



James Ellis

Head of Legal and Democratic Services

MEETING : EXECUTIVE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 28 SEPTEMBER 2021
TIME : 7.00 PM

MEMBERS OF THE EXECUTIVE

- | | |
|--------------------------------|---|
| Councillor Linda Haysey | - Leader of the Council |
| Councillor Peter Boylan | - Executive Member for Neighbourhoods |
| Councillor Eric Buckmaster | - Executive Member for Wellbeing |
| Councillor George Cutting | - Executive Member for Corporate Services |
| Councillor Jan Goodeve | - Executive Member for Planning and Growth |
| Councillor Jonathan Kaye | - Executive Member for Communities |
| Councillor Graham McAndrew | - Executive Member for Environmental Sustainability |
| Councillor Geoffrey Williamson | - Executive Member for Financial Sustainability |

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DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.
2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.
3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.
4. It is a criminal offence to:

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

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AGENDA

1. Apologies

To receive any apologies for absence.

2. Leader's Announcements

3. Minutes (Pages 7 - 20)

To approve as a correct record the Minutes of the meeting held on 6 July 2021.

4. Declarations of Interest

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

5. Update from Overview and Scrutiny Committee

To receive a report of the Committee Chairman (to follow).

6. Update from Audit and Governance Committee

To receive a report of the Committee Chairman (to follow).

7. Provisional Outturn 2020/21 (Pages 21 - 34)

8. Financial Management 2021/22 – Quarter 1 Forecast to Year End (Pages 35 - 50)

9. Budget 2022/23 and Medium Term Financial Plan 2022 – 2025 Preparation (Pages 51 - 72)

10. Tenancy Strategy (Pages 73 - 120)
11. Council Tax Long Term Empty Premium (Pages 121 - 132)
12. Council Tax Support Scheme (Pages 133 - 156)
13. Urgent Business

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

MINUTES OF A MEETING OF THE
EXECUTIVE HELD IN THE COUNCIL
CHAMBER, WALLFIELDS, HERTFORD ON
TUESDAY 6 JULY 2021, AT 7.00 PM

PRESENT: Councillor L Haysey (Chairman/Leader)
Councillors L Haysey, P Boylan,
E Buckmaster, G Cutting, J Goodeve, J Kaye
and G Williamson.

ALSO PRESENT:

Councillors P Ruffles.

OFFICERS IN ATTENDANCE:

Richard Cassidy	- Chief Executive
Jonathan Geall	- Head of Housing and Health
Katie Mogan	- Democratic Services Manager
George Pavey	- Principal Planning Officer
Helen Standen	- Deputy Chief Executive
Tyron Suddes	- Information Governance and Data Protection Manager
Victoria Wilders	- Legal Services Manager

An apology for absence was received from Councillor Graham McAndrew.

84 LEADER'S ANNOUNCEMENTS

Councillor Haysey welcomed Members and Officers back to the Council Chamber. She gave her thanks to staff for their hard work over the last 18 months and acknowledged that residents had experienced difficult times and reassured them that the Council was here to help them wherever they could.

Councillor Haysey said at the last Council meeting, Councillor Ken Crofton was made Chairman for 2021/22 but did not announce what his chosen charity would be. He had asked Councillor Haysey to announce that he had chosen to support Macmillan Nurses charity. Councillor Haysey asked Members to support the Chairman where they could and attend events as they start after restrictions had been lifted.

85 MINUTES - 30 MARCH 2021

Councillor Haysey proposed, and Councillor Williamson seconded a motion that the Minutes of the meeting held on 30 March 2021 be approved as a correct record and be signed by the Leader. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Minutes of the meeting held on 30 March 2021 be approved as a correct record and signed by the Leader.

86 DECLARATIONS OF INTEREST

There were no declarations of interest.

