would save £2,450, it could be from this year or next and would involve staff consultation potentially as well as discussion/negotiation with Unison. - - **Potential £2,450 saving**

#### **Other Potential Small Savings**

##### **3572 Postages 800**

Postage Costs – reduce from £800 to £400 in line with decreasing post and also more online payslips for members and casual staff – this should be achieved by 21-22 it has been delayed by lockdown re casuals. – **Potential £400 saving**

#### **Other considerations – Local Training Budgets**

**Although not a direct HR budget, we suggest the local training pots in 20-21 are reduced back by the 12k increase from 19-20 which we have been told was increased due to overspends.** However in line with the need for saving it is not proposed for HR's central training pots to be increased but the 12k could be saved across local service training pots, also a decision to increase training budgets and how/where should be discussed with HR and LT rather than such changes not being considered beyond Finance as we are One Page and there needs to be shared ownership.

## - Potential 12k reduction to Local training pots

A related consideration may be to centralise the local training pots and create a short-course external training pot for short courses and conferences. The administration of this budget and the booking of courses etc. would need to be resourced. HR do not have the capacity to administer this in terms of booking/processing but if shared admin team was created this could be administered by this team with the OD&HR Co-ordinator co-ordinating this work. Currently staff in bigger teams have more training budget meaning it is very difficult to support short-course professional courses or updates in small services e.g. HR where the local annual budget is £880 and can be easily spent on 2-3 courses. A shared approval process would need to be developed and priorities agreed with LT.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

N/A

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)				
	2020/21	2021/22	2022/23	2023/24
Revenue	£12,000 across services re local training  £6,500 (Special) xxx (LTS) £400 (postage)  <b>Total HR = £6,900</b>	£12,000 across services  £5,800 (Myrewards) £6,500 (Special) £2,450 (LTS) £400 (postage)  <b>Total HR = £15,150</b>	£12,000 across services  £14,000 (Myrewards) £6,500 (Special) £2,450 (LTS) £400 (postage)  <b>Total HR = £23,350</b>	£12,000 across services  £14,000(Myrewards) £6,500 (Special) £2,450 (LTS) £400 (postage)  <b>Total HR = £23,350</b>
Capital				
Income	+3k	+9k	+11k	+14k

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£468,570	£1,000	

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	Not undertaken
What are the key issues raised in the EQIA?	TBD

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Savings to budget,	Reduced staff benefits – impact on morale
Better value from training should be	Reduced funds for OHA

achieved by centralizing – will need admin support to continue	Reduced funds for training
--	----------------------------

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

HR Supports all

**LEGAL IMPLICATIONS**

N/A – other than we will still need provision for employment legal support from Legal e.g. through B&D as we are ending Expert HR as previously discussed



### **Description of Service:**

The Apprentice Budget is a staffing budget used to fund Apprentices in terms of their salaries, originally the budget supported 6 apprentices but increases in Apprenticeship rates especially in relation to year 2 costs onwards means the employment of suitable apprentices is limited to 5 or 4 based on the current budget, (it is reduced further when apprentices move into year 2, at this stage the 73k budget can only fund 4 and may still over spend dependent on ages of the apprentices).

By employing and developing apprentices it allows EHC to access our Levy Pot (Approximately 37k) to fund their development as well as funding permanent staff where applicable to develop professionally and achieve suitable qualifications, EHC have to allow 20% off the job development (which is paid time) i.e. attendance at college to undertake their development, complete course work and take exams etc.

The apprenticeship salary budget does need to be recognised as an investment budget in terms of growing our own or at least growing suitable skills for our sector in terms having people with the required skills. It should be noted that outside of planning or specialist apprentices (HR and Finance) we have tended to have 2-3 Admin apprentices these are great opportunities for our community in terms of supporting young people or less experienced people into work but these are not normally hard to recruit roles.

### **Description of Transformation/Efficiency Proposal:**

The Apprentice budget has been looked at by LT on the 1<sup>st</sup> of September 2020 where it was agreed to recruit up to 3 more apprentices on top of the existing 2, this is possible in 20-21 because up to October (over half of the year) the budget is only supporting 2 apprentices but next year as was reported to LT the budget would need to increase as Apprentices would increase in salary half way through the financial year. It may also be that NLW rates will increase from April 2021 and based on previous rises this could be an increase of around 50p per hour.

Below is a forecast of costs for this year and then a forecast for next year which demonstrates the issues. Please details below which have been moved on landscape so they can be read:

## APPRENTICES - 17006

18															
Job Type	Hourly Rate	FTE	APRIL	MAY	JUNE	JULY	AUGUST	SEPT	OCT	NOV	DEC	JAN	FEB	MARCH	TOTAL
PLANNING APPRENTICE/TRAINEE	£8.20	1.00	1,689.00	1,689.00	1,689.00	1,689.00	1,689.00	1,689.00	1,689.00	1,689.00	1,689.00	1,689.00	1,689.00	1,689.00	20,268.00
PLANNING APPRENTICE	£4.70/£8.20	1.00	880.00	880.00	880.00	880.00	880.00	880.00	880.00	880.00	880.00	880.00	1,689.00	1,689.00	12,178.00
ENVIRONMENTAL ENFORCEMENT	£4.70	1.00	0.00	0.00	0.00	0.00	0.00	0.00	880.00	880.00	880.00	880.00	880.00	880.00	5,280.00
FACILITIES MANAGEMENT	£4.70	1.00	0.00	0.00	0.00	0.00	0.00	0.00	880.00	880.00	880.00	880.00	880.00	880.00	5,280.00
HOUSING AND HEALTH	£4.70	1.00	0.00	0.00	0.00	0.00	0.00	0.00	880.00	880.00	880.00	880.00	880.00	880.00	5,280.00
			2,569.00	2,569.00	2,569.00	2,569.00	2,569.00	2,569.00	5,209.00	5,209.00	5,209.00	5,209.00	6,018.00	6,018.00	48,286.00
											SALARIES				48,286.00
															48,286.00
											ORIGINAL BUDGET				73,000.00
											UNDERSPENT TO ORIGINAL				(24,714.00)

The budget can therefore be reduced by 25k this year to 48K if we do not try to recruit a Paralegal Apprentice or if this post is funded directly by Legal although this appears to be more important than an admin apprentice in terms of hard to fill areas of which legal is significant.

## Current rates

These rates are for the National Living Wage and the National Minimum Wage. The rates change every April.

Year	25 and over	21 to 24	18 to 20	Under 18	Apprentice
April 2020 (current rate)	£8.72	£8.20	£6.45	£4.55	£4.15
April 2019 to March 2020	£8.21	£7.70	£6.15	£4.35	£3.90

However looking at the impact of pay rises in year 2 if we do recruit 3 Apprentices more the budget of 73k will not be sufficient and grants/income received will not add more than 3k. The overspend will be around 19k, Planning are topping up the Planning Apprentice/Trainee as he progresses to a grade 4 trainee salary as agreed at LT to undertake the level 7 development. If Planning can take his salary base from the Apprentice budget fully next year this would create a reduction which means the budget will be met but will then increase planning staff costs and reduce any potential proposals they are making to reduce staff costs. What this also demonstrates is the apprentice budget cannot fund a Paralegal in addition to 3 more apprentices. In short based on this analysis in order to remain in the current budget no more than 4 apprentices can be funded from this budget. See forecast below for next year with 5 centrally funded apprentices:

[illegible]

The need for admin apprenticeships is not same as hard to fill areas so does also need to be considered as well as preference to avoid taking on new employees into any area when redundancies may be required as this can cause negative impacts. It is clear that no more than 2 or 3 (if the Trainee is funded by Planning) additional apprentices should be recruited but there is also the need in the climate of savings and impacts to consider cutting the central specific budget as the current apprentices complete their apprenticeship with services funding any apprenticeships directly from their own staffing budgets as they already do with trainees or staff being developed by the apprenticeship levy who are in an existing post.

## Options

Current recruitment has been put on hold to allow all options.

### OPTION 1

- **No further recruitment – retain current 2 only, Planning Trainee funded fully by planning from 21/22 – Central Budget reduced the deleted as apprentices complete**

<b>20-21 (Savings)</b>	£40,000
<b>21-22</b>	£53,000
<b>22-23</b>	£73,000
<b>23-34</b>	£73,000

If the central pot is cut, it would then be for Services to identify apprenticeship roles in their own staffing budgets as we do with Trainee posts.

### OPTION 2

- **Recruitment Limited to 3 more with Planning Trainee funded fully by Planning from 21/22**

<b>20-21 (Savings)</b>	£0
<b>21-22</b>	£0 - £8,000 depends on age of those employed
<b>22-23</b>	Would depend if more recruited by central
<b>23-34</b>	If no more recruited = £73,000

### OPTION 3

- **Recruitment Limited to 2 more with Planning Trainee funded fully by Planning from 21/22**

<b>20-21 (Savings)</b>	£25,000
<b>21-22</b>	£17,000
<b>22-23</b>	Would depend if more recruited by central
<b>23-34</b>	If no more recruited = £73,000

### **What do the public say?:**

Add in any relevant information about how the service performs or is received by the community.

The public and central government will expect the council to have Apprentices but clearly it is a difficult economic climate and if service incorporate locally to staffing budgets they can continue.

### **VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
See above re options				

### **CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

<b>Expenditure:</b>	<b>Income:</b>	<b>Net Budget:</b>
73050	If 2 apprentices taken on 3-4k in grants will be realised	73050 plus 3-4k

EQUALITY IMPACT ASSESSMENT	
<b>Has an EQIA been completed?</b> (If yes, date to be added)	Not undertaken It could be argued a reduction will effect younger people disproportionately and therefore indirect discrimination but we do not limit ages applying in line with Age discrimination rules. Also not cutting the central will mean saving need to be found elsewhere which could lead to redundancies increasing.
<b>What are the key issues raised in the EQIA?</b>	TBD

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<b>Saving could be as high as 73k</b> Max Savings to budget = Option 1 – by making this cut it can contribute to reduce redundancies By limiting to 2 we will stay in budget and make savings this year Savings are significant without redundancy costs being incurred By limiting to 4 in total funded from the budget we can save a further 16k	If services seek to self-fund from their staff budgets the negative impacts will be removed or reduced: EHC will not be supporting a key government agenda to provide apprenticeships at the levels EHC set out to, we have already had to reduce to a maximum of 5. A reduction in this investment is also not supportive of the both Es in corporate SEED priorities. Apprenticeships are a measure to support growth and hard to fill career areas Levy funds may go unspent

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

The apprenticeship budget can support all of SEED as stated above the most likely to be affected and both Economic growth and Enabling Communities as the cut may reduce potential growth and may not have the same level of opportunities for our community.

## LEGAL IMPLICATIONS

N/A – other than points about not recruiting a paralegal as hard to recruit area

## 1 Legal Services Restructure

Corporate Priority:	All
Portfolio Holder:	Geoff Williamson
LT Lead:	James Ellis

### Description of Service: Legal Services

The core business of a local authority legal department is to provide corporate and operational legal advice, assistance and support to its employing authority for the benefit of the community the authority have been set up to serve.

It is there to provide the legal, corporate and constitutional support the authority regularly and routinely needs.

### Description of Transformation/Efficiency Proposal:

Ending the use of locum solicitors and reducing the use of external legal provision by employing full time solicitors on permanent contracts.

This gap in service delivery has been filled with a variety of expensive external legal solutions which have never been entirely satisfactory.

LT have agreed a 4 solicitor option with all four posts being graded 10 to 11; up from 2 solicitors at grade 10 only. The cost of Agency staff has previously been offset by the underspend generated by having two vacant solicitor's posts, meaning that the overspend in 2019/20 was **£29,668.78**.

Doubling the number of posts from 2 to 4, and increasing the top grade at which they will be recruited to, will initially show an additional spend in the first year, however it is envisaged that as the solicitors become established in the roles, there will be less reliance on the need to go externally for legal advice, as well as an increased capacity to offer legal services to neighbouring authorities, thus generating an income.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Whilst not a front facing service as such, there is some exposure to the public in the form of residents affected by breach of planning, for example, and the expectation on the council to "do something" about it.

Injunctions and the prosecution of individuals for various offences, such as fly-tipping, breaches of premises licences and other areas also require legal to come into contact with the public and affect things that the public care about.



VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	+£31 (additional cost – no saving in 20/21)	£6	£26	£63
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£260	0	£260

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Higher fees are payable to locum solicitors and external legal providers, whereas internal permanent staff cost a significant amount less.</li> <li>Increasing the number of staff and having expertise in-house will eventually allow EHDC to offer services to other Local Authorities and generate an income.</li> </ul>	<ul style="list-style-type: none"> <li>Unknown what level of solicitor/lawyer is available in the current market, may not be able to attract the right sort of candidate to the role.</li> <li>Currently able to tap into Partner level advice, which would be improbable from likely new recruits.</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Providing a quality service to areas such as planning and operations.	Internal facing income	N/A	N/A

## **LEGAL IMPLICATIONS**

This gap in service delivery has been filled with a variety of expensive external legal solutions which have never been entirely satisfactory.

It is hoped that were the proposed changes agreed, the legal team at East Herts can begin to offer a much needed service to the council at a significantly reduced cost.

## 1 Webcasting cessation

Corporate Priority:	Enter text here
Portfolio Holder:	Cllr George Cutting
LT Lead:	James Ellis

### Description of Service:

Cessation of non-statutory provision of webcasting of public meetings.

### Description of Transformation/Efficiency Proposal:

The proposal is for a saving from the cessation of webcasting at public meetings.

There is a legal requirement that public meetings must be open to the public to attend. For physical meetings, this requirement is fulfilled by the fact that any member of the public who wishes to attend a public meeting in person may do so. The legal requirement was amended under coronavirus legislation for online meetings. Now, public participation in meetings which are held remotely is accomplished by livestreaming of meetings. The platforms being used are Zoom and the Council's YouTube channel.

Therefore, webcasting is currently not necessary for livestreaming. Webcasting is currently only being used to upload archive recordings. Archive recordings are not a statutory requirement but are regarded as useful, particularly for regulatory meetings in case of appeal. However, the Zoom recordings are also available as archive recordings on YouTube.

If an internal solution to livestreaming physical meetings can be identified for when meetings are held physically, there would be no reliance on the webcasting provider for this service.

There is therefore a business case for no longer using webcasting for livestreaming or archive recording. The current contract ends on 30 April 2021.

Questions which IT are being asked to advise on are whether new cameras would need to be purchased, as these are leased from the webcasting provider; whether the suggested solution of an iPad camera would be able to connect to the microphones; and whether if there are hybrid meetings with some people connecting from Zoom, such meetings can be livestreamed from the Council Chamber.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

East Herts Council has webcast certain meetings for over 10 years. Viewing meetings online is standard practice, and enhances transparency of decision-making. Moving to an alternative platform for livestreaming should not be viewed as a problematic departure from webcasting and has now been operational for a number of months over the Coronavirus period.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	0	£14,879	0	0
Capital	0	0	0	0

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£14,879	£0	£14,879

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<p>Cost saving of ceasing payment to external provider of webcasting service</p> <p>Potential staff overtime costs if equipment can be run independently of Democratic Services Officer at meeting</p> <p>Saving of administrative time in uploading recorded files to webcasting site and adding timing tags</p> <p>Stream all meetings not just Council, Executive and DMC meetings</p>	<p>Purchase of equipment for streaming from Council Chamber, approximately £1,600, and stand approximately £35 plus any re-provision of audio equipment.</p> <p>Loss of “gold plated” service of focusing on each speaker.</p>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Potentially would enable hybrid meetings which could reduce carbon emissions from all Members traveling to meetings	None	Public access to livestreamed meetings would be available for all meetings, not just Council, Executive and DMC, as is the case under the webcasting contract	All meetings held in the Council Chamber could be livestreamed (and if the equipment was mobile, possibly from other venues too)

## **LEGAL IMPLICATIONS**

During Covid restrictions, it is necessary to livestream meetings to meet public participation requirement. Post-Covid restrictions this may not be the case, in which case provision of a webcasting service would effectively be an “add on” for meetings held physically.

## 2 Convene Independent Remuneration Panel only once every four years

### Description of Service:

Convene Independent Remuneration Panel (IRP) only once every four years

### Description of Transformation/Efficiency Proposal:

The IRP usually meets every year to review the Members' Scheme of Allowances. The recommendations of the Panel are submitted to Council, which decides whether to accept the proposals. The legislation (The Local Authorities (Members' Allowances) (England) Regulations 2003) allows for indexation for a maximum of 4 years before the panel must be reconvened. The Council must have an IRP, and must have regard to its recommendations. In order to decide to use indexation, either the panel could be invited to recommend that indexation be adopted; or in the unlikely event that the Panel were to disregard the request to consider indexation, the Council could nevertheless decide to adopt a scheme based on indexation, as the requirement is to have regard to the recommendations of the Panel, but not necessarily to accept their recommendations.

Savings would come from paying the IRP once every four years, although a higher payment might be necessary, so research into what other authorities who review only once every 4 years pay their panels is needed.

East Herts has an IRP of five Panel Members. Four Panel Members are paid at £500 per review, whilst the Chairman is paid at £1,000. There is a vacancy on the Panel, but on the assumption the vacancy would be filled, the costs of conducting a review are therefore £3,000 p.a at the present, plus travel expenses and the administration time of Officers.

A reduction in the frequency of reviews to once every four years could reduce this amount by £9,000 over four years, subject to deduction of any higher payment to the IRP Members.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

No consultation has taken place.

The public would likely prefer that the costs of administering reviews should follow a streamlined approach in the interests of minimising cost if there is no need to review a scheme of allowances in its entirety on an annual basis.



VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	0	£3	£6	£6
Capital	0	0	0	0

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£3		£3

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	Reviews include allowances paid to carers of dependants. The needs of those Members with dependants could change during the 4 years, but the current scheme does already permit an allowance to be paid to meet the costs of care in these circumstances.

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<p>Would bring the Council into line with other authorities' practice</p> <p>Would reduce administration time, as supporting the IRP is a time consuming exercise for Democratic Services</p> <p>Simplicity and certainty of indexed scheme of allowances</p>	<p>Fine-tuning of scheme of allowances would not take place in the interval between 4 yearly reviews, so any new arrangements such as new posts which might attract special responsibility allowances would require an interim arrangement to apply. This would for example be a decision by the Head of Finance and Property to determine such SRA.</p> <p>Fewer opportunities for Members and the public to consider and scrutinize the scheme of allowances and comment</p>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Fewer meetings with IRP would reduce travel emissions.	None	Not applicable	Not applicable

LEGAL IMPLICATIONS

There is a duty to have an IRP and there is a duty to have regard to the recommendations of the IRP.

### 3 Civic regalia

<b>Corporate Priority:</b>	<b>Sustainability</b>
<b>Portfolio Holder:</b>	<b>Cllr Linda Haysey</b>
<b>LT Lead:</b>	<b>James Ellis</b>

#### Description of Service:

Review civic regalia

Civic regalia comprise the following items and values:

#### Civic Regalia

Chairman's Chain and Pendant	£6,000
Spare Chairman's Chain and Pendant	£6,000
Vice-Chairman's Chain and Pendant	£4,400
Chairman's Consort Pendant	£630
Vice-Chairman's Consort Pendant	£630
Chairman Lady Pendant (Bow Brooch Bar)	£750

#### Description of Transformation/Efficiency Proposal:

There is a spare Chairman's badge and chain worth £6,000 (due to the fact that in 2014 the Chairman's chain was believed to have been stolen, but was then found; in the intervening period, a new replica chain was purchased). The spare one could be sold.

A view could also be taken on whether there is a need for the entire list of the above items to be retained. If this is not necessary, some items could also be sold.

The convention of giving presentation items for "long service" awards to Members could be reviewed, and possibly substituted with less expensive tokens of appreciation. An illustration of the cost of such awards is the badge or pin given to Cllr Ruffles in 2016 which cost £1,228 plus VAT and carriage.

There is a cost in providing a badge to the outgoing Chairman of the Council of approximately £358 plus VAT and carriage. Not all councils give this type of gift. A lower cost gift could be given, or giving a gift could be dispensed with entirely.

There are costs in engraving the new Chairman's name onto the Chairman's chain links each civic year. The engraving costs approximately £50, and the courier costs approximately £150. The engraving is done by a specialist company, the nearest one (according to research by the Chairman's PA in 2019) being based in Birmingham. However, further research into whether a local provider could engrave the name could be carried out, saving

the courier fee.

**What do the public say?:**

Add in any relevant information about how the service performs or is received by the community.

No consultation has taken place, but providing symbols of office is a well-known tradition, supports identification of the office holder at events, and is expected by the community where an office is performed.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)				
	2020/21	2021/22	2022/23	2023/24
Revenue	0	0	0	0
Capital	£6	0	0	0

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£2		£2

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	None

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Recovering capital cost of redundant items	Insured value of spare chain and pendant may not be recovered on the market
Reducing repair costs if there are fewer items of civic regalia in circulation	Keeping a spare chain and pendant may mitigate cost of a future loss of the chain and pendant
Achieving value for money on the civic regalia which is in use	Ceasing to provide items of civic regalia to consorts could detract from their prominence at events, and reduce their sense of feeling recognised
Reducing courier costs if a nearer provider can be located	Cessation of past Chairman's badge would deprive the Council of a means of expressing appreciation and deprive the outgoing Chairman of the gratification of

having received a token of appreciation.

**CORPORATE PRIORITIES ASSESSMENT** (please colour code RAG)

Sustainability	Economic Growth	Enabling Communities	Digital by Design
Re-purposing the spare chain and pendant could save another purchaser buying a new item unnecessarily; costs of reduced couriering would potentially reduce carbon emissions from sending items a long distance by vehicle for repair	None	Not applicable.	Not applicable.

**LEGAL IMPLICATIONS**

Provision of civic regalia is not a requirement in law.

## 1 Land Charges and LLPG

### Description of Service:

**Land Charges** – to provide local authority searches as part of the conveyancing process, and to update and maintain the Land Charges Register.

**LLPG** – this is the main addressing database used by the majority of council services, and is the address database used by the Emergency Services.

### Description of Transformation/Efficiency Proposal:

This is limited in terms of savings/income generation due to the following: -

- Land Charges fees are not allowed by law to be profit making, the council is therefore capped on a cost recovery basis.
- LLPG – no budget for this so N/A

Prior to COVID-19/lockdown the Land Charges service was heavily paper based but since working remotely the team have changed processes and practices which has reduced paper use dramatically, as the entire search process is now undertaken electronically from start to finish and the results emailed back to solicitors. The process itself takes longer to perform electronically, but there is a small saving in stationery costs.

Payment for searches prior to Covid-19 was split fairly evenly between cheques and electronic BACS payments. Since lockdown, payment by cheque has been replaced by card payments over the ICON portal, so there is a small potential saving in banking admin costs.

### Additional work/income for 2020/21

An unexpected 'bulk' order of searches by a Housing Association was received in July which has generated an additional **£60,000 – please see Revenue box below for 20/21.**

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Land Charges - customers are solicitors undertaking official (paid for) local authority searches, and personal search agents who inspect the Land Charges Register free of charge.

The service has to ensure that it abides by the Government's maximum 10 day turnaround time for official searches, and the monthly results are published on the council's website. The



service strives to achieve a turnaround time of within 5 working days whenever possible.

Access to the Land Charges Register for personal search agents must be allowed within a reasonable timeframe, which is generally considered to be similar to the official search turnaround time for each LA.

LLPG – the service is currently operating at Gold standard for its property database which it hopes to sustain. The LLPG is the corporate address database used by Land Charges, Street Naming and Numbering, Planning, Environmental Health, Electoral Services, Customer Services, and the shared Waste Services. It forms part of the UK's National Land & Property Gazetteer (NLPG) which is used by the Emergency Services and is currently being rolled out to the NHS.

\*see below - one off Land Charges bulk order which we can't guarantee will occur again in the following years.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	£60*			
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£266	£268	(£2)

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	NA
What are the key issues raised in the EQIA?	NA

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
N/A	

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
N/A			

LEGAL IMPLICATIONS
--------------------

Run within statutory constraints without much scope for savings generation.

## 1 Electoral Services: Canvass reform

<b>Corporate Priority:</b>	Enabling Communities
<b>Portfolio Holder:</b>	Geoff Williamson
<b>LT Lead:</b>	James Ellis

### Description of Service: Electoral Services

The Electoral Registration Officer (EROs) is required by legislation to undertake an annual 'canvass' of all residential properties in the district, with a view to ensuring the accuracy and completeness of the electoral register in time for the publication of the revised register on 1 December each year.

### Description of Transformation/Efficiency Proposal:

The Representation of the People (Annual Canvass) (Amendment) Regulations 2019 introduced a number of changes designed to streamline the annual canvass process, reduced the administrative burden on EROs and provide them with greater discretion to run a tailored canvass to suit their local area.

These changes include a national data matching process following which EROs may apply a light-touch canvass process to properties where all existing registered electors successfully match with DWP data ('Route 1'); discretion to use e-communications at certain stages of the canvass rather than printed and mailed forms; and the introduction of telephone canvassing for some properties as an alternative to the traditional door-knocking personal canvass.

Approximately 80% of East Herts residential addresses qualify as Route 1 properties. The Route 1 process requires the occupant to respond to the canvass communication only if there are changes to be made to the register information and no reminders are required.

It is proposed that the ERO will exercise his discretion to take advantage of the increased flexibility provided by the new canvass process and in particular to apply Route 1 to all qualifying properties and to utilise email communications/telephone canvassing as an alternative to printed forms/personal visits where permitted and where the necessary contact details are held.

The total cost to the authority of the Annual Canvass in 2019 was approximately £91,000. It is estimated that the proposed changes will result in savings in printing costs, postage (outward and reply-paid returns) and canvasser pay totalling £25,000.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The service currently meets all statutory requirements. At least one communication is sent to every household in the district annually in addition to correspondence with individual applicants, and numbers of complaints are very low.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	-	£25	£25	£25
Capital	-	-	-	-

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£122	Ad hoc (misc. register sales)	£122

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Lower cost whilst still meeting statutory requirements	The streamlined canvass process available for Route 1 properties does not provide for reminders to be sent to non-responding properties. However thorough monitoring on a national level throughout the testing process found that this should not have a significant detrimental effect on the accuracy or completeness of the electoral register.

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
The proposal will decrease the number of paper forms printed and distributed.	N/A	N/A.	The revised process makes increased use of e-communications and seeks to direct electors to the online response and registration channels as the preferred option.

LEGAL IMPLICATIONS
--------------------

All requirements of the Representation of the People Act 1983 and associated legislation will continue to be met.

## 1 Electoral Services: Postage

### Description of Service: Electoral Services

Communications with electors via the postal service.

### Description of Transformation/Efficiency Proposal:

Currently electoral services communications that are required to be sent to electors/residents by post, for example annual canvass forms and related communications, are mailed via Royal Mail 2<sup>nd</sup> class post. The service currently spends approximately £40,000 per year on postage.

Use of a lower cost provider (such as Whistl) instead of Royal Mail offers the potential for savings of up to 10% on this service, albeit at the cost of a slower service (colleagues at other local authorities report that delivery time can be extended from 2-3 days to up to one week).

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The service currently meets all statutory requirements. At least one communication is sent to every household in the district annually in addition to correspondence with individual applicants, and numbers of complaints are very low.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	-	£4	£4	£4
Capital	-	-	-	-

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£122	Ad hoc (misc. register sales)	£122

#### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

--	--

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Lower cost whilst still meeting statutory requirements	<p>Longer delivery times may impact on customer satisfaction especially at key periods e.g. elections where forms must be returned by statutory deadlines.</p> <p>Longer delivery times may increase the likelihood of reminder forms needing to be issued, which would reduce the saving achieved.</p>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
N/A	N/A	If longer delivery times reduce return rate of forms, some potential electors may not be registered or may miss statutory deadlines e.g. for a postal or proxy vote for an election.	N/A

## LEGAL IMPLICATIONS

All requirements of the Representation of the People Act 1983 and associated legislation will continue to be met.



## 1 Electoral Services: Reminder invitations

Corporate Priority: Enter text here  
Portfolio Holder:  
LT Lead: James Ellis

### Description of Service: Electoral Services

When the Electoral Registration Officer (ERO) becomes aware (e.g. as a result of an entry on a canvass form or a personal contact) of a person who is resident in the district and may be eligible to register to vote but is not currently registered, the ERO must issue that person with an 'invitation to register' (ITR) and application form. If the person does not respond, either by returning the form or by registering online, up to two reminders must be sent and a personal visit made to encourage him/her to do so.

### Description of Transformation/Efficiency Proposal:

E-mail communications are used wherever possible but over 50% of ITRs still require a paper form to be printed and posted.

At East Herts currently, the initial ITR form and (where required) the 1<sup>st</sup> and 2<sup>nd</sup> reminders are sent by post/email. If no response is received, a personal visit is then made by a canvasser and a further form (effectively a 3<sup>rd</sup> reminder) printed for this purpose.

In 2019/20, 2,171 2<sup>nd</sup> reminder ITRs were issued. There are currently 1,214 3<sup>rd</sup> reminder forms awaiting canvassers to undertake personal calls as part of the ongoing annual canvass.

With effect from 1<sup>st</sup> April 2021 it is proposed to discontinue generating 3<sup>rd</sup> reminder ITR forms and to undertake the required 'door knock' at the 2<sup>nd</sup> reminder stage. This will reduce both printing costs (of 3<sup>rd</sup> reminders) and postage costs (of 2<sup>nd</sup> reminders now being delivered by canvasser) totalling an estimated £2,000.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The service currently meets all statutory requirements. At least one communication is sent to every household in the district annually in addition to correspondence with individual applicants, and numbers of complaints are very low.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	-	£2,000	£2,000 continuing	£2,000 continuing
Capital	-	-	-	-

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£122,000	Ad hoc (misc. register sales)	£122,000

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Lower cost whilst still meeting statutory requirements	<p>Reducing the number of reminder invitations issued to the legal minimum may result in certain residents who are entitled to register to vote not doing so.</p> <p>Outside of the annual canvass, door-knocking of reminder ITRs is undertaken by core Electoral Services staff. Increasing the number of properties to be visited may impact on those staff's other duties.</p>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
The proposal will decrease the number of paper forms printed and distributed.	N/A	Reducing reminders may result in some potential electors not being registered.	N/A

## LEGAL IMPLICATIONS

All requirements of the Representation of the People Act 1983 and associated legislation will continue to be met.

## 1 Street Naming and Numbering

Corporate Priority:	Enabling Communities
Portfolio Holder:	Jan Goodeve
LT Lead:	James Ellis

### Description of Service:

**Street Naming and Numbering** – provides services primarily to developers and house builders in relation to construction of new roads/commercial development, construction of new buildings (commercial/residential), change of property name, and renaming existing streets.

**Street signs** – responsible for replacement of broken or damaged street nameplates.

### Description of Transformation/Efficiency Proposal:

This is limited in terms of savings/income generation due to the following: -

- SNN – fees were revised on 1<sup>st</sup> April 2018 as part of a benchmarking exercise across Hertfordshire and were increased by approximately 50% at that time. Fees are now increased each financial year using the council's agreed overall fee increase.
- Street signs – the service has only recently taken this over in January 2020 from Property. There is an annual budget (budget code LC101/1080/RZZ999) which the service will review next financial year to see what was spent in the previous financial year and whether there are any savings to be made. However, please note that 2020/21 is not a comparable year due to lockdown/COVID-19, and less traffic would naturally lead to fewer damaged street signs.

Prior to lockdown, fees for Street Naming and Numbering applications were mostly paid by cheque, however this has now been changed to a mix of card payments over the phone using the ICON portal along with a few BACS payments. Neither of these options are popular with the larger developers, who would all prefer us to resume taking payments by cheque once we are back in the office.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Timescales for SNN applications can vary hugely between around 2-4 weeks for a simple request such as a house name change, to 3-6 months for large applications containing multiple new streets and hundreds of new properties, as these require consultation with several different parties.

We have just been through the Tender process this year for our Street Nameplate contractor, and are confident that we have the best value for money for this service.

Damaged street signs are usually replaced in batches of 10-15 for economy reasons, and are normally erected within 3 months of being reported to us.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	0	0	0	0
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£266	£268	(£2)

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	N/A
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
N/A	

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
N/A			

LEGAL IMPLICATIONS
--------------------

## 1 Operations Business Support: Training/Postage

Corporate Priority:	N/A
Portfolio Holder:	N/A
LT Lead:	Jess Khanom-Metaman

### Description of Service:

OPS001 3620 Training Budget – budget £6600  
OPS001 3572 Postage – budget £3000

**Training:** Officer training for Operations not including Parking but includes Hertford Theatre

**Postage:** Use of Royal Mail service for items not covered by DocMail

### Description of Transformation/Efficiency Proposal:

**Training** – Reduce budget by 10% = £660, transfer remaining budget to corporate training budget - business case to be used from service areas for future training  
Training is usually required for any new enforcement inspection or aboriculture related roles which require accreditations and specialist training i.e., enforcement, animal warden

**Postage** – The current budget covers the following items that DocMail does not provide as a service.

Unavailability of a budget would affect the following items:-

Frequency: WEEKLY

Parking Enforcement - Scratch Card Vouchers  
- Paper Permits for residents without Internet  
- Postal Penalty Charge Notice challenges (forwarded to Parking Contractor (APCOA in Uxbridge)  
- Cheques received through post – forwarded to Parking Contractor as above

Frequency: AS AND WHEN REQUIRED (In 2019/20 approx 12 new TPOs served)

Aboriculture - New TPO's served (sent Recorded Delivery) – legal requirement  
TPO's confirmation (sent Recorded Delivery) – legal requirement

Frequency: AS AND WHEN REQUIRED

Abandoned Vehicles Owner's Declaration Forms (form & cover letter generated by back office system (Mayrise) & DVLA Machine are sent by post. DVLA machine only notifies addresses (not emails) and owners have 7 days to remove vehicle. Letters have to go first class to allow for owners opportunity to move vehicles within the timeframe.

Therefore no savings are offered in this budget line.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

N/A

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)				
	2020/21	2021/22	2022/23	2023/24
Revenue	6	6	6	6
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
Training - 6	-	Training - 6*
Postage – 3	-	Postage - 3

\*Training will reduce to 5940 and transfer to central fund

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	N/A
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Saving in training budget without negatively impacting service provision.	

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

N/A



# 1 Env Inspections

Corporate Priority: Enabling Communities  
Portfolio Holder: Eric Buckmaster & Cllr McAndrew  
LT Lead: Jess Khanom-Metaman

## Description of Service:

EN001 - Environmental Inspection

The budget comprises the salary cost of four enforcement and inspection officers who carry out contract compliance monitoring the leisure and grounds maintenance contract, fly-tipping enforcement and dog/animal control.

## Description of Transformation/Efficiency Proposal:

We currently have an Enforcement and Inspections Officer on a fixed term contract until the end of March 2021. Due to pressures on for the service as a result of COVID, there has been a delay in restricting this team further. It will be necessary to continue with this post until at least March 2022 as it is key in the contract management of some high value contracts and to ensure that our high visibility front line services such as dealing with fly-tipping, grass cutting and play areas do not suffer.

From April 2022 we will look at absorbing the role of Service Development Officer – Parking into the Leisure & Environmental Enforcement Team offering a possible saving.

During 2022/23 we will look at amalgamating Planning Enforcement into this team to see if this could realise further saving.

## What do the public say?:

The service is well received by the community and gains some really positive feedback from its work around enviro-crime. Much of the teams work involves auditing the work of our large contracts and whilst the public may not see this they receive the benefit from having well maintained parks and open spaces, play equipment and leisure facilities. This work is essential in ensuring that we offer our customers best value

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£31*	£0	£0
Capital	£0	£0	£0	£0

\*This is an additional pressure in 2021 which will be reduced in the following years.

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£129*	£0	£129

\*salary cost for staff

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	Not as yet
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
The proposal to streamline contract compliance across parking, grounds maintenance and leisure will allow greater flexibility and resilience in the service.	

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
		A resilient resource in this area will support the contract performance monitoring on front faces series such as leisure and parks and open spaces.	

LEGAL IMPLICATIONS
--------------------

n/a

## 1 Parks & Open Space Rental

<b>Corporate Priority:</b>	Economic Growth
<b>Portfolio Holder:</b>	Cllr Eric Buckmaster
<b>LT Lead:</b>	Jess Khanom- Metaman

### Description of Service:

PK001 – Parks and Open Spaces

The maintenance of parks and open spaces to a standard that attracts potential income opportunities from hire or rental.