87 HERTFORD HYDRO

The Executive Member for Financial Sustainability presented a report on the proposal to cease the Hertford Hydro project. He explained that there had been continual efforts to move the scheme forward but it had become increasingly problematic. There were a range of factors that had meant the payback period for the project had increased from seven to over 50 years and there was still the risk that the Environment Agency would not support a planning application. He said that, with considerable regret, the decision had been made to draw a line under the project and continue with alternative sustainability measures introduced by the Council.

Councillor Ruffles said he was sad to see that the project could not continue as he had been involved from the beginning. He mentioned the distinct shortage of enthusiastic support from the Environment Agency for the project which was disappointing.

Councillor Haysey said that this was not an easy decision to come to and accept and she concurred with Councillor Ruffles that the Environment Agency had not been supportive.

Councillor Williamson proposed and Councillor Haysey seconded a motion supporting the recommendation in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Hertford Hydro project should be ceased in light of increasing costs and reduced benefits associated with delivery and the alternative sustainability measures being introduced by the Council.

88 TRANSFORMATION PROGRAMME

The Leader of the Council presented a report on the Transformation Programme. She said that every Council had to look at how they should be managing their finances in the coming years. The report outlined the key areas of the transformation programme; a flexible workforce, reduced costs of services and a digital by default culture. The Council would need to become more commercial and create efficiencies. The report notes that an update would be brought back to the Executive in the autumn.

Councillor Buckmaster said that it would be important to work together to create something better moving forward. He said that there were many positive elements to flexible working and thought the Council would come out stronger after the Transformation Programme was complete.

Councillor Williamson said that the Council was in unprecedented times and the Council budget shortfall was due to reduced funding and an increased demand

for services. This would be an opportunity to turn a negative into a positive and he supported the vision expressed in the report.

Councillor Haysey proposed and Councillor Goodeve seconded a motion supporting the recommendations in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that (A) the vision for the Transforming East Herts Programme that ‘By 2025 East Herts Council will be a customer focused, financially sustainable, effective organisation with flexible, empowered employees’ be approved;

(B) the Head of Strategic Finance and Property be authorised to allocate such funding as required from the Transformation Reserve to deliver the Transforming East Herts Programme; and

(C) Authorisation is given to officers to commence the ‘discovery’ phase of the programme, with an update to be brought back to Executive in Autumn 2021.

89 ANNUAL PLAN AND REFRESHED CORPORATE PLAN

The Leader of the Council presented the Annual Plan 2020/21 and Refreshed Corporate Plan report. Most Councils had a corporate plan to set out ambition for strategic direction. The East Herts plan was reviewed every year and adapted as required and this year, had

taken into account the responses and priorities following the pandemic. The plan had been reviewed by the Overview and Scrutiny Committee. The Leader said that communities had been through a lot in the 18 months and demonstrated great acts of volunteering but also suffered difficult times and the Council was here to help.

Councillor Haysey proposed and Councillor Williamson seconded a motion supporting the recommendation in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – To recommend to Council that the refreshed Corporate Plan be adopted.

90 DRAFT EQUALITIES, DIVERSITY AND INCLUSION STRATEGY FOR EAST HERTS

The Executive Member for Communities submitted a report on the Equalities, Diversity and Inclusion Strategy for East Herts. Councillor Kaye said that there had been engagement with voluntary organisations, a presentation to elected members and the report was presented to the Overview and Scrutiny Committee on 8 June 2021. The strategy would champion equality and diversity in a way that would give residents confidence that the Council was taking the issue seriously. Councillor Kaye highlighted dates in the East Herts calendar to be more mindful of such as the International Day of Remembrance of the Slave Trade and its Abolition in August and LGBT+ Awareness Month in February. There were many communities the

Council should reach out to and the published results of the Census may show a change in the District's demographics. He thanked Corinne Crosbourne and Ben Wood for their work on the strategy and further engagement would continue over the next few weeks before it is adopted at Council on 28 July 2021.

Councillor Kaye proposed and Councillor Cutting seconded a motion supporting the recommendation in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – To recommend to Council that the Equalities, Diversity and Inclusion Strategy be adopted.

91 STATEMENT OF LICENSING POLICY

The Executive Member for Neighbourhoods submitted a report on the Statement of Licensing Policy. As the Licensing Authority, the Council were required to publish and adopt a policy once every five years. The document set out the principles the Council will apply when carrying out licensing function under the Licensing Act 2003. The consultation had engaged with a range of stakeholders, a cross party group of elected members and other agencies such as the police. Councillor Boylan said new additions had been made to the policy such as a new section on pre-application engagement and advice and the introduction of a Sensitive Licensing Area.

Councillor Boylan proposed and Councillor Goodeve

seconded a motion supporting the recommendation in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – To recommend to Council that the Statement of Licensing Policy 2021-26 be approved.

92 ACCESS TO INFORMATION POLICY

The Executive Member for Corporate Services submitted a report on the Access to Information Policy.

Councillor Cutting proposed and Councillor Buckmaster seconded a motion supporting the recommendations in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – That (A) The draft Access to Information Policy be adopted; and

(B) That the Information Governance and Data Protection Manager be authorised to make any minor amendments that may be required, in consultation with the Head of Legal and Democratic Services.

93 DATA RETENTION POLICY

The Executive Member for Corporate Services

submitted a report on the Data Retention Policy.

Councillor Cutting proposed and Councillor Kaye seconded a motion supporting the recommendations in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – That (A) The revised Data Retention Policy and its related schedule are adopted; and

(B) The Information Governance and Data Protection Manager be authorised to make any minor amendments that may be required, in consultation with the Head of Legal and Democratic Services.

94 DATA BREACH POLICY

The Executive Member for Corporate Services submitted a report on the Data Breach Policy.

Councillor Cutting proposed and Councillor Boylan seconded a motion supporting the recommendations in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – That (A) the revised Data Breach Policy and its related procedural documents are adopted; and

(B) the Information Governance and Data Protection Manager be authorised to make any

minor amendments that may be required, in consultation with the Head of Legal and Democratic Services.

95 ADOPTION OF BENGEO NEIGHBOURHOOD AREA PLAN
FOLLOWING REFERENDUM

The Leader thanked George Pavey who had put together the Neighbourhood Plan documents and said that they were documents everyone could be proud of.

The Executive Member for Planning and Growth submitted a report on the Adoption of the Bengo Neighbourhood Area Plan. She said the plan respected the local history and heritage and reflected Bengo's future ambitions. She invited Councillor Ruffles to speak as the local ward member.

Councillor Ruffles said that he felt the plan was positive and would make clear to planners and developers what aspirations the area has and what things were cherished. He also thanked George Pavey for his work and had been helpful to the Town Council and the local steering group. Councillor Ruffles mentioned that the referendum had a 50% turnout with 90% of the people voting in support of the plan and this was a tremendous endorsement of the plan.

Councillor Goodeve proposed and Councillor Kaye seconded a motion supporting the recommendation in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED - To recommend to Council that the

Bengeo Neighbourhood Area Development Plan 2019-2033 be formally 'made'.

96 ADOPTION OF SELE NEIGHBOURHOOD AREA PLAN
FOLLOWING REFERENDUM

The Executive Member for Planning and Growth submitted a report on the adoption of the Sele Neighbourhood Area Plan. She commented that the plan included an allocation of two substantial developments and set out a vision on the environment and transport.

Councillor Ruffles said that the plans illustrated the positives of the neighbourhood plan process with the contrast in communities and terrains and the plans were adaptable to fit local needs and requirements.

Councillor Goodeve proposed and Councillor Williamson seconded a motion supporting the recommendation in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED - To recommend to Council that the Sele Neighbourhood Area Development Plan 2018-2033 be formally 'made'.

97 ADOPTION OF THUNDRIDGE NEIGHBOURHOOD PLAN
FOLLOWING REFERENDUM

The Executive Member for Planning and Growth submitted a report on the adoption of the Thundridge Neighbourhood Plan. Councillor Goodeve said that the

plan was for local people and respected the rural character of the area. The plan had been delayed due to the pandemic as a referendum could not be held until restrictions were lifted.