### Description of Transformation/Efficiency Proposal:

Generate income from resources

The proposal is to tender a district wide contract to rent pitches to catering vendors on selected open spaces.

Colleagues in Asset Management have recently negotiated a contract with an ice cream vendor in Hartham Common. This resulted in a seasonal monthly license fee of £1,200 (April to October – 7 months), achieving an annual income of £8,400. This will also mean we can manage vendors and ensure they remove rubbish as part of contract.

It should be possible to tender a contract for a number of other open spaces. We might tender individual sites and perhaps offer a deal for exclusivity to one company on all sites.

It is estimated that an annual income of £15,000 is achievable across four key sites.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The public are generally supportive of food vending in parks in neighbouring authorities. Our own limited experience of burger vans has not resulted in any concerns from the public.

The vendors are required to ensure any waste generated from their product does not result in littering.

This would be a joint exercise between Operations and Corporate Property combining expertise in licensing, contract tendering and open space management.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	0	-£8	-£15	-£20
Capital				

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
N/A		

EQUALITY IMPACT ASSESSMENT	
<b>Has an EQIA been completed?</b> (If yes, date to be added)	No, this will be completed once the details of a contract tender have been explored.
<b>What are the key issues raised in the EQIA?</b>	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<p>We have x4 destination parks that may be viable; Hartham Common, Grange Paddocks, Pishiobury Park, Southern Country Park and then also perhaps Presdales.</p> <p>Some of these sites are less busy than Hartham and so may achieve lower fees.</p> <p>There may be less administrative costs involved in a single contract with one vendor but this could attract a lower overall rate.</p> <p>Vendors would need to ensure that all vans are Covid 19 compliant. For example; signage to ensure customers are aware of how to queue and which way they should exit once they have paid and received their ice creams /food, card machines to encourage cashless transactions, hot water and sinks for employees to wash hands throughout the day.</p>	<p>From a public health perspective, there may be some concerns about supporting the sale of unhealthy products on Council owned land.</p> <p>Some modest revenue investment is required to create hard surface pads and electric points to avoid the necessity for vendors to run their diesel generators on site. It may be possible to transfer these costs to the successful vendor.</p>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Vendors would run on electric whilst on site, not on diesel	Income to support costs of park maintenance. Supporting local business		

## LEGAL IMPLICATIONS

The licence relating to the hire charge is just consent for use of the land. The vendor must also apply for a street trading licence, link attached. A trading licence must be in place before the Council would allow use of the Council's land.

<https://www.gov.uk/street-trading-licence/east-hertfordshire/apply>

## 1 Litter and Dog Waste Bin (Removal)

Corporate Priority:	Enter text here
Portfolio Holder:	Cllrs Graham McAndrew & Eric Buckmaster
LT Lead:	Jess Khanom- Metaman

### Description of Service:

PK101 – Grounds Maintenance

Non statutory provision of dog waste and litter bins in parks and open spaces

### Description of Transformation/Efficiency Proposal:

The proposal is to remove all dog waste and litter bins from open spaces combined with a heightened campaign to encourage residents to take their rubbish home.

Some park's trusts, woodlands and heritage sites adopt this strategy.

If all bins were removed and the Council relied upon visitors taking their rubbish away with them, the current cost of emptying, £95,000 could potentially be saved.

The initial cost of removal and disposal would be in the region of £25,000.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Parks where this has been adopted are largely heritage/countryside sites where visitors either pay to visit or have travelled some distance. The clientele are already invested in the wellbeing of the asset and less likely to drop litter.

Some large forest sites encourage visitors to "flick" dog waste away from the path rather than install dog waste bins but this is not feasible in the open parkland settings that our open spaces offer.

Customers request new dog bins where they feel there needs to be more in a park and usage of these bins is high with a good proportion of bins being near full when emptied.

A public consultation would be undertaken, however the removal of bins from parks and open spaces, based on the level of complaints when litter or dog fouling is perceived as a problem, is not likely to be popular.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	0	-£70,*	-£95*	-£95*
Capital				

\*this is a saving not income



CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£95		£95

EQUALITY IMPACT ASSESSMENT	
<b>Has an EQIA been completed?</b> (If yes, date to be added)	No, this will be completed once public consultation feedback has been received.
<b>What are the key issues raised in the EQIA?</b>	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<p>A heightened campaign to persuade residents to take their rubbish and dog waste home with them could help to engender “ownership” in their parks as valuable public assets.</p> <p>Dog waste bins can, during warm weather, emit unpleasant aromas. This issue would be removed.</p> <p>The government encourages the public to take more responsibility. Under the Clean Neighbourhoods and Environment Act 2005, enforcement powers have been extended and widened to help tackle problems such as the leaving of litter, dog fouling and a range of environmental crimes such as fly-tipping and graffiti.</p>	<p>Municipal/publicly owned sites would struggle to convert users to this way of thinking. Litter picking would thus need increasing dramatically. The current Covid situation where littering has greatly increased as new customers visit our parks has exemplified this.</p> <p>Current litter picking costs are £80,000 without accounting for the increased service provided to tackle this problem. It would not be unreasonable to expect this cost to increase by at least 50% if all bins were removed resulting in additional costs in excess of £40,000.</p> <p>Dog fouling whilst still problematic in East Herts, has been under a degree of control following campaigns over the last few years. The removal of dog waste bins would likely have a considerable impact on this. Our current contract does not include the removal of dog faeces other than near dog bins during waste collection and in play areas. The cost of introducing a new service to pick up dog waste would need to be assessed and costed.</p> <p>Greater resources may need to be invested in enforcement activity to issue Fixed Penalty Notices where visitors are not complying with the law on littering. Experience shows that extensive and focused resource is required to tackle littering problems effectively.</p>

	Removal of this level of value from the grounds maintenance contract would attract challenge by the contractor for their loss of income. This would be negotiable under the terms of the contract and not necessarily result in compensation. However, it would have an impact on the contractor's ability to maintain a flexible and proactive service.
--	--

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Reduced vehicle use	Reduced costs	Public consultation will allow resident feedback to be considered	Use of digital media through campaign

## LEGAL IMPLICATIONS

There may be some impact of loss of income to the Grounds Maintenance contractor. This has not been accounted and would require significant negotiation.

Guidance is provided in the Code of Practice on Litter and Refuse  
Department for Environment Food and Rural Affairs (DEFRA)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/834331/pb11577b-cop-litter1.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/834331/pb11577b-cop-litter1.pdf)

1.1 The Environmental Protection Act 1990 imposes duties under section 89(1) and (2) on certain landowners and occupiers (referred to throughout as 'duty bodies' and described in detail at section

3.2) to keep specified land clear of litter and refuse, and on local authorities and the Secretary of State to keep clean public highways for which they are responsible.

The Code of Practice seeks to encourage duty bodies to maintain their land within acceptable cleanliness standards. The emphasis is on the consistent and appropriate management of an area to keep it clean, not on how often it is cleaned.

### 11.6 Public open spaces

11.6.1 This land use type includes a wide range of open spaces to which the public has access. Sites include parks, picnic sites, and municipal cemeteries.

11.6.2 Public open spaces experience varying levels of patronage, often determined by their location or national/regional reputation. As an example, public open spaces located in intensely used zones should be managed closely as they will be subject to the same fluctuations in pedestrian, and in some cases, vehicular, flows, as the surrounding area. The same rule should be used for the other zones. Some hotspots in the less intensely used open spaces, such as car parks or information points, should be zoned as higher intensity zones in order to manage the likely fluctuations in littering appropriately.

## 1 Litter & Dog Waste Bins (Combine)

Corporate Priority:	Enter text here
Portfolio Holder:	Cllrs Graham McAndrew & Eric Buckmaster
LT Lead:	Jess Khanom- Metaman

### Description of Service:

PK101 – Grounds Maintenance

Non statutory provision of dog waste and litter bins in parks and open spaces

### Description of Transformation/Efficiency Proposal:

The proposal is to rationalise the provision of bins in order to reduce the number of bins and frequency of emptying by replacing some or all litter and dog bins with dual waste bins allowing the contractor to collect and dispose of the waste in one operation.

We currently provide 725 dog waste and litter bins across the district. It may be feasible to remove 20% of our dog bins through rationalisation and upgrading nearby litter bins to larger capacity bins into which residents would be encouraged to deposit dog waste. The cost saving of such a reduction would be £19,000.

Further savings might be achieved by combining litter and dog waste collections into one activity, no longer separating dog waste and litter. The contract would likely offer a reduced rate. If costs could be reduced by 10% through this, the saving would be in the region of £10,000.

Assuming 20% of dog bins can be removed there would be a need to replace a number of litter bins with large capacity, dual purpose models. Ideally this would be all bins but given that revenue budgets will cover the replacement of some bins as they wear out and some will need to remain as dog waste bins, it would be reasonable to do this in a phased manner over a number of years. It is proposed that a maximum of £10,000 is allocated to a bin replacement programme per annum.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Consultation will need to be undertaken to establish whether customers would still be happy to use dual waste bins and whether there is any scope for removing all bins. There is opportunity to consult as part of the proposed Waste & Recycling consultation.

Dog fouling whilst still problematic in East Herts, has been under a degree of control following campaigns over the last few years. The removal of dog waste bins may have a negative impact on this but it is expected that residents can be convinced of the cost saving benefits of putting dog waste into dual waste receptacles. Our current contract does not include the removal of dog faeces other than near dog bins during waste collection and in play areas.

Other local authorities have introduced some dual dog waste and litter bins without significant adverse reaction.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	0	-£29	-£29	-£29
Capital		£10	£10	£10

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£95	0	£95

EQUALITY IMPACT ASSESSMENT	
<b>Has an EQIA been completed?</b> (If yes, date to be added)	No, this will be completed once public consultation feedback has been received.
<b>What are the key issues raised in the EQIA?</b>	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Some auditing already undertaken, this needs to be further surveyed and analysed to assess the potential for reducing the number of bins based upon current data (full, ½ full, ¼ empty) from collections, changing bin sizes, introducing dual use (dog waste and litter). The disposal stream needs to be explored in more detail to establish whether it may cost more to dispose of dog waste with litter but indications are that this is not the case.	Need to recognise that each park has different characteristic, eg. Pishiobury Park is predominantly visited by dog walkers and less so by groups picnicking or drinking in the evenings, it therefore has not needed many litter bins but has more dog bins. Hartham litter problems currently very bad, bins probably need to be more numerous and/or larger, Southern Country Park may have more litter bins than needed or for them to be located nearer to the main activity areas.

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Reduced vehicle use by combining dog and waste emptying	Reduced costs	Public consultation will allow resident feedback to be considered	

## LEGAL IMPLICATIONS

Guidance is provided in the Code of Practice on Litter and Refuse  
Department for Environment Food and Rural Affairs (DEFRA)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/834331/pb11577b-cop-litter1.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/834331/pb11577b-cop-litter1.pdf)

1.1 The Environmental Protection Act 1990 imposes duties under section 89(1) and (2) on certain landowners and occupiers (referred to throughout as 'duty bodies' and described in detail at section

3.2) to keep specified land clear of litter and refuse, and on local authorities and the Secretary of State to keep clean public highways for which they are responsible.

The Code of Practice seeks to encourage duty bodies to maintain their land within acceptable cleanliness standards. The emphasis is on the consistent and appropriate management of an area to keep it clean, not on how often it is cleaned.

### 11.6 Public open spaces

11.6.1 This land use type includes a wide range of open spaces to which the public has access. Sites include parks, picnic sites, and municipal cemeteries.

11.6.2 Public open spaces experience varying levels of patronage, often determined by their location or national/regional reputation. As an example, public open spaces located in intensely used zones should be managed closely as they will be subject to the same fluctuations in pedestrian, and in some cases, vehicular, flows, as the surrounding area. The same rule should be used for the other zones. Some hotspots in the less intensely used open spaces, such as car parks or information points, should be zoned as higher intensity zones in order to manage the likely fluctuations in littering appropriately.

## 1 Allotment Fee Charges

Corporate Priority:	Enabling Communities
Portfolio Holder:	Cllrs Graham McAndrew & Eric Buckmaster
LT Lead:	Jess Khanom-Metaman

**Description of Service:**  
OPS 7 – Allotments

Allotment Rental on EHC owned land

### Description of Transformation/Efficiency Proposal:

The proposal is to consider an increase of rental for allotment plots owned by the council. The council owns two allotment sites.

**Norwood Close** (8 plots) has recently had a new water trough installed and currently awaits connection by Affinity Water.

**West Street** (35 plots) has a water trough in the middle of the site.

Proposals for West Street & Norwood Close considers breaking up larger plots into 25m<sup>2</sup> as and when they become available.

East Herts have one of the lowest charges for an allotment plot @ £4.00 per 25m<sup>2</sup> (pole).

Authority	Cost per 25m <sup>2</sup>		Concessions
East Herts	£4.00 (with water)	Per year	None
Welwyn Hatfield	£7.06 (without water) £11.60 (with water)	Per year	Yes
North Herts	£14.50 (not specified)	Per year	Yes
Broxbourne	£5.00 (not specified)	Per year	Yes
Bishop's Stortford Town Council	£5.90 (not specified)	Per year	Yes
Hertford Town Council	£5.10 (not specified)	Per year	Not known

Some LA charges are likely to include access to onsite facilities such as toilets, water points, and communal shed for key deposits etc.

**Norwood Close** If the charge per m<sup>2</sup> were increased to £8.00 per 25m<sup>2</sup> this could potentially double the yearly income on both sites which both now have access to water.

**West Street** If plots were broken into 25m<sup>2</sup> areas - this could increase the number of plots from the current 43 to 215 plots generating additional income in future years

Splitting larger sites up would increase admin (invoicing) but would negate against the need for issuing warning letters. An administration charge could be considered where some authorities charge £25 for a new application set up fee.

3 large plots which have become available at the moment could be split into 12 plots each of 25m<sup>2</sup> and let at a 'new' rate.

The two sites are monitored by officers 4 times per year. Officers consider that West Street, in particular, is not being kept to an acceptable standard and not meeting its full potential. This is likely due to reduced monitoring but where shortened notice periods together with inviting a local volunteer as a site representative to oversee to gain a benefit from the council in return (Broxbourne tenancy is free for this role) could help to improve the situation.



Alternatively, the Council could transfer this responsibility to the towns and parishes.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Historically there has always been a long waiting list for allotment rental. In recent months, new applications have increased by 337% compared to that of last year.

Current plot holders advise they wish to see more water facilities at West Street where transporting water from the trough is arduous due to distance.

Evidence shows that not all are using the full area of their plot; this could be challenged and split up to offer up additional plots.

Some new applicants have been put off by the state of the plot they are to take over but where black plastic sacks could be used while vacant to encourage taking on larger plots.

An increase in a plot fee is likely to help incentivise holders to maintain standards. Those who leave plots to degrade are sent notifications which can take a long period of time depriving others the opportunity keen to maintain it.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	0	-£0.5	-£0.5	-£0.5
Capital	n/a	n/a	n/a	n/a

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
0.95	0.9	0.05

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	Yet to be completed.
<b>What are the key issues raised in the EQIA?</b>	Unknown at this stage.

### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>• Fee increase would be timely with the imminent switch on of the Water facility in Norwood Close</li> <li>• Introduces a stronger perception by plot holders to maintain plot standards</li> <li>• Reduce the waiting list currently at an average of 18 months</li> <li>• Provide opportunities for those wishing to manage a small plot</li> <li>• Breaking up odd shaped plots making them more attractive to manage</li> <li>• Breaking the current 3 vacant plots would increase revenue immediately</li> </ul>	<ul style="list-style-type: none"> <li>• Fee increase may affect the ability of a person currently with a plot to pay due to redundancy, unemployment</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
		Increase opportunities for people supporting physical and mental health and wellbeing	

LEGAL IMPLICATIONS

None

# 1 Playgrounds

Corporate Priority:	Enabling Communities
Portfolio Holder:	Cllr Eric Buckmaster
LT Lead:	Jess Khanom-Metaman

## Description of Service:

PK102 - Playgrounds

There are 63 play areas managed by EHC.

## Description of Transformation/Efficiency Proposal:

The proposal seeks to permanently close 10% (six) of play areas. The budget for playground inspections is approximately £100,000, broadly speaking this will provide a £10,000 saving. At this stage the proposal does not include any exit costs with the contractor for reducing the inspection work by 10%.

Members will need to agree the criteria for which play areas will be eligible for closure.

## What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

This is highly likely to be unpopular and create complaints in local wards.

Whilst a neighbouring authority; North Herts, reduced spending by rationalising their play offer in 2018, this was achieved by transferring ownership of some play areas to Parish Councils and as part of a wider investment programme. Play areas in rural areas are already in the ownership of Parish Councils in East Herts and therefore unlikely to take on EHC play areas.

East Herts has maintained a good record of safety across its play areas.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue		£5	£10	£10
Capital				

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£103		

### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	Not as yet
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>• Small budget saving</li> <li>• Offsets inspection pressure for client team monitoring</li> <li>• Closure is “safer” than reducing health and safety inspection frequency.</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational damage and complaints</li> <li>• Reduces the Council's offer to young people</li> <li>• Cost of removing equipment and returning site to grass, approximately £5,000 to £10,000 per play area.</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
		This is a reduction in the offer to communities	

## LEGAL IMPLICATIONS

Some exit implications with grounds contractor will need to be investigated further

# 1 Leisure Provision

## Description of Service:

LS101

Leisure Centres operated by Everyone Active

## Description of Transformation/Efficiency Proposal:

Subject to no further delays and the outcome of the Ward Freman investment discussions. Following the capital investment in leisure centres it is anticipated that income received by the Council will be approx. £45,000 per annum.

## What do the public say?:

Add in any relevant information about how the service performs or is received by the community. Consultation has already taken place as part of planning submissions.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue		£100*	£100	-£404**
Capital				

\*year 2 contract fee to SLM increases by £100k

\*\*subsidy removed and £45k income to Council

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£468	0	£468

### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	N/A
What are the key issues raised in the EQIA?	M/A

### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
N/A	N/A

### CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)

Sustainability	Economic Growth	Enabling Communities	Digital by Design

**LEGAL IMPLICATIONS**

N/A

# 1 Theatre and Café /Bar

<b>Corporate Priority:</b>	Enabling communities
<b>Portfolio Holder:</b>	Cllr Eric Buckmaster
<b>LT Lead:</b>	Jess Khanom-Metaman

## Description of Service:

OPS 29-29

HT101 HERTFORD THEATRE

HT102 HERTFORD THEATRE CAFÉ

Hertford Theatre and Café is currently offering a limited service of cinema, hiring space and café within a COVID-secure environment.