Councillor Goodeve proposed and Councillor Boylan seconded a motion supporting the recommendation in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED - To recommend to Council that the Thundridge Neighbourhood Area Development Plan 2018-2033, be formally 'made'.

98 ADOPTION OF GILSTON AREA NEIGHBOURHOOD PLAN FOLLOWING REFERENDUM

The Executive Member for Planning and Growth submitted a report on the adoption of the Gilston Area Neighbourhood Plan. Councillor Goodeve explained that the Gilston plan was the only plan to undergo a hearing with an examiner. The plan also won two 2021 Planning Awards in the 'Plan Making' and 'Editor's Award' categories. The referendum result was 98% in favour of the plan.

Councillor Buckmaster spoke as the local ward member and said that it was a great achievement to win the planning awards. He said there was a challenging public examination and got the revisions required to the plan. The Editor's Award recognised the most exceptional achievements and praised East Herts' exemplar approach to neighbourhood plans in areas of growth.

Councillor Goodeve proposed and Councillor Buckmaster seconded a motion supporting the recommendation in the report. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED - To recommend to Council that the Gilston Neighbourhood Area Development Plan 2020-2033, be formally 'made'.

99 UPDATE FROM OVERVIEW AND SCRUTINY COMMITTEE

There was no update.

100 UPDATE FROM AUDIT AND GOVERNANCE COMMITTEE

Councillor Pope said the Audit and Governance Committee looked at the data protection policies at their meeting on 27 May 2021.

101 URGENT BUSINESS

There was no urgent business.

The meeting closed at 7.45 pm

Chairman
Date

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East Herts Council Report

Executive

Date of Meeting: 28 September 2021

Report by: Cllr Geoffrey Williamson, Deputy Leader & Executive Member for Financial Sustainability

Report title: General Fund Revenue & Capital Outturn 2020/21

Ward(s) affected: All

RECOMMENDATIONS FOR EXECUTIVE:

- (a) To approve the funding of the General Fund revenue outturn of £116k overspend from the general reserve**
- (b) To approve that the revenue budgets of £414k be carried forward from 2020/21 to 2021/22; and**
- (c) To approve that the capital budgets of £4.271m be carried forward to 2021/22 to fund ongoing capital schemes.**

1.0 Proposal(s)

- 1.1 To advise members on the General Fund Revenue Outturn for 2020/21 and provide explanations for significant variances against approved budget.
- 1.2 To advise members of the financing arrangements for the 2020/21 Capital Outturn.

2.0 Background

- 2.1 The 2020/21 budget was approved by Council on 29 January 2020, prior to the Covid-19 pandemic.
- 2.2 In year budget monitoring and management actions have sought to deliver the Councils plans. Members have been kept updated throughout the year through quarterly budget monitoring reports where any significant variances have been reported.

- 2.3 The Councils income and expenditure has been impacted by the Covid-19 Pandemic, as previously reported.

3.0 Reason(s)

- 3.1 The final outturn for the year, detailed in this report is still subject to external audit. The final audited accounts will be presented to the Audit and Governance Committee later in the year following the external audit.
- 3.2 An overspend of £116k is reported against the 2020/21 revenue budget. This is summarised in Table 1. It is recommended that this overspend is funded from the Councils General Reserve.