## Description of Transformation/Efficiency Proposal:

There is an operational efficiency that has been approved in principle by LT to reduce staffing numbers following the end of the furlough scheme and maintaining a COVID-secure environment. This efficiency seeks to save approx. £113,000

2020/21 budget (Jan – March) £34,000

2021/22 budget (April to July 2021): £79,000

Final costs will differ following HR processes of slotting staff into roles/redundancies.

A further proposal for member consideration is to close the Theatre prior to August which is when it is due to close for construction to start (subject to planning a review of business case). This will provide a salary saving of approx. £8500

Due to a COVID-secure environment and previous closure, income has significant reduced. This proposal aims to reduce expenditure to mitigate some of this however against the base budget these are not savings (as the usual income generated to offset expenditure is not being achieved). The full impact of a full closure is yet to be determined.

Should the capital project complete within its current timeline with no additional funding requirements, the income in 2023/24 will provide a contribution to the Council of approx. £50,000 (income from September 2023 to March 2024).

## What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The Hertford Theatre is a popular venue with strong support from users. Though it may be an unpopular decision to close earlier than anticipated the participation levels are extremely low. In addition, when the theatre was closed under government instruction earlier this year the users continued to engage with HT virtually, the plan would be to keep on strong online presence of engagement and explore the potential for a Xmas show in 2022.

## VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue		£87	£87*	-£50
Capital				

\*further work to be carried out on costs during closure period



CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
1,278	1,298	-£20

\*budget as approved by Council (COVID impacts this significantly in reality).

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No yet
What are the key issues raised in the EQIA?	Not known as yet

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Reduces further deficit to Council as a result of COVID, theatre is due to close anyway as a result of the construction programme (subject to planning permission and a review of the business plan).	Though the decision may be unpopular in terms of reputation, public consultation will determine whether the public “understand” the reasons and continue to support the Theatres work.

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Reducing energy costs of building whilst closed			A strong social media and online will be present during the closure.

## LEGAL IMPLICATIONS

HR law in term of redundancies will be followed. Some contracts with hirers will need to be amended/compensated.

# 1 Markets

<b>Corporate Priority:</b>	Economic Growth
<b>Portfolio Holder:</b>	Jan Goodeve
<b>LT Lead:</b>	Jess Khanom-Metaman

## Description of Service:

EC101 – Markets

Street trading service and final funding to BTC

## Description of Transformation/Efficiency Proposal:

In 2018, the Council agreed to disband the Hertford and Ware market and transfer the market rights for Bishop's Stortford to BSTC. There are no further savings proposed in this area.

## What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

N/A

## VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	N/A	N/A	N/A	N/A
Capital				

## CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
27	28	-1

## EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	N/A
<b>What are the key issues raised in the EQIA?</b>	

## KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
N/A	N/A

## CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)

Sustainability	Economic Growth	Enabling Communities	Digital by Design

## LEGAL IMPLICATIONS

N/A

# 1 Organic Waste Collection Services OPS12

<b>Corporate Priority:</b>	<b>Sustainability</b>
<b>Portfolio Holder:</b>	Cllr Graham McAndrew
<b>LT Lead:</b>	Jess Khanom- Metaman

## Description of Service:

Non statutory collection of mixed food and garden waste in 240l wheeled bins from all houses in the district (Brown bin collection).

## Description of Transformation/Efficiency Proposal:

The proposal is for the cessation of the non-statutory service, with the offer of an opt-in chargeable garden waste collection service for those residents who wish to dispose of garden waste at the kerbside. The charge proposed is £45 per bin per annum.

Alternative free options will remain such as home composting or taking garden waste to the household waste recycling centres. A separate food waste collection is not included in this proposal, residents will be directed to place their food waste in their residual waste bins or use the free options available for disposing such waste. Campaigns on minimising food waste will also be promoted.

The proposal assumes the service will start in April 20/21. In reality with a decision in March this will not be feasible and therefore the savings figure will be reduced. Some activities could be carried out at risk including website development and marketing and comms prep. The proposal also assumes we will use the Digital Peanut platform for card and direct debit payments which is the platform Urbaser manage for North Herts.

It should be noted that a reduction in garden waste collected will lead to a reduction in the recycling rate of the Council. AFM implications have not been incorporated in these costs as there is uncertainty over this funding.

The project will require some initial one off costs these include (all subject to final negotiations): costings below are based on the North Herts uptake rate of 48%

Website Development	9000
Transaction Costs	20,000
IT system round changes	5,000
Temp Staff	18,000
Permits	40,364
Collection costs	808,020
<b>Total</b>	<b>900,384</b>
Current Cost of service	1,062,830
48% households	29807
Gross income	1,341,317
Net income	540,933
<b>Net reduction in cost in Year 1</b>	<b>703,379</b>
<u>Year 2</u>	
Total Cost	768,384

<b>Net reduction in cost</b>	<b>735,379</b>
------------------------------	----------------

No additional resource is proposed for communication and publicity, this will be funded from existing budgets by reducing other service promotional work and information such as calendars and bin hangers.

Figures are subject to final negotiations with contractor. The cost of a potential uplift in residual waste and collection round has not be included as yet. This is being discussed with the contractor.

#### **What do the public say?:**

Add in any relevant information about how the service performs or is received by the community.

A public consultation will be undertaken, however the introduction of chargeable services, where services have previously been free of charge, are not popular and are unlikely to generate support at public consultation.

Evidence from neighbouring authorities in Hertfordshire indicates that participation is likely to be between 40% and 50% of all households.

The shared service in North Hertfordshire operates a chargeable garden waste collection and currently has 48% participation.

<b>VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000</b>				
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Revenue	£0	<b>£703*</b>	<b>£735</b>	<b>£735</b>
Capital	£0	£0	£0	£0

\*net reduction in costs if a full year's service is achieved

<b>CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)</b>		
<b>Expenditure:</b>	<b>Income:</b>	<b>Net Budget:</b>
£1,063	£0	£1,063

<b>EQUALITY IMPACT ASSESSMENT</b>	
<b>Has an EQIA been completed?</b> (If yes, date to be added)	No, this will be completed once public consultation feedback has been received.
<b>What are the key issues raised in the EQIA?</b>	N/A

<b>KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL</b>	
<b>POSITIVE</b>	<b>NEGATIVE</b>
<ul style="list-style-type: none"> <li>Costs incurred based on usage only</li> <li>Reduced deficit to Council and income</li> </ul>	<ul style="list-style-type: none"> <li>Reputational risks, initially unpopular with residents</li> </ul>

generation <ul style="list-style-type: none"> <li>Residents of flats without gardens are not subsidising the service for others through Council tax.</li> </ul>	<ul style="list-style-type: none"> <li>May impact on voting habits of some residents</li> <li>Some initial service disruption while new service beds in is likely</li> <li>Additional administrative resource required</li> <li>Small risk of initial increase in garden waste fly tipping</li> <li>Increased use of household waste recycling centres likely</li> <li>Directing food waste to landfill</li> </ul>
---	--

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Directing food waste to landfill	Internal facing income	Public consultation will allow resident feedback to be considered	Payments can be self-serve through online web portal

## LEGAL IMPLICATIONS

The Council must provide collections of food waste therefore residents will be instructed to place food waste in residual waste bins as a result of the mixed food and garden waste service cessation.

The legislative framework exists for charging for garden waste collections from households.

The Government's new waste strategy is anticipated to require the future separate collection of food waste by 2023. The introduction of a weekly food waste service will incur an additional financial pressure of approx. £1m when introduced.

A Contract Variation would be required for the Waste and Street Cleansing contract.

# 1 Provision of Public Conveniences

<b>Corporate Priority:</b>	Enabling Communities
<b>Portfolio Holder:</b>	Cllr Graham McAndrew
<b>LT Lead:</b>	Jess Khanom- Metaman

## Description of Service:

Provision of public conveniences in Buntingford and Community Toilet Scheme in major towns.

## Description of Transformation/Efficiency Proposal:

The proposal is for the cessation of the provision of public conveniences in Buntingford and the cessation of the Community Toilet Scheme. At the current time EHC maintains only one facility which is in Buntingford. All other facilities previously maintained by EHC have either been closed or transferred to a third party.

The Community Toilet Scheme has been operating for over 12 years. There is little public awareness of the scheme and the scheme does not provide improved coverage of toilet provision in the district over and above what is normally available.

## What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Complaints have been received regarding the condition of the toilet in Buntingford. Its condition is such that some refurbishment work is needed and therefore there is a Capital requirement estimated between £10k-£20k to keep the toilets open.

Although no approaches have been made the Operations Team would explore opportunities for the transfer of responsibility for Buntingford Toilet.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	-£18	-£18	-£18
Capital	£0	£0	£0	£0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£18	£0	£18

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No, this will be completed should the proposal be taken forward.
--	--



<b>What are the key issues raised in the EQIA?</b>	The closure of Buntingford would likely impact on elderly and disabled visitors to the town as one of the primary users of the facilities.
--	--

<b>KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL</b>	
<b>POSITIVE</b>	<b>NEGATIVE</b>
<ul style="list-style-type: none"> <li>Costs removed</li> <li>Avoidance of Capital spend</li> </ul>	<ul style="list-style-type: none"> <li>Initially unpopular with some users</li> </ul>

<b>CORPORATE PRIORITIES ASSESSMENT</b>			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Facility is old in design with no consideration of sustainable design	Negligible impact	The provision of toilets is seen as necessary by some users. However toilets are not provided on all towns.	N/A

## **LEGAL IMPLICATIONS**

The provision of public toilets is non-statutory.

Community Toilet Scheme contractual arrangements will require review.

Any transfer of the Buntingford facility would require legal to draft an agreement.

A contract variation would be required for the waste and street cleansing contract.

## OPS14 Waste Collection – Domestic Service

Corporate Priority:	Sustainability
Portfolio Holder:	Cllr McAndrew
LT Lead:	Jess Khanom-Metaman

### Description of Service:

Fortnightly residual waste collection from households and fortnightly or weekly residual waste collection from flats.

On request, chargeable bulky waste collection service.

### Description of Transformation/Efficiency Proposal:

No recommendations for savings for residual waste collections.

Bulky waste collection services will be reviewed as part of a separate report to Executive due later this year.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

N/A

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital				

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£1,480,000	£80,000	£1,400,000

#### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
N/A	N/A

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS

Collection of residual household waste is a statutory function.

## OPS15 Waste Collection – Commercial Service

<b>Corporate Priority:</b>	Sustainability
<b>Portfolio Holder:</b>	Cllr McAndrew
<b>LT Lead:</b>	Jess Khanom-Metaman

### Description of Service:

On request, chargeable residual waste collection for businesses.

### Description of Transformation/Efficiency Proposal:

Commercial waste collection services will be reviewed as part of a separate report to Executive due later this year.

The full impact Covid 19 on the customer base is yet to be determined.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

N/A

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital				

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£420	£695	- £275

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
N/A	N/A

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS

Collection of commercial waste can be made at a reasonable charge.

## OPS16 Waste Collection – Clinical Service

Corporate Priority: Enter text here  
Portfolio Holder:  
LT Lead:

### Description of Service:

On request offensive waste and clinical waste collection for households.

On request, chargeable offensive waste and clinical waste collection for businesses.

### Description of Transformation/Efficiency Proposal:

None

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

N/A

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital				

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£60,000	£50,000	£10,000

### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
N/A	N/A

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS

Collection of clinical waste can be made at a reasonable charge.



## OPS17 Street Cleansing Service

<b>Corporate Priority:</b>	Enabling Communities
<b>Portfolio Holder:</b>	Cllr Graham McAndrew
<b>LT Lead:</b>	Jess Khanom-Metaman

### Description of Service:

Street sweeping and litter picking on the public highway. Emptying of litter bins of the public highway.

### Description of Transformation/Efficiency Proposal:

None – the performance of street cleansing is being closely monitored, at this stage savings are not proposed.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

N/A

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital				

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£675,000	£50,000	£10,000

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
N/A	N/A

--	--

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

## OPS18 Recycling Service

Corporate Priority:	Sustainability
Portfolio Holder:	Cllr Graham McAndrew
LT Lead:	Jess Khanom-Metaman

### Description of Service:

Haulage and processing on mixed dry recycling and separated paper.

### Description of Transformation/Efficiency Proposal:

None. Proposals to increase income through recycling were included in the 2020/21 budget however due to COVID service priorities have shifted and this is unlikely to be achieved for 2020/21.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

N/A

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital				

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£810	£2,107	£1,297

### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

### KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
----------	----------

N/A	N/A
-----	-----

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

<b>LEGAL IMPLICATIONS</b>
---------------------------

Contracts are procured under OJEU tendering requirements.

## Parking income proposals

<b>Corporate Priority:</b>	Economic Growth
<b>Portfolio Holder:</b>	Cllr Graham McAndrew
<b>LT Lead:</b>	Jess Khanom-Metaman

### Description of Service:

Various changes for the parking service in our car parks and limited waiting bays in three main town centres.

### Description of Transformation/Efficiency Proposal:

1. Increase all parking tariffs by 10% (where practicable)
2. Remove free parking option in all car parks except Grange Paddocks B and C which serves Grange Paddocks leisure centre
3. Introduce evening charging up to 8pm in three main towns
4. Introduce Sunday and Bank Holiday charging
5. Charge blue badge holders to park in our car parks
6. Introduce on-street charging in town centre limited waiting bays

#### 1. Tariff increase

Since 2010 car park charges have been frozen, and in many cases reduced. During this period the continued annual rise in inflation and the increase of VAT from 17.5% to 20% in 2011 has eroded the value of our car park charges.

#### 2. Free parking period

The majority of car parks in East Herts offer a 30 minute free parking period which was initially introduced to encourage visitors to the town and help the local economy. Studies suggest that offering brief free parking periods is counterproductive and does not encourage browsing in shops or using local hospitality facilities.

Buntingford car park offers a free 90 minute period and Stanstead Abbots car park is sponsored by a local company so the entire car park is free to members of the public.

#### 3. Evening and overnight charging

Town centres have evolved over time and as well as offering a shopping experience during the day, various pubs, bars and restaurants offer services which support the evening economy. Currently, our car parks offer free parking after 18:30 which is not consistent with the principal "User pays for services used"

#### 4. Sunday & Bank Holiday charging

In the late 80s when Monday to Saturday tariff was introduced in our car parks, most shops and businesses were closed on Sundays and Bank Holidays and therefore no need for a car parking service. In the past forty years things have moved on and habits have changed. Sunday is now the second busiest shopping day of the week in our towns and many people choose to visit to shop, eat and drink.

#### 5. Blue badge charging

The national blue badge scheme does not provide any concessions for holders within off-street car parks. The principal of providing concessions for blue badge holders is about providing access and has no bearing on the ability to pay.

Currently, any vehicle displaying a valid blue badge may park in East Herts car park free of charge without time limit.

## 6. On-street charging

The proposal is to introduce charging using the pay by phone option in all limited waiting parking bays located in town centres.

The convenient location of these limited waiting bays means that they are highly sought after by visitors to our towns. Currently, it is free to park in these bays for a maximum period of 30 minutes with no return within 1 hour.

Enforcement for these bays cannot be carried out as regularly as required due to limited resources and the very short period of parking allowed. It is highly likely that most users of these bays currently park for longer than the maximum period and rarely receive penalties.

It is proposed that vehicles parking in these bays Monday to Saturday 9am to 5pm will pay for the privilege.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Any increase to parking tariffs or tightening of parking restrictions will result in objections and complaints from stakeholders and residents.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue				
1. Tariff			-£260	-£260
2. FREE			-£55	-£55
3. Evening			-£60	-£60
4. Sunday			-£56	-£56
5. Blue badge			-£40	-£40
6. On street			-£80	-£80
Capital	£0 (See below)	£0	£0	£0

£67,000 - TRO, machine programming, tariff upgrade, PbP programming.

\*\*Above costs would apply to proposals 1-5. If one, some or all of these proposals are implemented at the same time £67,000 will be total expenditure. Its is therefore more economical to implement a number of changes within the same TRO and programming changes.

For proposal 6 a different TRO is required which will cost £10,000

All income is based on performance on August 2020 transaction levels.

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
658	3600*	-2948

\*budgeted, does not reflect impact of COVID on car parking

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	To be completed following TRO consultation
What are the key issues raised in the EQIA?	N/A

--	--

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>• User pays for service received (ALL)</li> <li>• Encourage change in travel behavior by seeking to reduce private vehicle use. (ALL)</li> <li>• Increased turnover of vehicles (on-street charging)</li> <li>• Reduced enforcement process (on-street charging)</li> <li>• Better management information (on-street charging &amp; removal of free period)</li> </ul>	<ul style="list-style-type: none"> <li>• Risk of reputational damage to the council during the formal consultation process linked to the expected number of objections from all stakeholders (ALL)</li> <li>• Negative impact on local residents with no access to private parking spaces who use car park in the current free periods (Sunday &amp; Evening charging)</li> <li>• Potential for displacement of vehicles from car parks to locations which are unrestricted on Sunday and/or evenings which may result in traffic congestion. (Blue badge, Sunday &amp; Evening charging)</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Encourages other sustainable transport modes	Internal income	Public consultations are part of the statutory TRO process	Parking machines and 'pay by phone' options.

## LEGAL IMPLICATIONS

The statutory legal process required in order to introduce one, some or all of these changes will take approximately 18 months.



## 1 Planning Service

Corporate Priority:	Economic Growth
Portfolio Holder:	Linda Haysey and Jan Goodeve
LT Lead:	Sara Saunders

### Description of Service:

Planning PL001

The Planning Service provides a combination of complimentary statutory and non-statutory planning functions as the Local Planning Authority for East Herts.

Statutory services include:

- The responsibility for the preparation, monitoring and review of the District Plan and associated planning documents;
- Overseeing the delivery of Neighbourhood Plans;
- The determination of planning applications
- Designation of Conservation Areas

Non statutory services include:

- Planning enforcement;
- Master planning and the preparation of non-statutory planning documents
- Provision of specialist advice
- Strategic planning
- Pre application advice

In addition, the service pays for historic environment, ecology and monitoring services from Hertfordshire County Council in order to support the statutory planning functions.

### Description of Transformation/Efficiency Proposal:

As part of delivering the above planning functions the Council introduced a new service structure in 2018 which includes Planning Policy, Development Management, Enforcement, Conservation and Planning Support. This structure was introduced to support the implementation of the District Plan and delivery of a number of strategic sites including Gilston. There are currently 51 members of staff in the service (including agency staff) and 9 vacancies (which are covered by agency staff).

However, the structure has never been fully implemented and a number of posts have been difficult to recruit to. As a result, the service has employed a number of planners on an agency basis in order to deliver its statutory and non-statutory functions and the commitments set out in the District Plan.

Given that the current structure has not been successfully implemented, it is under review in order to provide more resilience, create more opportunities to train and develop staff and better manage a range of complex and demanding planning issues. The review is anticipated to be completed over the next six months.

The current salary budget for 2020/2021 is £2,062,360

The forecast for agency staff in 2020/2021 is £460,000

The cost of agency staff for 2019/2020 was £426,285 and the cost of agency staff for 2018/2019 was £ 500,355

Initial work on the restructure indicates that there could be a possible saving of up to £30,000 from the salary budget (this also assumes that Planning will directly pay for Trainees and Apprenticeships in the future in line with the option to remove the central Apprenticeship Salary Budget). However, this needs to be worked through in greater detail as the proposals are developed. Further consideration needs to be given to the arrangements for the planning support team and delivering the proposals for Gilston which forms part of the Harlow and Gilston Garden Town. This will also include operational arrangements for planning enforcement.

Alongside the restructure, a number of operational improvements are being identified including an update to the pre application service and fees to better reflect actual costs and officer time, an update of the policy for planning enforcement and triage process, and review of planning performance agreements.

It will take time to put the new structure in place and fully recruit into the new posts, and therefore any savings may not be fully realised until 2021/2022.

In addition to this, the Planning White Paper on reforms to the planning system needs to be taken into consideration before any savings are agreed albeit that they are at an early stage and will be subject to change. The reforms which are out to consultation propose radical reform to streamline and modernise the planning process; improve outcomes on design and sustainability; reform developer contributions; and ensure more land is available for development where it is needed.

The Government has indicated in the White Paper that the cost of operating the new planning system should be principally funded by the beneficiaries of planning gain – landowners and developers – rather than the national or local taxpayer. Currently, the cost of development management activities by local planning authorities (LPA) is to a large extent covered by planning fees (although the current fee structure does mean that the cost of processing some applications can be significantly greater than their individual fee). However, the cost of preparing Local Plans is now largely funded from the LPAs own resources.

If a new approach to development contributions is implemented, it is being suggested in the White Paper that a proportion of the income should be earmarked to LPAs to cover their overall planning costs, including the preparation and review of Local Plans and design codes and enforcement activities.

This means that there will potentially be cost savings for the Council in the future but it is currently too early to say when these savings could be realised. Any savings will also need to take account of the requirement that reform is accompanied by a significant enhancement in digital and geospatial capability across the planning sector to support high quality new digital Local Plans and digitally enabled decision-making.

**What do the public say?:**

Planning is an open and transparent service which can attract a significant amount of public interest, and planning decisions can generate a number of complex complaints.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue		Up to 30*	Up to 30*	Up to 30*
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£2,333		£2,333

\*Subject to further detail and costings on the restructuring proposals and implementation.

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Reduction in agency costs.</li> <li>Responsive and customer focused structure.</li> <li>Opportunity to improve internal processes and procedures.</li> <li>Improvements to overall efficiency and communications.</li> <li>More customer focused.</li> <li>Continuation of statutory planning services.</li> </ul>	<ul style="list-style-type: none"> <li>Unable to recruit leading to continuation of agency costs and negative impact on the overall resilience of the service to effectively manage workloads, competing challenges and complex issues.</li> <li>Less able to effectively support residents and communities in the planning process.</li> <li>Could impact on meeting statutory requirements and targets.</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Continues to support sustainable development in line with the District Plan.	Continues to support the economic growth of the district.	Continues to engage with residents and communities in an open and transparent way.	Operational improvements to enhance the digital capacity of the service.

LEGAL IMPLICATIONS

# 1 Planning Service Microfiche Digitisation

Corporate Priority:	Digital by Design
Portfolio Holder:	Jan Goodeve
LT Lead:	Sara Saunders

## Description of Service:

Digitisation of approximately 400,000 historic microfiche planning application files. The contract also includes an on demand retrieval service for any files that maybe required.

## Description of Transformation/Efficiency Proposal:

The cost on a monthly basis is approximately £4,110. This includes a retrieval fee.

The budget for 2020/2021 is £40,800

The contract is due to end on the 31/03/2023 but all financial contributions cease on 31/03/2021. Once all the historic microfiche files have been digitalised, the archive service will no longer be needed moving forward. However, some internal IT resource will be required in order to link the digital files to IDOX.

All new planning application files are now digital.

## What do the public say?:

Digital files can be made available on request if they are not on the Council's online planning application system.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000

	2020/21	2021/22	2022/23	2023/24
Revenue		£41	£41	£41
Capital				

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£40,800		£40,800

## EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	

<b>KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL</b>	
<b>POSITIVE</b>	<b>NEGATIVE</b>
<ul style="list-style-type: none"> <li>Full digitisation of historic planning application files.</li> </ul>	

<b>CORPORATE PRIORITIES ASSESSMENT</b> (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Smaller environmental impact if we don't need actual storage and physical transfer/transport of files	Limited impact	Limited impact – residents still able to access documents	Digital solution instead of manual storage

<b>LEGAL IMPLICATIONS</b>
---------------------------

# 1 Planning Advertising of Planning Applications

## Description of Service:

PBC1

PL001 3310 Advertising and Publicity

There is a statutory requirement in the 2015 Town and Country Planning (Development Management Procedure) Order that certain planning applications need to be published in a newspaper rather than being less prescriptive. In accordance with this requirement, the Council advertises all planning applications for Listed Buildings, conservation areas and major developments in the local press.

## Description of Transformation/Efficiency Proposal:

It is widely recognised that the requirements set out for advertising certain types of planning applications are outdated and in terms of how people access and consume information about their local area.

The current budget for advertising and publicity for 2020/2021 is £44,000.

The Hertfordshire Mercury charges £16.20 per cm/column and the Bishops Stortford Independent £6.00 per cm/column.

The actual spend for 2019/2020 was £39,336.00

Under the COVID Regulations, the Government has temporarily amended the planning regulations to say that Local Planning Authorities can use digital media to publicise applications that required wider public consultation rather than local press.

Whilst this is for a temporary period, there is a possibility that it may be continued and could be picked up as part of the wider reforms to the planning system.

The proposal is to stop advertising the smaller applications in the local press, and retain a small budget for advertising more controversial applications. This would generate a £30k saving.

Any cost savings are based on the Government continuing with this change to the regulations.

## What do the public say?:



Planning is already an open and transparent service and all applications are listed and viewable on the Councils Website.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue		30*	30*	30*
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:

\* Subject to permanent changes in legislation by the Government.

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Planning applications are already listed and viewable on the website. This would allow greater use of the website and other social media challenges.</li> </ul>	<ul style="list-style-type: none"> <li>Could be open to criticism from a small proportion of the public.</li> <li>Possible challenges to the planning process subject to adherence to the necessarily regulations.</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Limited impact	Reduced income to local newspapers who rely on this. However they shouldn't be over reliant on council advertising budgets	Potential opportunity to reach and inform a wider cross section of the community.	Enables greater use of the Council's website and social media challenges.

## **LEGAL IMPLICATIONS**

Minimal - subject to appropriate changes to the regulations and compliance.

## 1 Planning Service

<b>Corporate Priority:</b>	Economic Growth
<b>Portfolio Holder:</b>	Jan Goodeve
<b>LT Lead:</b>	Sara Saunders

### Description of Service:

#### PBC3 PL101 Development Management

The development management team are responsible for validating planning and determining considering planning applications, taking enforcement action where breaches of planning control have occurred, administering the appeals process and providing information and advice about the planning system in general. A pre application service is provided along with a duty planning officer service.

On an annual basis, the service deals with around 2,600 planning applications, 170 appeals, 50 major applications and over 400 enforcement cases. Case officers typically have around 40 planning applications on hand at any one time and on annual basis can deal with between 180 and 250 applications a year. Case officers also manage pre application advice.

The government set specific targets for meetings planning application deadlines with specific sanctions if they fail to be met on a consistent basis.

### Description of Transformation/Efficiency Proposal:

The service charge fees for planning applications and other types of related applications with fees being set at a national level. Fees are also charged at a local level for pre application advice and other work related to the implementation of the District Plan such as site specific SPDs and masterplanning activity. The service also agrees a number of planning performance agreements

Alongside the restructure of the planning service, there needs to be an increased focus on cost recovery and income to better manage the relationship between the cost of the service and the charges. There is also scope to improve the efficiency of system and workflow. Operational improvements include:

- A update to the pre application service and fees to better reflect actual costs and officer time;
- A review of planning performance agreements;
- An update to the policy for planning enforcement and triage process;

### What do the public say?:

Planning is an open and transparent service which can attract a significant amount of public interest, and planning decisions can generate a number of complex complaints.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)				
	2020/21	2021/22	2022/23	2023/24
Revenue	0	0	0	0
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£191	£1,587	£-1,396

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Continuation of statutory development management service.</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet statutory development management requirements and targets.</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Continues to support sustainable development in line with the District Plan.	Continued support for economic growth.	Continues to engage with residents and communities in an open and transparent way.	Operational improvements to enhance the digital capacity of the service.

LEGAL IMPLICATIONS
--------------------

### **Description of Service:**

The Planning Policy team are responsible for preparing and monitoring the District Plan which guides development and sets out the spatial strategy for East Herts. It is fundamental to the development management process in order to deliver sustainable development.

The team supports the implementation of policy through the production of Supplementary Planning Documents (SPDs), updates to evidence, liaison with the Development Management team, and through advice to applicants and other interested parties. The service holds a substantial evidence base used to support both policy formulation and its implementation.

Support is also provided for neighbourhood planning across the district.

The Local Development Scheme sets out the project plan for preparing new planning policy documents, including production of SPDs and a timeline for reviewing the District Plan.

### **Description of Transformation/Efficiency Proposal:**

Planning Policy expenditure currently includes:

- MHCLG grant money for Neighbourhood Plan activity. Four Neighbourhood Plan examinations are being funded this year.
- The Council's contribution towards SASIG (Strategic Aviation Special Interest Group). This is an annual subscription which has already been paid for 2020/2021.
- LDF Upkeep and Consultancy money for District Plan review work, including updating the Council's evidence base. It is a statutory requirement to ensure that plans are kept up-to-date, to ensure that they remain effective

No transformation/efficiency proposals are proposed for 2020/2021 as the budgets are already committed.

The Council's subscription to SASIG could be reviewed in 2021/2022. The current budget is £1,860.

The Planning White Paper suggests that there could potentially be cost savings relating to plan making in the future but it is currently too early to say when these savings could be realised. This will need to be reviewed as reforms to the planning system come forward in more detail and take effect.

Planning Policy income currently includes:

- £40,000 Neighbourhood Plan Grant from MHCLG

LPAs can now claim £20,000 from when they issue a decision statement detailing their intention to send the plan to referendum (as set out under Regulation 18 of the Neighbourhood Planning (General) Regulations 2012) rather than when a referendum date

Page 398

has been set. Given that four plans are being examined this year, it is anticipated that an additional £40,000 of grant money could be claimed in 2020/2021.

#### What do the public say?:

Preparation of the District plan includes full public consultation at key stages.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)				
	2020/21	2021/22	2022/23	2023/24
Revenue	40	0	0	0
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
141	40,000	141

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	-

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Income supporting each neighbourhood plan.</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Continued support for sustainable development.	Continued support for economic growth	Facilitates community involvement in the plan making process	

#### LEGAL IMPLICATIONS

Under regulation 10A of The Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended) local planning authorities must review local plans, and Statements of

Community Involvement at least once every 5 years from their adoption date to ensure that policies remain relevant and effectively address the needs of the local community.



# 1 Planning Service Hertfordshire Building Control

<b>Corporate Priority:</b>	Economic Growth
<b>Portfolio Holder:</b>	Jan Goodeve
<b>LT Lead:</b>	Sara Saunders

## Description of Service:

PBC6 PL103 Building Control

Hertfordshire Building Control is now the building control authority for Hertfordshire. It is a not for profit organisation, with all the profit returned to local authorities in Hertfordshire.

It fulfils the statutory building control service for East Herts and other authorities in Hertfordshire.

## Description of Transformation/Efficiency Proposal:

Part of the premise of signing up to the Hertfordshire Building Control was to reduce the Council's overall costs of running a statutory building control service and overtime break even and return any profit to the Council's signed up.

The anticipated cost of delivery the building control service for East Herts in 2020 – 2021 is approximately, £44,300 as outlined in the table below:

Fixed Fees		Variable Fees			Total Fees
LA1 Fees	HBC Fees	non Dangerous Structure Investigations est 20/21	Disabled Fees forecast for 20/21	Audit Fees	Forecast for 20/21
£11,296	£24,000	£4,200	£4,767	£1,750	£44,263

The current budget for 2020/2021 is £22,440 and needs to be revised to reflect current costs at around £45k per year.

In 2019/2020 the authorities received a lump sum of £21,000 as a result of Dacorum joining HBC.

## What do the public say?:

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)				
	2020/21	2021/22	2022/23	2023/24
Revenue	0	0	0	0
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£45		£45

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No.
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Continuation of the statutory building control service.</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet local authority building control requirements.</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Limited impact	Limited impact	Limited impact	Limited impact

LEGAL IMPLICATIONS
--------------------

# 1 Planning Historic Buildings Grants and Heritage at Risk Grants

Corporate Priority:	Enabling Communities
Portfolio Holder:	Jan Goodeve
LT Lead:	Sara Saunders

## Description of Service:

Capital code ZC065 X400 C00060

Section 57 of the Planning (Listed Buildings and Conservation Areas) Act 1990 allows councils to make grants available for the repair and maintenance of listed buildings or other buildings of interest (Locally Listed or buildings in conservation areas).

The Council currently has two heritage grants schemes.

1. **Historic Buildings Grants** - the Council may offer grants towards traditional repairs or for works that reinstate lost features on historic buildings.
2. **Heritage at Risk Grants** - these grants are for buildings or structures on the local Heritage at Risk Register to help repair or restore them so that they can come off the register.

The purpose of the two schemes is to encourage owners to keep their historic buildings in a suitable state of repair and attractive appearance. The Historic Buildings Grant scheme allows the Council to guide the specification of works, monitor and, where necessary, intervene to ensure that any works to a listed building are carried out to an appropriate standard. The Heritage at Risk Grant seeks to save buildings or structures on the Heritage at Risk Register from total loss.

Three grants have so far been awarded in 2020/21.

The Council currently employs a consultant to manage the grant applications.

## Description of Transformation/Efficiency Proposal:

The proposal is to reduce the capital available under the grant schemes in 2021/2022, with complete cessation of both schemes in 2022/23.

The current budget for 2020/21 is £20,000 for both grant schemes. £9,560 has already been committed, with a number of other applications already granted in 2019/20 and 2020/21 and not yet claimed. No savings are therefore proposed for the current year.

## What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

These schemes are well-received by the community. However, they are a function which is carried out at the Council's discretion and other funding streams are available which achieve similar objectives, e.g. the National Lottery Heritage Fund distributes National Lottery grants which fund projects that sustain and transform the UK's heritage. Historic England also offer

various grant schemes, including repair grants towards the repair and conservation of listed buildings.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue				
Capital		10	20	20

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
0	0	0

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No.
What are the key issues raised in the EQIA?	-

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Potential saving for the Council</li> <li>Other grants available (e.g. National Lottery Heritage Fund; Historic England grant schemes)</li> </ul>	<ul style="list-style-type: none"> <li>Reduced ability to perform a pro-active role in the management of the Listed and historic buildings in the district</li> <li>Potential increased requirement to enforce against and rectify harm after it is committed</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Limited impact	Possible impact on listed buildings that are also businesses	The grant schemes encourage owners to keep their historic buildings in a suitable state of repair and attractive appearance. However, other grants potentially available which could achieve the same objectives.	Limited impact

## **LEGAL IMPLICATIONS**

There is no requirement on the Council to make grants available for the repair and maintenance of listed buildings or other buildings of interest (Locally Listed or buildings in conservation areas).

### Description of Service:

The Revenues & Benefit shared service, cover a range of functions including the administration and collection of Council Tax and Business rates, and the administration and award of Housing benefit, and Council Tax support.

Cost of staff are recharged between partners based on a number of factors but are ????

### Description of Transformation/Efficiency Proposal:

Most of the following proposals will require redundancies, and one is achieved through retirement of the post holder in October 2020.

**1. Overpayment Officer:** - will require a redundancy. 1FTE scale 5 c£36,000 (EHC = 32%)  
Reduce team by 1FTE post. **EHC saving = £11,520**

Level of debt raised has been reducing as less Housing Benefit claims are received. The team have made significant improvement in processes and performance since being fully staffed, so this reduction will have a detrimental impact on performance.

Current debt level £4.4m (EHC £1.6m. SBC 2.8m)

Estimate new debt to be raised this year to be approximately £1.6m (£750k EHC, £850k SBC)

**2. Admin support post** – control team - will require a redundancy. 1FTE scale 3 c£29,000  
**EHC 49% saving £14,210**

This is a single post within the control team and supports fraud referrals to SAFS and any other clerical duties in the team.

These tasks would need to be absorbed by the Control officers in the team.

**3. Customer Support officer** -- will require a redundancy. 1FTE scale 5 c£36,000, 52%  
**saving to EHC = £19,k**

There are currently two supervisor 'officer roles' in the team, which supported working over two sites and dealing with front line enquiries. The customer support team deal with everything from direct debit recalls, customer enquiries, scanning and overflow work from the Council Tax or Benefits services. Increased remote working and the movement of face to face contact to customer services could enable a reduction in this role.