Table 1: Summarised 2020/21 Outturn position

	2020/21 Original Budget	2020/21 Outturn	Variance
	£'000	£'000	£'000
Total Net Cost of Services	15,603	16,274	671
Corporate Budgets Total	588	432	(156)
Net Use of Reserves	732	12,387	11,655
Funding	(6,256)	(18,310)	(12,054)
Council Tax	(10,667)	(10,667)	-
Overspend	0	116	116
Contribution from general reserve	0	116	116

Net Cost of Services

- 3.3 Additional costs and reduced income as a consequence of the Covid-19 pandemic has resulted in an overspend of £672k against original budget for the Net Cost of Services.
- 3.4 Additional contractor costs, increased costs in respect of Charrington's House and unbudgeted expenditure in respect of planning appeals have put pressure on the 2020/21 budget and resulted in overspends.
- 3.5 Sales fees and charges compensation grant of £2.3m was claimed from central government in 2020/21 to compensate for income lost due to reductions in licencing and planning fees and closure of car parks and Hertford Theatre due to the pandemic. This income is

included in the net cost of services outturn. The grant scheme involved Councils absorbing 5% of their budgeted sales fees and charges and the government compensating for 75 pence in the pound there after, therefore there is an impact on the outturn of lost income not covered by the scheme.

- 3.6 £404k of IT projects scheduled to be completed in 2020/21 have were not completed before the 31st of March, therefore the unspent budget will be transferred to the general reserve and utilised to fund these projects in 2021/22.
- 3.7 Community grants of £10k allocated in 2020/21 were not distributed by 31st March 2021 following delays in the projects they were supporting. The unspent budget will be transferred to the general reserve and the grants funded from this in 2021/22.

Corporate Budgets

- 3.8 Corporate budgets achieved additional income to that budgeted of £156k, as detailed in the table below.

Table 2: Corporate Budgets 2020/21

	2020/21 Budget	2020/21 Outturn	Variance
	£'000	£'000	£'000
NHB Grants to Town & Parish Councils	708	704	(4)
Interest Payments	207	206	(1)
Interest & Investment income	(891)	(1,086)	(195)
Pension Fund Deficit contribution	715	715	0
Capital Salaries	(151)	(107)	44
Corporate Budgets Total:	588	432	(156)

3.9 The 2020/21 investment outturn is £195k above budget, this is due to property fund investments exceeding anticipated performance. This surplus will be transferred to reserves and used to manage any future investment budget deficits.

Reserves

3.10 There has been a significant contribution to reserves in 2020/21, as shown in the table below and Appendix A:

Table 3: Contributions to and from Reserves 2020/21

	2019/20 Budget	2019/20 Outturn	Variance
	£'000	£'000	£'000
Contributions to Earmarked reserves	1,645	1,875	230
Contributions from Earmarked reserves	(817)	(414)	403
Use of General reserve	(96)	318	414
Contribution to Section 31 NNDR Reserve	0	10,608	10,608
Use of Reserves:	732	12,387	11,655
2020/21 underspend to general reserve	0	(116)	(116)
Net Use of reserves	732	12,271	11,539

3.11 Contributions to earmarked reserves includes an unbudgeted £195k of investment income transferred to the Interest Equalisation reserve.

3.12 Contributions from reserves were below budget by

£403k this is due to a change in the programming of works to be undertaken by the IT shared service to improve the IT infrastructure. These works will be carried out in 2021/22.

- 3.13 The general reserve includes a contribution to reserves of £414k that wasn't budgeted for. This is unspent revenue budget from 2020/21, this will be utilised in 2021/22 to fund the revenue budget carry forwards, as per paragraphs 3.6 and 3.7 above.
- 3.14 Due to the statutory accounting requirements for business rates £10.608m has been placed in a new reserve (Section 31 NNDR) this will be utilised in 2021/22 to 2023/24 to cover the spreading of the 2020/21 NNDR deficit and is not available to fund any other spending.

Funding

- 3.15 A breakdown of the Councils funding sources is shown in the table below; this shows a £12.1m surplus above budget.

Table 4: 2020/21 Funding

	2020/21 Budget	2020/21 Outturn	Variance
	£'000	£'000	£'000
NDR	(3,124)	(2,275)	849
Section 31	0	(10,608)	(10,608)
(Surplus)/Deficit on Collection fund	(300)	(785)	(485)
Other General Grants	0	(1,811)	(1,811)
New Homes Bonus	(2,832)	(2,832)	0
Funding:	(6,256)	(18,310)	(12,054)

- 3.16 A major contributor to additional funding in 2020/21 is Non Domestic Rating (NDR) Section 31 income. This is due to timing differences between when the council sets

its budget and statutory returns submitted to Central Government which determine the funding for the year and the reliefs granted in year due to the Covid-19 pandemic. Section 31 grant is received from central government to compensate local government for mandatory business rate reliefs granted. This has been transferred to reserves in line with the business rates regulations and will be utilised in 2021/22.

- 3.17 East Herts received £1.8m local authority support grant to cover increased expenditure as a result of Covid-19.

Capital Outturn

- 3.18 The progress of the capital programme has been reported to Executive throughout the year as part of the budget monitoring process.

- 3.19 Capital expenditure in 2020/21 was £31.5m, as detailed in table 5:

Table 5: 2020/21 capital outturn

	2020/21 Budget	2020/21 Outturn	Variance	Carry forward to 2021/22
	£'000	£'000	£'000	£'000
Strategic Finance & Property	29,034	14,446	(14,588)	1,317
Business & Technology Shared Service	1,165	380	(785)	785
Operations	30,029	13,773	(16,257)	2,122
Housing & Health	354	182	(172)	47
Planning	23	39	17	0
Millstream Loans	4,010	2,705	(1,305)	0
Total:	64,614	31,525	(33,089)	4,271

- 3.20 An underspend of £33.089m is reported in 2020/21. This is largely due to schemes not commencing or progressing in line with initial expectations.
- 3.21 It is recommended that £4.271m of budgets be carried forward from 2020/21 to the 2021/22 capital programme. This relates to slippage of projects against the assumed spend profile at 31st March 2021 which was used to set the capital programme budgets for 2021/22 onwards. Further details can be found in Appendix B.
- 3.22 The 2020/21 capital programme expenditure has been financed from the following sources:

Table 6: Capital Financing

	£'000
Capital Receipts & Reserves	422
Government Grants	6,448
Internal Borrowing	24,655
TOTAL:	31,525

4.0 Options

- 4.1 The Executive can choose to reduce the General Fund balance by the deficit amount rather than using the General Reserve.
- 4.2 The Executive can choose not to carry forward capital budgets although this will cause budget shortfalls and overspends on major projects that span financial years. This is not recommended. The Executive can choose not to carry forward capital budgets and cancel those projects which have not started.

5.0 Risks

- 5.1 There is a risk that the external auditors will require the accounts to be adjusted after audit which may increase

the revenue deficit. There is, conversely an upside risk that the revenue deficit may decrease after the audit.

6.0 Implications/Consultations

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Contained within the body of the report

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Regular monitoring and forecasting of the budget and capital programme are required to ensure that the Council is managing its resources effectively and complies with section 28 of the Local Government Act 2003 and the Council's Financial Procedure Rules.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 Appendix A – Use of Reserves 2020/21

7.2 Appendix B – 2020/21 Capital Outturn

Contact Member

Councillor Geoff Williamson, Deputy Leader &
Executive Member for Financial Sustainability

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Property

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Report Author

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2020/21	Funding NCS			Funding MTFP			2020/21
Opening balance	Cont. to reserve	Cont. From Reserve	Net	Cont. to reserve	Cont. From Reserve	Net	Closing balance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

General Reserve	772	-	-	-	414	(212)	202	974
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Earmarked Reserves