**4. Outside officers** – 0.66 FTE scale 5 c£21,000 63% **saving to EHC = £13,230**

The team monitors and carry out inspections of properties in the partnership area. This ensures that the taxbase is accurate and reliefs and exemptions are awarded on the correct circumstances. They also carry out specific requests from the Council Tax and Business rates team to investigate circumstances relating to occupation of premises etc.

One officer has given notice to retire in October 2020, and the work areas will be redistributed to enable this post to be deleted.

## 5. Reduction in training budget £2000 EHC = £1000. EHC = £1000

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The main Council Tax, Business rates and Benefits services have a high profile but customers are less aware of the roles within the teams.

VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000				
	2020/21	2021/22	2022/23	2023/24
Revenue	£11	£59	£59	£59
Capital				

CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)		
Expenditure:	Income:	Net Budget:
£3,556,990	£1,873,360	£1,683,630

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Reduced salary costs	<ul style="list-style-type: none"> <li>Slower recovery of income for the Council,</li> <li>other admin duties taking longer or not achieved</li> <li>reduction in taxbase intelligence or accuracy</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Less costs to the Council	Less costs to the Council	May impact on performance supporting customers most in need	Will need to drive more business to digital options to facilitate lost staff resources

### LEGAL IMPLICATIONS

Redundancy costs



1 **Revenues & Benefits shared service**  
RB 002

Corporate Priority: Enabling communities  
Portfolio Holder: Geoff Williamson  
LT Lead: Su Tarran

**Description of Service:**

These are the retained costs & incomes which are not part of the Revenues & Benefit shared service

These include direct grant from Government and recovery costs (legal).

**Description of Transformation/Efficiency Proposal:**

1. Reduction in salary budget :  
Only 'retained costs' salary post is in the technical team – providing system support for Planning and Housing on Uniform Idox

Budget is currently £106k, but only £37k needed for post – **saving £68k**

2. Reduction in RB002/3740 Court and Legal Costs – **Saving £15k**  
Reduction in cost for each summons issued charged by courts.

**What do the public say?:**

Add in any relevant information about how the service performs or is received by the community.

Low public awareness.

**VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED) £000**

	2020/21	2021/22	2022/23	2023/24
Revenue	£83k	£83k	£83k	£83k
Capital				

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

Expenditure:	Income:	Net Budget:
£158,160	£544,000	(£385,840)

**EQUALITY IMPACT ASSESSMENT**

Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	

--	--

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
Reduced salary costs Reduced Court and legal budget	<ul style="list-style-type: none"> <li>• None</li> <li>• None</li> </ul>

CORPORATE PRIORITIES ASSESSMENT (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Less cost to the Council	Less cost to the Council	Less Council Tax burden	No impact

LEGAL IMPLICATIONS
None

**Description of Service:**

Provision of core financial services to the council, include budget preparation and monitoring and preparing the annual accounts. The costs of the shared services for internal audit and anti-fraud are also charged here.

**Description of Transformation/Efficiency Proposal:**

The Finance function will be reviewed by the Head of Strategic Finance and Property within the next 6 months. He will also seek to maximise efficiencies from the new ledger system functionality.

The council is on a path of reducing the number of days purchased from the Shared Internal Audit Service (SIAS) and this could be continued. The cost of 320 days from SIAS in 2020/21 is £106,920. It is proposed to reduce this to 300 in 2021/22 and this should achieve a saving of approximately £6,000.

**What do the public say?:**

Add in any relevant information about how the service performs or is received by the community.

SIAS performs well and this is reflected in positive user surveys. The recommendations and reports provided are of a good standard. The public would not be aware of the work of SIAS.

The Audit & Governance Committee have expressed a view that the number of audit days should not go below 300.

**VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Revenue	£6,000	£0	£0	£0
Capital	£0	£0	£0	£0

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

<b>Expenditure:</b>	<b>Income:</b>	<b>Net Budget:</b>
£851,170	£0	£851,170

EQUALITY IMPACT ASSESSMENT	
Has an EQIA been completed? (If yes, date to be added)	No
What are the key issues raised in the EQIA?	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Costs reduction will not impact on direct service provision</li> <li>300 days is adequate to provide a sufficient and reliable internal audit service</li> </ul>	<ul style="list-style-type: none"> <li>Increased risk of a lack of internal control, or a failure in internal control, being identified and rectified</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
No impact	Spending can be re-prioritised	No impact	Where service design changes internal audit should be used to advise on any changes in controls.

## LEGAL IMPLICATIONS

The S151 Officer has to ensure that there is an adequate system of internal audit. This could be called into question if the number of days was to reduce significantly below 300.

## SF002 Corporate Risk & Insurance

**Corporate Priority:** All  
**Portfolio Holder:** Cllr George Cutting  
Williamson  
**LT Lead:** Steven Linnett

### Description of Service:

Provision of insurance cover to the council, including procurement and liaison with brokers and insurers. Also, provision of advice on risk management and maintenance of the corporate risk register.

### Description of Transformation/Efficiency Proposal:

The Finance function will be reviewed by the Head of Strategic Finance and Property within the next 6 months. The insurance cover will be subject to a procurement exercise this financial year.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Not popular with the public as main contact with the public is repudiating claims against the council. However, this is from a relatively small number of residents.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£68,540	£0	£68,540

#### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS

The officers have to reply to claims within set timescales to meet legal and contractual requirements.

## SF003 Procurement

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

### Description of Service:

Provision of advice on procurement and maintenance of the procurement system and records.

### Description of Transformation/Efficiency Proposal:

A procurement officer post was created with the intention of having our own resource and ending the support from Stevenage. This did not go well and the individual who was recruited was unable to complete their probation satisfactorily. A saving of approximately £5,000 could be achieved by deleting the procurement officer post and continuing with the support from Stevenage.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Whilst the public enjoy the services that are procured, they are not aware of the procurement process.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£5,000	£0	£0	£0
Capital	£0	£0	£0	£0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£67,460	£0	£67,460

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A



--	--

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Costs reduction will not impact on direct service provision</li> <li>Expert assistance remains readily available</li> <li>Good example of partnership working</li> </ul>	<ul style="list-style-type: none"> <li>Lack of control as reliant on Stevenage</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
No impact	Spending can be re-prioritised	No impact	No impact

## LEGAL IMPLICATIONS

Procurement is a complex area and any shortcomings will expose the council to a risk of challenge. The council has several large procurement projects coming forward so it is important to have expert advice.

**SF004 Exchequer**

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

**Description of Service:**

Ensuring that money entering and leaving the council is accounted for correctly.

**Description of Transformation/Efficiency Proposal:**

The Finance function will be reviewed by the Head of Strategic Finance and Property within the next 6 months. He will also seek to maximise efficiencies from the new ledger system functionality.

**What do the public say?:**

Add in any relevant information about how the service performs or is received by the community.

The public would not be aware of the work of this service.

**VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)**

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

Expenditure:	Income:	Net Budget:
£71,670	£0	£71,670

**EQUALITY IMPACT ASSESSMENT**

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS

If the exchequer service was not functioning correctly the council would be likely to get into disputes with both debtors and suppliers.

## SF005 Central Budgets

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

### Description of Service:

Central budgets for stationery, photocopying, books & publications and subscriptions etc.

### Description of Transformation/Efficiency Proposal:

Work has been done previously on reviewing and reducing publications and subscriptions. Some savings may be possible on stationery (£11,270) and photocopying (£18,820) if working from home continues. Should be possible to find combined savings across these central budgets of £5,000.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The public would have little interest in these budgets.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£5	£5	£5	£5
Capital	£0	£0	£0	£0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£157,080	£0	£157,080

#### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Costs reduction will not impact on direct service provision</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
No impact	Spending can be re-prioritised	No impact	No impact

LEGAL IMPLICATIONS

None.

## SF101 Other Expenses

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

### Description of Service:

This cost centre includes treasury management (£143,350), bank charges (£78,000) audit fees (£56,000) and the apprenticeship levy (£34,000). There are also amounts of £10,000 each for Chief Executive Initiatives and Leader Initiatives.

### Description of Transformation/Efficiency Proposal:

The larger items are all provided on a contract basis and will be examined as part of the procurement review. There is scope to reduce banking and merchant acquiring charges through a rationalisation of the number of bank accounts and retendering the contracts.

It is worth noting that the external auditors have put in a claim for a much higher audit fee, this is common across local authorities and will be determined by PSAA in due course.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The public would not be aware of these budgets.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£348,250	£304,000	£44,250

#### EQUALITY IMPACT ASSESSMENT

Has an EQIA been completed?	No
-----------------------------	----

(If yes, date to be added)	
<b>What are the key issues raised in the EQIA?</b>	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Costs reduction will not impact on direct service provision</li> <li>Good example of leadership and setting the right tone</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
No impact	Spending can be re-prioritised	No impact	No impact

LEGAL IMPLICATIONS
--------------------

None.



## SP001 Property & Asset Management

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

### Description of Service:

Provision of property and asset management services for council owned buildings, including preparing and monitoring maintenance plans and liaison with tenants.

### Description of Transformation/Efficiency Proposal:

The Property function will be reviewed by the Head of Strategic Finance and Property within the next 6 months.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

Tenants have been grateful for the individual approach taken to re-negotiating payment terms and leases in response to the pandemic. This has also helped the council's position in arranging vacant possession of Charringtons to enable the Old River Lane development.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£462,820	£1,600	£461,220

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

--	--

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>The service should still be able to meet all health &amp; safety requirements</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
No impact	Spending can be re-prioritised	No impact	No impact

LEGAL IMPLICATIONS

As stated above, all health & safety requirements could continue to be met. It is unlikely that there would be any significant delay in agreeing new or renewed leases.

## SP002 Facilities Management

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

### Description of Service:

Provision of facilities management and post services for council buildings.

### Description of Transformation/Efficiency Proposal:

The Property function will be reviewed by the Head of Strategic Finance and Property within the next 6 months. An early decision on the future of Charringtons and what, if any, presence is to be retained in Bishops Stortford is needed to assist the development of those proposals.

The staff numbers on the FM Helpdesk, the ending of the courier service and closing the post room will be pursued as a matter of priority.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

There has not been a significant adverse reaction to the council offices being closed to the public.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£33*	£33*	£33*
Capital	£0	£0	£0	£0

- Minimum savings target, but likely to be higher

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£187,210	£0	£187,210

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
--	----

<b>What are the key issues raised in the EQIA?</b>	N/A
--	-----

<b>KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL</b>	
<b>POSITIVE</b>	<b>NEGATIVE</b>
<ul style="list-style-type: none"> <li>Saving has limited impact on direct service provision</li> </ul>	<ul style="list-style-type: none"> <li>Members may wish to retain a presence in Bishops Stortford</li> </ul>

<b>CORPORATE PRIORITIES ASSESSMENT</b>			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Reduce carbon footprint	Spending can be re-prioritised	Will require residents to travel to Hertford if unable to resolve their query remotely.	Will encourage residents on the east of the district to use digital services

<b>LEGAL IMPLICATIONS</b>
---------------------------

There is no legal requirement for the council to have an office in Bishops Stortford.

## SP003 Wallfields

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

### Description of Service:

Budgets for Wallfields including non-domestic rates, utilities and maintenance and caretaking for both sites.

### Description of Transformation/Efficiency Proposal:

The Property function will be reviewed by the Head of Strategic Finance and Property within the next 6 months.

The Citizens Advice Bureau is likely to close their office in the short term but this does provide additional space to move staff into and decommission the Charrington site.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

There has not been a significant adverse reaction to the council offices being closed to the public.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£488,320	£18,000	£470,320

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>Saving has limited impact on direct service provision</li> </ul>	<ul style="list-style-type: none"> <li>Members may wish to retain a presence in Bishops Stortford</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Reduce carbon footprint	Spending can be re-prioritised	Will require residents to travel to Hertford if unable to resolve their query remotely.	Will encourage residents on the east of the district to use digital services

<b>LEGAL IMPLICATIONS</b>
---------------------------

There is no legal requirement for the council to have an office in Bishops Stortford.

## SP004 Charringtons

<b>Corporate Priority:</b>	Enter text here
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Bob Palmer

### Description of Service:

Budgets for Charringtons including non-domestic rates, utilities and maintenance.

### Description of Transformation/Efficiency Proposal:

The Property function will be reviewed by the Head of Strategic Finance and Property within the next 6 months.

It should be noted that City Heart have requested vacant possession from the start of June 2021 of Charringtons and the saving arises from the transfer of the building.

The closure will influence the cost reductions at Wallfields.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

There has not been a significant adverse reaction from the public to Charringtons being closed. Having a presence in Bishops Stortford may prove to be more of an issue for Members than the public.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	-£100	-£133	-£133
Capital	£0	£0	£0	£0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£132,790	£0	£132,790

## EQUALITY IMPACT ASSESSMENT



<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

<b>KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL</b>	
<b>POSITIVE</b>	<b>NEGATIVE</b>
<ul style="list-style-type: none"> <li>Saving has limited impact on direct service provision</li> </ul>	<ul style="list-style-type: none"> <li>Members may wish to retain a presence in Bishops Stortford</li> </ul>

<b>CORPORATE PRIORITIES ASSESSMENT</b>			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Reduce carbon footprint	Spending can be re-prioritised	Will require residents to travel to Hertford if unable to resolve their query remotely.	Will encourage residents on the east of the district to use digital services

## **LEGAL IMPLICATIONS**

There is no legal requirement for the council to have an office in Bishops Stortford.

## SP005 Buntingford

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

### Description of Service:

Budgets for Buntingford Depot including rent £210,000 and non-domestic rates £117,760.

### Description of Transformation/Efficiency Proposal:

The depot is leased and essential to the waste service so there is no opportunity for any significant saving although we will seek to identify alternative cheaper sites or to seek a lease payment reduction.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The public generally value the waste service but would not have any knowledge of the services based at Buntingford.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£417,890	£228,700	£189,190

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

--	--

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

N/A

**SP006 Rent & Misc**

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

**Description of Service:**

Includes rent for commercial and non-operational buildings and associated costs.

**Description of Transformation/Efficiency Proposal:**

The Property function will be reviewed by the Head of Strategic Finance and Property within the next 6 months.

Most properties are on leases not close to renewal and increases are largely fixed until the rent review period.

Approximately 80% of the £1.4 million of rental income is derived from four properties, Jackson Square shopping centre, Tesco at Ware, Co-op in Hertford and Waitrose car park.

**What do the public say?:**

Add in any relevant information about how the service performs or is received by the community.

The public would not be aware of which buildings the council owns.

**VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)**

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

**CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)**

Expenditure:	Income:	Net Budget:
£185,940	£1,395,100	-£1,209,160

**EQUALITY IMPACT ASSESSMENT**

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
--	----

**What are the key issues raised in the EQIA?**

N/A

**KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL**

**POSITIVE**

- N/A

**NEGATIVE**

- N/A

**CORPORATE PRIORITIES ASSESSMENT**

Sustainability

Economic Growth

Enabling Communities

Digital by Design

**LEGAL IMPLICATIONS**

N/A

## SP007 Street Lighting

<b>Corporate Priority:</b>	All
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Steven Linnett

### Description of Service:

Cost of electricity and maintenance for street lighting in car parks and areas the council is responsible for.

### Description of Transformation/Efficiency Proposal:

The Property function will be reviewed by the Head of Strategic Finance and Property within the next 6 months.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The public would be concerned by any reduction in street lighting.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£6,100	£0	£6,100

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

N/A



## SP008 Land Drainage

<b>Corporate Priority:</b>	Sustainability
<b>Portfolio Holder:</b>	Cllr Geoffrey Williamson
<b>LT Lead:</b>	Bob Palmer

### Description of Service:

Repairs and maintenance for water courses and culverts.

### Description of Transformation/Efficiency Proposal:

The Property function will be reviewed by the Head of Strategic Finance and Property within the next 6 months.

We will explore whether some of this work can be undertaken by community payback teams.

### What do the public say?:

Add in any relevant information about how the service performs or is received by the community.

The public would be concerned by any potential flooding from a reduction in these activities.

### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£0	£0	£0
Capital	£0	£0	£0	£0

### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£58,380	£50	£58,330

### EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	N/A

KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL	
POSITIVE	NEGATIVE
<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design

LEGAL IMPLICATIONS
--------------------

N/A

# 1 Shared Design Service

Corporate Priority: Digital by Design  
Portfolio Holder: Geoff Williamson  
LT Lead: Helen Standen

**Description of Service:** Shared design service

## Description of Transformation/Efficiency Proposal:

We have recently agreed to a shared design service with SBC which includes a charge of £39,800 which gives us access to 1.0 WTE of a graphic designer. We could stop buying into this service and retain a smaller budget with communications to manage production of content through external designers as and when needed as opposed to having a permanent resource available. We could retain £19k and make a saving of £20k.

Given the service is shared with SBC there will be some redundancy implications.

## What do the public say?:

No data from the public.

## VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£20	£20	£20
Capital	0	0	0	0

## CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£39	£0	£39

## EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No – any restructure would require an EQIA to be undertaken however
<b>What are the key issues raised in the EQIA?</b>	N/A

## KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
Revenue savings More flexibility with commissioning design work	Potential loss of local experience and knowledge should we no longer have an in

	house resource
--	----------------

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Limited impact	Supports a local business	Limited impact	Digital print solution in place

LEGAL IMPLICATIONS
None

# 1 Shared Design Service

Corporate Priority: Digital by Design  
Portfolio Holder: Geoff Williamson  
LT Lead: Helen Standen

**Description of Service:** Shared design service

## Description of Transformation/Efficiency Proposal:

We have recently agreed to a shared design service with SBC which includes a charge of £38,498 which gives us access to 1.0 WTE of a graphic designer. We could stop buying into this service and retain a smaller budget with communications to manage production of content through external designers as and when needed as opposed to having a permanent resource available. We could retain £18k and make a saving of £20k.

Given the service is shared with SBC there will be some redundancy implications.

## What do the public say?:

No data from the public.

## VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue	£0	£20	£20	£20
Capital	0	0	0	0

## CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:
£38	£0	£38

## EQUALITY IMPACT ASSESSMENT

<b>Has an EQIA been completed?</b> (If yes, date to be added)	No – any restructure would require an EQIA to be undertaken however
<b>What are the key issues raised in the EQIA?</b>	N/A

## KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL

POSITIVE	NEGATIVE
Revenue savings More flexibility with commissioning design work	Potential loss of local experience and knowledge should we no longer have an in

	house resource
--	----------------

CORPORATE PRIORITIES ASSESSMENT			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Limited impact	Supports a local business	Limited impact	Digital print solution in place

LEGAL IMPLICATIONS
None

## 1 Planning Service Large Printer

### Description of Service:

Large Format (A1 and A2) printer which is used for printing architect drawings.

### Description of Transformation/Efficiency Proposal:

Since moving to a paperless environment which now includes digital planning application files there has been little need for a large format printer and it is now surplus to requirements.

The current cost per year totals around £6,500 and includes:

£2335 Consumables

£1580 Service

£2530 Lease

The printer is six years old and the lease was renewed by IT last year for three years.

This would to be replaced with a large format scanner. However, one is still available and can be installed again.

### What do the public say?:

N/A this is an internal service only.

#### VALUE OF PROPOSAL(S) PER YEAR (ESTIMATED)

	2020/21	2021/22	2022/23	2023/24
Revenue		7	7	7
Capital				

#### CURRENT REVENUE BUDGET (NET DIRECT SERVICE COSTS)

Expenditure:	Income:	Net Budget:



<b>Has an EQIA been completed?</b> (If yes, date to be added)	No
<b>What are the key issues raised in the EQIA?</b>	

<b>KEY ISSUES/ RISKS/ IMPACT OF PROPOSAL</b>	
<b>POSITIVE</b>	<b>NEGATIVE</b>
<ul style="list-style-type: none"> <li>• Less time spent printing and folding large plans.</li> <li>• Promoting digital working.</li> </ul>	<ul style="list-style-type: none"> <li>• Possible claw back from the renewed 3 year lease that was signed in 2019.</li> </ul>

<b>CORPORATE PRIORITIES ASSESSMENT</b> (please colour code RAG)			
Sustainability	Economic Growth	Enabling Communities	Digital by Design
Reduced paper			Full digital working

<b>LEGAL IMPLICATIONS</b>
---------------------------

Termination of the lease early is being clarified with IT.

This page is intentionally left blank

## Appendix B

Description	Cost Centre	2021/22		2022/23		2023/24	
		Proposed	Include	Proposed	Include	Proposed	Include

### Savings proposals that could be taken forward

<b><u>Operations</u></b>							
Garden Waste charging	OPS12	(703)	<b>(703)</b>	(735)	<b>(735)</b>	(735)	<b>(735)</b>
Car Parking proposals EXcluding Blue Badge	OPS20-26			(484)	<b>(444)</b>	(551)	<b>(511)</b>
Leisure centres	OPS11	100	<b>100</b>	100	<b>100</b>	(404)	<b>(404)</b>
Litter and dog waste bins - combine	OPS6	(19)	<b>(19)</b>	(19)	<b>(19)</b>	(19)	<b>(19)</b>
Hertford Theatre	OPS27-29	34	<b>34</b>	88	<b>88</b>	(400)	<b>(400)</b>
Parks and Open Spaces - catering concessions	OPS6	(8)	<b>(8)</b>	(15)	<b>(15)</b>	(20)	<b>(20)</b>
Environmental Inspection	EN001	31	<b>31</b>	(0)		(0)	
<b><u>Chief Executive</u></b>							
Senior Management restructure	CED1	(30)		(65)	<b>(30)</b>	(65)	<b>(65)</b>
Corporate Support Team review	CED2	(5)		(10)	<b>(5)</b>	(10)	<b>(10)</b>
<b><u>Communications, Strategy &amp; Policy</u></b>							
Communications - Option 1 reduce communications activity	CM002	(30)	<b>(30)</b>	(30)	<b>(30)</b>	(30)	<b>(30)</b>
Digital Receptions - Delete vacant posts and remove payment kiosks.	CS001	(50)	<b>(50)</b>	(63)	<b>(63)</b>	(63)	<b>(63)</b>
Proc Dev Subscriptions - Cease payments CZA and BBfA subs included only	ED101	(5)	<b>(5)</b>	(20)	<b>(20)</b>	(20)	<b>(20)</b>

446

Description	Cost Centre	2021/22		2022/23		2023/24	
		Proposed	Include	Proposed	Include	Proposed	Include
<b><u>Housing &amp; Health</u></b>							
Community Grants - Community Transport	CW103	(84)	(21)	(84)	(42)	(84)	(63)
Community Wellbeing Team - restructure	CW001	(25)		(50)	(25)	(50)	(50)
Delete housing survey	EH106	(31)	(31)	(31)	(31)	(31)	(31)
Resilience Partnership - End partnership and absorb within main budget	CW101	(26)	(26)	(26)	(26)	(26)	(26)
Environmental Health - End van leases and use electric pool cars	EH001	(10)	(10)	(12)	(12)	(12)	(12)
<b><u>Human Resources</u></b>							
Apprentices - Option 3 recruitment limited to 2 more apprentices	HR2	(53)	(17)	(73)		(73)	
HR&OD - Savings limited to local training budgets - reverting to pre-increase level.	HR1	(24)	(12)	(34)	(12)	(37)	(12)
<b><u>Legal &amp; Democratic</u></b>							
Legal Services - Hiring permanent staff instead of incurring external agency costs	LDS1	(7)	(7)	(27)	(27)	(63)	(63)
Electoral Registration - Annual Canvas reform	LDS4	(25)	(25)	(25)	(25)	(25)	(25)
Cease webcasting. To be permanently replaced with YouTube channel	LDS2	(15)	(15)	(15)	(15)	(15)	(15)
Electoral Registration - postage	LDS4	(4)	(4)	(4)	(4)	(4)	(4)
Electoral Registration - Invitation to Register reminders	LDS4	(2)	(2)	(2)	(2)	(2)	(2)
<b><u>Planning</u></b>							
Archive digitisation	PL001	(41)	(41)	(41)	(41)	(41)	(41)
Online adverts except for some major applications	PL001	(30)	(30)	(30)	(30)	(30)	(30)

Description	Cost Centre	2021/22		2022/23		2023/24	
		Proposed	Include	Proposed	Include	Proposed	Include
Staffing restructure. Part of ongoing review.	PL001	(30)	(15)	(30)	(30)	(30)	(30)
Building Control - Cost pressure due to incorrect budget set after dividend for Dacorum joining the company	PBC2	23	23	23	23	23	23
<b>Revenues and Benefits</b>							
Revenues and Benefits retained costs - various budget adjustments	RB002	(83)	(83)	(83)	(83)	(83)	(83)
Staffing changes. 1 retirement 2020. Other savings deferred by 1 year.	RB001	(59)	(13)	(59)	(59)	(59)	(59)
<b>Shared ICT Service</b>							
Shared ICT Service - End Print service	SS001	(100)	(100)	(100)	(100)	(100)	(100)
Facilities Management - Post Room and Courier service changes.	SP002	(33)		(33)	(33)	(33)	(33)
Finance - various initiatives. To be reviewed by the new Head of Strategic Finance & Property after 6 months.	SF001 - 6		(50)		(50)		(50)
		(0)					
Total		(1,344)	(1,129)	(1,989)	(1,797)	(3,092)	(2,983)
Target			(1,102)		(2,003)		(3,963)
			(27)		206		980

**Savings proposals that could be taken forward, subject to further information**

Description	Cost Centre	2021/22		2022/23		2023/24	
		Proposed	Include	Proposed	Include	Proposed	Include
<u>Operations</u>							
Public conveniences - Buntingford and end Community Toilet Scheme	OPS13	(18)	(18)	(18)	(18)	(18)	(18)
<u>Communications, Strategy &amp; Policy</u>							
Cease printing Link and make digital only.	CM002	(10)		(10)		(10)	
<u>Legal &amp; Democratic</u>							
Democratic Services - IRP to be convened once every 4 years only	LDS2	(0)		(3)	(3)	(3)	(3)
<u>Shared ICT Service</u>							
Shared ICT Service - End design service	SS001	(20)	(20)	(20)	(20)	(20)	(20)
Shared ICT Service - remove large format printer	SS001	(6)	(6)	(6)	(6)	(6)	(6)
Total		(54)	(44)	(57)	(47)	(57)	(47)

Executive view is to defer any redundancy proposals for 1 year to seek to achieve savings through redeployment and staff turnover.

## Savings proposals NOT to be taken forward

Description	Cost Centre	2021/22		2022/23		2023/24	
		Proposed	Include	Proposed	Include	Proposed	Include
<b><u>Operations</u></b>							
Remove litter and dog waste bins	OPS6	(70)		(95)		(95)	
Close 6 playgrounds	OPS8	(5)		(10)		(10)	
Business Support - training	OPS1	(6)		(6)		(6)	
Business Support -postage	OPS1	(3)		(3)		(3)	
Allotments fees	OPS7	(1)		(1)		(1)	
Markets	OP30	(0)		(0)		(0)	
<b><u>Communications, Strategy &amp; Policy</u></b>							
Communications - Option 2 cease communications activity other than reactive to press or crisis	CM002	(90)		(90)		(90)	
Economic Development - Repurpose function to concentrate on Launchpad	ED001	(35)		(35)		(35)	
Policy - Cease Corporate Policy work.	CM001	(25)		(25)		(25)	
Launchpad	ED102	(0)		(0)		(0)	
Major Projects Team - No proposals as no major projects proposed to be halted	IN001	(0)		(0)		(0)	
Rural Development Programme Project ceased and no expenditure on this cost centre	RD101	(0)		(0)		(0)	
Economic Development - Only expenditure is payment towards Visit Herts	RED001	(0)		(0)		(0)	
<b><u>Housing &amp; Health</u></b>							
Community Grants - Sports grants	CW103	(16)		(16)		(16)	
Community Grants - reduce	CW103	(11)		(11)		(11)	



Description	Cost Centre	2021/22		2022/23		2023/24	
		Proposed	Include	Proposed	Include	Proposed	Include
Air Quality - Reduce monitoring	EH104	(2)		(4)		(6)	
Public Health Burials	BU101	(0)		(0)		(0)	
Community Safety - PCSO saving of £44k previously approved	CW102	(0)		(0)		(0)	
Commnunity Grants to be consolidated Grants to parish councils to cease as they can raise finance via the precept.	CW103	(0)		(0)		(0)	
Housing	HG001	(0)		(0)		(0)	
Homelessness	HG103	(0)		(0)		(0)	
Hillcrest Hostel	HG104	(0)		(0)		(0)	
Licensing	LN001	(0)		(0)		(0)	
Premises and Gambling Licences - Fees and Charges review to be undertaken	LN101	(0)		(0)		(0)	
Taxi Licensing	RLN101	(0)		(0)		(0)	
<b><u>Legal &amp; Democratic</u></b>							
Land Charges	LDS3	(0)		(0)		(0)	
Street Naming and Numbering	LDS5	(0)		(0)		(0)	
Civic Regalia - Sell spare chain	LDS2	(6)					
<b><u>Planning</u></b>							
Historic Building Grants		(10)		(20)		(20)	
Pre-App Planning Advice	PBC3	(0)		(0)		(0)	
Planning Policy - Grant funding for Neighbourhood Plan referenda	PBC4	(0)		(0)		(0)	

Description	Cost Centre	2021/22		2022/23		2023/24	
		Proposed	Include	Proposed	Include	Proposed	Include
<u>Strategic Finance &amp; Property</u>							
Strategic Finance - Reduction in Shared Internal Audit Service Days	SF001	(6)		(6)		(6)	
Procurement - Delete post	SF003	(5)		(5)		(5)	
Bank charges	SF101	(0)		(0)		(0)	
Property & Asset Management	SP001	(0)		(0)		(0)	
Total		(291)		(327)		(329)	

### **Savings proposals removed pending further detailed work**

<b><u>Strategic Finance &amp; Property</u></b>				
Charringtons - EHC ofices transferred to City Heart from June 2021	SP004	(100)	(139)	(139)

This page is intentionally left blank

## **East Herts Council Report**

### **Audit and Governance Committee**

**Date of Meeting:** 17 November 2020

**Report by:** James Ellis, Head of Legal and Democratic Services and Monitoring Officer

**Report title:** Standards Update

**Ward(s) affected:** All

---

### **Summary**

The report updates Members of the Committee on standards issues generally.

### **RECOMMENDATION FOR AUDIT AND GOVERNANCE COMMITTEE:**

- (a) **That the Committee notes the content of the report and provides any observations to the Head of Legal and Democratic Services.**

#### **1.0 Proposal(s)**

- 1.1 As above.

#### **2.0 Background**

- 2.1 Within its terms of reference the Audit and Governance Committee has a function “promote and maintain high standards of conduct of Members and Co-opted Members of the Council”. The Committee will therefore receive update reports from the Monitoring Officer on matters that relate to, or assist to govern, Member conduct.

## **Committee on Standards in Public Life (CSPL)**

### **Local Government Ethical Standards**

- 2.2 Members may be aware that the CSPL published a report with 26 recommendations on ethical standards in local government on 30 January 2019.
- 2.3 The most recent updates/ developments in respect of these recommendations are:
- 2.4 In June the local government association launched a consultation on a new draft model code. The consultation on the draft ran for 10 weeks from 8 June until 17 August. Members were invited to participate in the consultation through the Member Information Bulletin, with reminders sent via e-mail in early August.
- 2.5 A number of consultation events took place with the LGA online and these were attended by Members and Officers alike. A number of Members took the opportunity to respond to the consultation before it closed.
- 2.6 It was stated that the feedback from the consultation was to be fed into a final draft, which will be reviewed by the LGA Executive Advisory Board before being presented to the next LGA General Assembly - which was due to be held this autumn. It is not however evident from the agenda for that Advisory Board meeting of 30 September that this was considered at that virtual meeting, and at this stage the next scheduled meeting on the website appears to be in July 2021.
- 2.7 On 6 July the Chair of the CSPL, Lord Evans wrote to the Right Honourable Robert Jenrick<sup>1</sup>, Secretary of State for Housing Communities and Local Government. The Chair asked when the CSPL would receive a government response to the

---

<sup>1</sup> [Lord Evans' letter to Robert Jenrick MP](#)

Committee's recommendations and said he had not received a reply to a letter he wrote in October 2019 to Luke Hall MP, the previously responsible Minister. Recognising the challenges of the times, Lord Evans said at this time of crisis, demonstrable high standards are as important as ever to help maintain trust between government and the public. As yet there appears to be no published response to this letter.

- 2.8 It is unclear when the East Herts Council Code of Conduct was last updated; however it is the opinion of the Monitoring Officer that it is in need of review and updating. Members may however feel it prudent to await the outcome of the Government's response to the recommendations (one of which was a new model code). As referred to at 2.4 above, a consultation on a new model code has recently taken place, and it is therefore advisable that the Audit and Governance Committee/Council awaits the outcome of the consultation on the draft to consider whether that LGA version should be adopted.

### **East Herts complaints/ issues update**

- 2.9 The complaints made to the Monitoring Officer since taking up the role in February 2020 are as follows:

Complaint about: Parish/Town or District Councillor	Summary of complaint	Action taken
<b>Complaint 1/2020</b> Complaint against Town Councillor	Failed to act with professional competence	No case to answer as no evidence that the Town Councillor in question had any involvement in the dispute.
<b>Complaint 2/2020</b>	Failure to declare an	No case the answer

Complaints against Parish Councillor	interest and behaving in an inappropriate way	as no evidential basis to any of the allegations
<b>Complaint 3/2020</b> Complaint against District Councillor	Perceived use of inappropriate language	Dealt with informally under paragraph 4.2 of the Complaints Procedure
<b>Complaint 5/2020</b> Complaint against Parish Councillor	Breach of confidentiality	Ongoing
<b>Complaint 7/2020</b> Complaint against Parish Councillor	Failure to show respect	Ongoing

2.10 Please note that complaints that are withdrawn by the complainant before they are considered by the Monitoring Officer and Independent Person are not include in the table above.

### **3.0 Reason(s)**

3.1 To ensure good governance within the Council

### **4.0 Options**

4.1 Not providing updates to Members on standards issues. This option is NOT RECOMMENDED, as to do so would weaken the Committee's ability to adequately promote and maintain the Ethical Standards Framework, and to maintain an oversight of the council's arrangements for dealing with complaints.

### **5.0 Risks**

5.1 Appropriate policy frameworks help to ensure good governance of the Council and therefore reduce risk of poor



practice or unsafe decision making.

## **6.0 Implications/Consultations**

6.1 None

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

No

### **Environmental Sustainability**

No

### **Financial**

No

### **Health and Safety**

No

### **Human Resources**

No

### **Human Rights**

No

### **Legal**

None, other than as identified above.

### **Specific Wards**

No

**7.0 Background papers, appendices and other relevant material**

7.1 None.

**Contact Officer** James Ellis  
Head of Legal and Democratic Services  
Tel No: 01279 502170  
[James.Ellis@eastherts.gov.uk](mailto:James.Ellis@eastherts.gov.uk)

## **East Herts Council Report**

### **Audit and Governance Committee**

**Date of Meeting:** 17 November 2020

**Report by:** James Ellis, Head of Legal and Democratic Services and Monitoring Officer

**Report title:** Constitution Review Group

**Ward(s) affected:** All

---

### **Summary**

To set up an informal Member Group to review the Constitution.

### **RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:**

- (a) That an informal Constitution Review Group be established, comprising six places to be allocated as follows:  
Conservative – 3, Liberal Democrat – 1, Green – 1 and Labour – 1, and membership to be appointed in accordance with the wishes of the Group Leaders; and**
- (b) The terms of reference to be to identify significant or strategic changes and make recommendations to the Audit and Governance Committee at its final meeting in the civic year 2020/21 regarding changes to the Constitution of East Hertfordshire District Council, where considered necessary or desirable, for the Committee to consider and then make recommendations to Council.**

### **1.0 Proposal(s)**

- 1.1 As above.

## **2.0 Background**

- 2.1 During the course of each civic year, aspects of the Constitution are likely to require changes. Such changes may include improvements from time to time, as recommended by the Monitoring Officer; alterations necessitated by legislation or consequential changes arising from new decision-making, policies, strategies or other arrangements agreed by the Executive, Council or Committees, or operationally within Services.
- 2.2 The Audit and Governance Committee's remit includes "making recommendations taking into account the advice of the Monitoring Officer of periodic amendments and updating of the Council's Constitution" (Part 3, Chapter 3b, paragraph 5.6.1 (v)). The Constitution provides for Council to receive a report at its annual meeting which updates the Constitution if necessary (Constitution, Part 4, Chapter 4a, para 2.1.2 (k)). The Audit and Governance Committee will therefore recommend to Council any significant or strategic changes it considers appropriate.
- 2.3 The establishing of an informal group of Members to consider possible changes to the Constitution will support the Monitoring Officer in advising the Committee on what changes should be made.
- 2.4 The Committee is able to set up sub-committees or informal task and finish groups. It is proposed that as the "parent" Committee has the authority to make recommendations to Council, it should retain that role, and that delegation to a Sub-Committee would not be necessary. Further, an informal group would lend itself to cross-party Membership in a way which would be cumbersome to achieve if a formal politically balanced sub-committee were to be established.