Interest Equalisation Reserve	1,785	-	-	-	195	-	195	1,980
Insurance Fund	935	-	(27)	(27)	-	-	-	908
Provision for future whole Council elections	-	-	0	0	28	-	28	28
New Homes Bonus Priority Spend	4,593	-	(127)	(127)	1,602	-	1,602	6,068
MTFP Transition Funding Reserve	673	-	(260)	(260)	-	-	-	413
HB Subsidy Volatility Reserve	-	50	0	50	-	-	-	50
Section 31 NNDR	-	-	0	0	10,607	-	10,607	10,607
Collection Fund Reserve	2,554	-	-	-	-	-	-	2,554
Neighbourhood Planning Grant	64	-	-	-	-	-	-	64
IER Grant	106	-	-	-	-	-	-	106
Flexible Homelessness Grant	354	-	-	-	-	-	-	354
Emergency Planning Reserve	36	-	-	-	-	-	-	36
LDF - Public Exam / Green Belt Review	62	-	-	-	-	-	-	62
Housing Condition Survey	90	-	-	-	-	-	-	90
Sinking Fund - Leisure utilities / pension	228	-	-	-	-	-	-	228
Performance reward grant	10	-	-	-	-	-	-	10
Waste recycling income volatility reserve	103	-	-	-	-	-	-	103
Footbridge over the River Stort	150	-	-	-	-	-	-	150
DCLG Preventing Repossessions	18	-	-	-	-	-	-	18
DEFRA Flood Support for Local Businesses Grant Reserve	4	-	-	-	-	-	-	4
Preventing Homelessness New Burdens Reserve	31	-	-	-	-	-	-	31
Healthy Lifestyle Promotions Reserve	33	-	-	-	-	-	-	33
Land Charges New Burdens	30	-	-	-	-	-	-	30
Total Earmarked Reserves	11,859	50	(415)	(365)	12,432	-	12,432	23,927

Total Reserves	12,631	50	(415)	(365)	12,846	(212)	12,634	24,901
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	2020/21 Revised Budget	2020/21 Outturn	Variance	Carry Forward to 2021/22
	£	£	£	£
Strategic Finance & Property				
Investment in operational assets	15,074	0	(15,074)	0
Jackson Square MSCP _ LED	120,000	5,179	(114,821)	114,801
Gascoyne Way MSCP - Major Repair Works	80,000	0	(80,000)	70,000
Kibes Lane North - Refurbishment &	75,000	0	(75,000)	75,000
Wallfields Office - LED Lighting Conversion Scheme	75,000	25,158	(49,842)	0
Hillcrest: LED Lighting.	15,000	6,473	(8,527)	8,527
Boiler Replacement - Hartham Pool	23,163	23,163	0	0
Ward Freman - Pool Circulation Pipework	24,450	24,450	0	0
Street Lighting LED conversion	80,000	0	(80,000)	80,000
Rose Court / Resurfacing ~ Baker Street, Hertford	14,455	14,455	0	0
Improve & renew structures along rivers and	81,653	16,809	(64,844)	0
Land Management Asset Register & Associated	50,000	18,454	(31,546)	0
Solar Panels - Wallfields	45,000	0	(45,000)	0
ORL - Arts Centre & Other	250,000	2,000	(248,000)	248,000
Northgate End	19,033,000	11,704,028	(7,328,972)	721,000
Financial Sustainability	3,944,689	5,000	(3,939,689)	0
Land on London Road, BS	350,695	344,054	(6,641)	0
New Hostel & Annex	2,251,727	2,251,727	(0)	0
Accommodation update Wallfields	3,171	3,171	(0)	0
Capital Contingency	2,500,000	0	(2,500,000)	0
Ware Arts Centre	1,494	1,494	0	0
Total Strategic Finance & Property	29,033,571	14,445,615	(14,587,956)	1,317,328
Shared Business & Technology Services				
Hardware / Software	1,164,588	379,590	(784,998)	784,998
Total Shared Business & Technology Services	1,164,588	379,590	(784,998)	784,998
Operations				
Grange Paddocks Leisure Centre	15,861,765	11,694,457	(4,167,308)	1,315,000
Hartham Leisure Centre	9,605,256	509,438	(9,095,819)	391,000
Ward Freman Leisure Centre	881,000	38,102	(842,898)	(38,102)
Hertford Theatre - Consultants	1,065,548	1,093,355	27,807	(87,000)
Hertford & Beyond	8,433	0	(8,433)	0
Play Equipment Rolling Programme	3,000	0	(3,000)	0
Play Area and other projects, Hartham Common, Hertford	375,477	269,195	(106,283)	106,283
Castle Park - HLF - Development Phase	54,264	(39,392)	(93,656)	0
Castle Park - HLF - Delivery Phase	1,455,275	22,149	(1,433,126)	178,000
Phisiobury Park - HLF	79,360	6,903	(72,457)	72,457
Trinity Close - Open Space Project	127,000	69,622	(57,378)	57,378
Buntingford Depot site works for Residual Waste	207,700	81,082	(126,618)	126,618