### **3.0 Reason(s)**

- 3.1 To provide the opportunity for Member involvement in reviewing the Constitution

### **4.0 Options**

- 4.1 The Monitoring Officer, working with other Officers, may offer direct advice to the Audit and Governance Committee on changes to the Constitution, which can then be set out in a report to Council. This option has been used in the previous year. It is a valid option, but does not provide the opportunity for Member involvement at the early stages of review which the recommendation in this report would provide.

### **5.0 Risks**

- 5.1 The recommendation addresses the risk that Members might not have early opportunity to consider changes to the Constitution

### **6.0 Implications/Consultations**

- 6.1 Group Leaders have been consulted and will nominate Members from within their respective political Groups to participate in the Constitution Review Group.

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

No

**Environmental Sustainability**

No

**Financial**

No

**Health and Safety**

No

**Human Resources**

No

**Human Rights**

No

**Legal**

None, other than as identified above.

**Specific Wards**

No

**7.0 Background papers, appendices and other relevant material**

7.1 None.

**Contact Member** Councillor Linda Haysey – Leader of the Council  
[Linda.Haysey@eastherts.gov.uk](mailto:Linda.Haysey@eastherts.gov.uk)

**Contact Officer** James Ellis  
Head of Legal and Democratic Services  
Tel No: 01279 502170  
[James.Ellis@eastherts.gov.uk](mailto:James.Ellis@eastherts.gov.uk)

**Report Author** Rebecca Dobson  
Tel No: 01279 502082  
[Rebecca.Dobson@eastherts.gov.uk](mailto:Rebecca.Dobson@eastherts.gov.uk)

## **East Herts Council Report**

### **Audit and Governance Committee**

**Date of Meeting:** 17 November 2020

**Report by:** James Ellis, Head of Legal and Democratic Services and Monitoring Officer

**Report title:** GDPR and Data Retention Update

**Ward(s) affected:** All

---

### **Summary**

Responding to the request made at the meeting of the Audit and Governance Committee on 28<sup>th</sup> July 2020, for an update on Information Management and GDPR compliance.

### **RECOMMENDATION FOR AUDIT AND GOVERNANCE COMMITTEE:**

**(a) That the Committee notes the content of the report and provides any observations to the Head of Legal and Democratic Services**

#### **1.0 Proposal(s)**

1.1 As above.

#### **2.0 Background**

2.1 At its meeting on 28 July 2020, the Committee requested that an update on Information Management and GDPR compliance be provided to a future meeting of the Committee.



- 2.2 Subsequent correspondence from members articulated an interest in the update addressing whether there are any issues with the council's approach such as there being;
- Lack of adequate information in the Asset Register;
  - Information Management policies and procedures out of date;
  - Lack of a defined and enforced retention schedule; and
  - Lack of defined disposal and destruction procedures.
- 2.3 Historically, and upon the coming into force of the GDPR in 2018, East Herts Council engaged the services of a specialist consultant to produce legally compliant documents, including those mentioned in 2.2 above.
- 2.4 For whatever reason, it would appear that in the intervening two year period, steps to ensure that the documentation remained up to date were not undertaken, which has led to some documents being incomplete and in need of updating.
- 2.5 East Herts Council had initially explored the possibility of entering into a shared Information Governance service with Stevenage Borough Council; however upon the appointment of the new Head of Legal and Democratic Services, it was ultimately decided that the preferred approach would be to have a dedicated in-house position created for East Herts.
- 2.6 In pursuance of this decision, a new Information Governance & Data Protection Manager post has been created, advertised and, at the time of writing, will be progressing to interview stage shortly.
- 2.7 This post will provide East Herts Council with ongoing resilience to ensure that documents are reviewed and updated now and in the long term.

2.8 Some additional queries contained in the e-mail mentioned at 2.2 above were;

- Have there been any data breaches at EHDC since May 2018?
  - There have been a total of 36 data breaches reported to East Herts Council's Information Officer since May 2018, with 2 of those deemed serious enough to be reported to the Information Commissioners Office ("ICO"). Taken in context that the potential for data breaches arise with every communication, every council tax or benefit account, every planning application, every e-mail and letter sent externally and every web page published by the council, this represents a very low number of breaches over the two and a half year period in question.
- How many data subject access requests ('DSARs') have been received by EHDC since May 2018?
  - There have been 26 DSAR's since May 2018
- For any DSAR's [in that period], did EHDC always respond within the statutory period?
  - 24 of the 26 were responded to within the statutory period, representing a circa 92% success rate.
- Has any data mapping exercise been undertaken by EHDC since May 2018?
  - There does not appear to have been any data mapping exercise since May 2018
- Has EHDC satisfied itself regarding the compliance with GDPR of any contractor/third party with which it shares personal data?
  - Where data is shared with a contractor/third party, individual Data Sharing Agreements are entered into to ensure compliance with GDPR. This was most recently demonstrated in the work undertaken by the council and

its partner agencies in contacting those individuals who were required to shield due to the COVID-19 pandemic.

### **3.0 Reason(s)**

- 3.1 The Audit & Governance Committee has within its terms of reference; provide an effective mechanism to monitor the control environment within the council, ensuring the highest standards of probity and public accountability by challenging and following up internal audit recommendations.

### **4.0 Options**

- 4.1 The Committee requested an update and so there are no alternative options to consider.

### **5.0 Risks**

- 5.1 Having policies that are not up to date poses a risk that the council could fall foul of data protection law. The incoming Information Governance & Data Protection Manager will be tasked with addressing this situation in order to ensure that all of the council's documents are up to date and fit for purpose.
- 5.2 Risk of data breaches is reduced by regular data protection awareness training delivered via the council's online training facility. This is reflected in the low number of data breaches which have been reported since May 2018 as outlined at 2.8 above.

### **6.0 Implications/Consultations**

- 6.1 None

### **Community Safety**

No

**Data Protection**

Yes – Limited assurance was provided on the Annual Governance Statement as a result of the audit on information governance. The creation of, and imminent appointment to, the Information Governance & Data Protection Manager role is a first step in addressing this.

**Equalities**

No

**Environmental Sustainability**

No

**Financial**

No

**Health and Safety**

No

**Human Resources**

No

**Human Rights**

No

**Legal**

None, other than as identified above.

**Specific Wards**

No

**7.0 Background papers, appendices and other relevant material**

7.1 None.

<b>Contact Member</b>	Councillor George Cutting – Executive Member for Corporate Services <a href="mailto:George.Cutting@eastherts.gov.uk">George.Cutting@eastherts.gov.uk</a>
<b>Contact Officer</b>	James Ellis Head of Legal and Democratic Services Tel No: 01279 502170 <a href="mailto:James.Ellis@eastherts.gov.uk">James.Ellis@eastherts.gov.uk</a>

## East Herts Council Report

### Audit and Governance Committee

**Date of Meeting:** 17 November, 2020

**Report by:** Chairman of Audit and Governance Committee

**Report title:** Audit and Governance Committee - Draft Work Programme 2020/21

**Ward(s) affected:** All

---

### Summary

- To invite Members to review and determine the future work programme of Audit and Governance Committee and any proposed amendments to the ongoing Work Programme.

### **RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE, that:**

- (a) **the main agenda items for the next meeting be agreed;**
- (b) **the proposed consolidated work programme, at Appendix A, in relation to Audit and Governance matters, be agreed.**

### **1.0 Proposal(s)**

- 1.1 Items previously required, identified or suggested for the work programme are set out in **Appendix A**. The Appendix is now presented as a consolidated report to include those issues for consideration by Overview and Scrutiny Committee. It was felt that consolidating the work of both Committees in one report would give Members of both committees a better perspective from the viewpoint of scrutiny.

## **2.0 Background**

- 2.1 The draft agenda for the next Audit and Governance Committee is shown in **Appendix A**. Members are asked to confirm that these are the key items they wish to consider.
- 2.2 Whilst the timing of some items shown may have to change depending on availability of essential data (eg. from central government), etc members are asked to consider the future programme and add, remove or move items as they see fit.
- 2.3 In an effort to better plan the work of both Audit and Governance and Overview and Scrutiny committees a meeting was held on 29 June 2020 with the Leader, Deputy Leader, the Chairmen and Vice Chairmen of both Audit and Governance and Overview and Scrutiny Committees. This meeting, to consider the work programmes of both Committees will be held on a quarterly basis and will also consider the items included in the Forward Plan. The aim of this is to provide a longer lead in time for consideration of key items for decision by the Executive and which may require scrutiny.

## **3.0 Reason(s)**

- 3.1 While Audit and Governance is not a Scrutiny Committee, it has a specific role of monitoring the budget and oversees a range of information such as inspection reports and action plan monitoring. It approves the Council's Statement of Accounts and is also the Council's Audit Committee and carries out Treasury Management functions. As a result, the work programme helps provide structure and identifies a clear reporting timeframe for those reports.

## **4.0 Options**

- 4.1 Members have the option to include or exclude any items on the proposed work programme, however, officers recommend approval of the listed items as consideration will fulfil the



council's audit functions and the items reflect the issues previously raised by members. It is worth noting that this is a draft work programme which is continually reviewed and will evolve as the work programme develops triggered by external and internal influences.

## **5.0 Risks**

- 5.1 If the Audit and Governance Committee chose not to consider the various audit and financial reports in the proposed work programme, subject to the Legal observations made later in this report, the council could potentially be at risk of not identifying potential issues and risks to the authority and thus taking mitigating actions.

## **6.0 Implications/Consultations**

- 6.1 Information on any corporate issues and consultation associated with this report can be found within the body of this report.

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

No

### **Environmental Sustainability**

No

### **Financial**

None applicable to this report apart from the benefits, as discussed above, of member oversight of the council's key financial practices and policies.

## **Health and Safety**

No

## **Human Resources**

No

## **Human Rights**

No

## **Legal**

None applicable to this report but Audit and Governance is required to receive and consider reports and agree such reports as required by statute. These include for example, the Treasury Management Statement and Statement of Accounts.

## **Specific Wards – All wards**

### **7.0 Background papers, appendices and other relevant material**

Appendix A

<b>Contact Member</b>	Mark Pope, Chairman of Audit and Governance Committee <a href="mailto:Mark.Pope@eastherts.gov.uk">Mark.Pope@eastherts.gov.uk</a>
<b>Contact Officer</b>	James Ellis Head of Legal and Democratic Services Tel No: 01279 502170 <a href="mailto:James.Ellis@eastherts.gov.uk">James.Ellis@eastherts.gov.uk</a>
<b>Report Author</b>	Lorraine Blackburn, Scrutiny Officer Tel No: 01279 502172 <a href="mailto:Lorraine.Blackburn@eastherts.gov.uk">Lorraine.Blackburn@eastherts.gov.uk</a>

# Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2020/21

*(this is a working document and is subject to regular amendment)*

Meeting Date Overview and scrutiny	Topic and Notes	Lead Member and Officer	Meeting Date Audit and Governance	Topic and Notes	Lead Member and Officer
15 September 2020	<p>Update on the progress in relation to the Climate Change Action Plan and progress in relation to the 2030 Carbon neutrality aspirations.</p> <p><i>With the agreement of Members at the last (June 2020) meeting, updates would be presented prior to each meeting.</i></p>	Executive Member for Environmental sustainability and David Thorogood	22 September 2020	External Audit Update	Suresh Patel, Ernst Young

**Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2020/21**  
*(this is a working document and is subject to regular amendment)*

<b>Meeting Date</b> <b>Overview and scrutiny</b>	<b>Topic and Notes</b>	<b>Lead Member and Officer</b>	<b>Meeting Date</b> <b>Audit and Governance</b>	<b>Topic and Notes</b>	<b>Lead Member and Officer</b>
	Social Housing – Report of the Task and Finish Group (see note below).	Head of Housing and Health		SIAS Update	Simon Martin SIAS Audit Manager
	Large Scale Projects – Project Management in terms of Expenditure Vs Budget, delivery timescales  <i>Members' briefing provided on 16 July on Hertford Theatre.</i>	Respective Project Managers .		SAFs Update	Nick Jennings Head of Service (SAFs)

**Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2020/21**  
*(this is a working document and is subject to regular amendment)*

<b>Meeting Date</b> <b>Overview and scrutiny</b>	<b>Topic and Notes</b>	<b>Lead Member and Officer</b>	<b>Meeting Date</b> <b>Audit and Governance</b>	<b>Topic and Notes</b>	<b>Lead Member and Officer</b>
	<i>Request by Councillor Goldspink for an update on Hartham Leisure</i>				
	Policy for Enforcing Standards for Private Sector Landlords	Head of Housing and Health		Strategic Risk Register Quarterly Update	Graham Mulley Risk Assurance Manager
	Council Tax Reduction Scheme 2021/22	Head of Revenues and Benefits Shared Services		Annual Governance Statement	Head of Strategic Finance and property
				Statement of Accounts 2019/20	Head of Strategic Finance and Property
	Work Programme	Lorraine Blackburn,		Financial Monitoring	Head of Strategic Finance and Property

# Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2020/21

*(this is a working document and is subject to regular amendment)*

Meeting Date Overview and scrutiny	Topic and Notes	Lead Member and Officer	Meeting Date Audit and Governance	Topic and Notes	Lead Member and Officer
		Scrutiny Officer		Quarter 1	
3 Nov 2020	How the Council reacted to the Corona Virus	Invitation to the Leader and CE to present an interim report	17 November 2020	Section 106 Agreements: a) review of policy and also of the receipt and b) the utilisation of funds received	Helen Standen Dep CE and Jackie Bruce Infrastructure and Contributions Spend Manager
	Work Programme	Lorraine Blackburn, Scrutiny Officer		Corporate Budget Monitoring Quarter 2	Ben Wood, Head of Communications Strategy and Policy and Steven Linett Head of Strategic Finance
				Treasury Management	Head of Strategic Finance

**Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2020/21**  
*(this is a working document and is subject to regular amendment)*

<b>Meeting Date</b> <b>Overview and scrutiny</b>	<b>Topic and Notes</b>	<b>Lead Member and Officer</b>	<b>Meeting Date</b> <b>Audit and Governance</b>	<b>Topic and Notes</b>	<b>Lead Member and Officer</b>
				Outturn 2019/20 and Treasury Management Mid-Year Review 2020/21	
	Annual Complaints Report	Head of Communications, Strategy and Policy		Budget 2021/22 and MTFP Plan 2021-2024 Proposals	Head of Strategic Finance and Property
	Performance Report Quarters 1 and 2	Head of Communications Strategy and Policy		Standards Update	James Ellis Head of Legal and Democratic Services
	Revenues and Benefits Annual Report	Head of Revenues and Benefits Shared Services		Strategic Risk Monitoring 2020/21 Quarter 2	Graham Mully, Insurance and Risk Business Advisor



## Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2020/21

*(this is a working document and is subject to regular amendment)*

Meeting Date Overview and scrutiny	Topic and Notes	Lead Member and Officer	Meeting Date Audit and Governance	Topic and Notes	Lead Member and Officer
	Environmental Climate Change	Head of Housing and Health			
8 Dec 2020				Work Programme	Lorraine Blackburn, Scrutiny Officer
	Presentation by the PCC Mr David Lloyd and CI Orton			GDPR and Data Retention	James Ellis Head of Legal and Democratic Services
				Members' Constitution Review Group	James Ellis Head of Legal and Democratic Services

### Updates

Overview and Scrutiny Committee	Audit and Governance
<b>Parking Policies – Report of the Task and Finish Group</b> following consideration by the Executive: Update	Complaints lodged with the Monitoring Officer (Head of Democratic and Legal Support Services). When there are updates.

**Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2020/21**  
*(this is a working document and is subject to regular amendment)*

<b>Overview and Scrutiny Committee</b>	<b>Audit and Governance</b>
<p>The Head of Operations continues to review the position with the portfolio holder weekly but fundamentally the landscape of parking has changed and Officers need to explore how best the Council can respond to that.</p>	<p>Changes to Constitution Review Update (Head of Democratic and Legal Support Services): When there are updates.</p> <p>Shared Anti-Fraud Service Report (SAFs). At every meeting.</p> <p>Shared Internal Audit Service (SIAS). At every meeting.</p>
<p><b>Enhancing the Council's working arrangements with Social Housing providers (Report of the Task and Finish Group to the Executive)</b></p> <p>Update: Report and recommendations to the Executive (6 October) was "held over" at Executive Pre until a "bigger piece of work" had been carried out. Updates will follow as and when further information becomes available.</p>	

**Looking Forward 2020/21**

**Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2020/21**  
*(this is a working document and is subject to regular amendment)*

<b>Overview and Scrutiny Committee</b>	<b>Due date</b>	<b>Audit and Governance</b>	<b>Due Date</b>
Review of capital projects in the Council's Capital Programme (Project Managers)	Council 24 October 2020		
Report by Centre for Governance and Scrutiny (formerly the CfPS) Review of East Herts Council	Work Shop to be provided to both O&S and A&G to be confirmed		
Annual Scrutiny Report (Head of Legal and Democratic Services and Scrutiny Officer)	3 November or 8 December 2020		
RIPA and Use of Social Media - report back (Head of Legal and Democratic Services)	June 2021		
Cultural Strategy	2 February 2021		

**Overview and Scrutiny Committee and Audit and Governance Committee - Consolidated Work Programmes 2020/21**  
*(this is a working document and is subject to regular amendment)*

**Notes:**

*Members will note the new format of the Consolidated Work Programme. It was felt that by combining both work programmes might provide Members with a better insight into the issues to be considered by both committees and respective timeframes and so aid the process of scrutiny. Additionally, Members should note that the Chairman and Vice Chairman of both Committees are now meeting quarterly with the Leader and Deputy Leader to consider both work programmes in the context of the Council's Forward Plan to facilitate better scrutiny and review where necessary.*

This page is intentionally left blank