CAPITAL OUTTURN 2020/21

Appendix B

	2020/21 Revised Budget	2020/21 Outturn	Variance	Carry Forward to 2021/22
	£	£	£	£
Heat Detection Unit at Buntingford Depot	305,320	27,907	(277,413)	0
Total Head of Operations	30,029,399	13,772,817	(16,256,582)	2,121,635
Housing & Health				
Decent Home Grants	120,000	31,942	(88,058)	0
Future Housing Schemes (6 Water Lane, Hertford)	817	817	(0)	0
Future Housing Schemes (Disabled Access Works to Hillcrest Hostel)	5,367	3,059	(2,308)	0
Colebrook Court (Network Housing)	32,500	32,500	0	0
Energy Grants	20,000	12,693	(7,307)	0
Community Capital Grants	150,208	81,894	(68,314)	47,116
Castle Weir Micro Hydro Scheme	25,000	19,323	(5,677)	0
Total Housing & Health	353,892	182,227	(171,665)	47,116
Planning				
Historic Building Grants	20,000	36,831	16,831	0
Improvements to The Wash, Maidenhead Street & Bull Plain, Hertford	2,576	2,576	(0)	0
Total Planning	22,576	39,406	16,830	0
Millstream Loans				
Millstream - Loans	4,010,437	2,705,421	(1,305,016)	0
Total Millstream Loans	4,010,437	2,705,421	(1,305,016)	0
TOTAL	64,614,463	31,525,076	(33,089,387)	4,271,077

East Herts Council Report

Executive

Date of Meeting: 28th September 2021

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

Report title: Quarterly Corporate Budget Monitor – Quarter 1 June 2021

Ward(s) affected: All

Summary

- To provide a report on financial monitoring for East Herts Council for 2021/22 as at 30th June 2021.
- The net revenue budget for 2021/22 is £11.056m as set out in table 1, this is funded by Council Tax. The forecast outturn as at 30th June 2021 predicts an over spend of £0.082 million at the year end.
- The revised capital budget for 2021/22 is £50.039 million, which includes £4.171m carried forward from 2020/21 to be approved as part of the Provisional Outturn report.

RECOMMENDATIONS FOR EXECUTIVE:

- (A) The net revenue budget forecast over spend of £0.082 million in 2021/22 be noted (table 1); and**
- (B) The revised capital budget for 2021/22 of £50.039million, which includes £4.171m carried forward from 2020/21 to be approved as part of the Provisional Outturn report, and the forecast zero variance to that budget be noted.**

1.0 Proposal(s)

1.1 Not applicable

2.0 Background

2.1 This report sets out the financial position for the financial year 2021/22 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.

Table 1 – 2021/22 Revenue Forecast Outturn

	Original Budget 2021/22	Forecast outturn	Variance
	£'000	£'000	£'000
Net Cost of Services	16,787	16,193	126
Corporate Budgets	(16)	(16)	-
Net Use of Reserves	2,485	2,441	(44)
Funding	(8,200)	(8,200)	-
Net Revenue Spend	11,056	11,138	82
Funded by Council Tax	(11,056)	(11,056)	-
Over spend / (Under spend)	-	82	82

2.3 The report contains the following sections and Appendices:

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

Appendices	
A	Capital
B	Debtors

2.4 Net Cost of Services

The Council's net cost of services budget for 2021/22 is £16.787m, which includes carry forwards from previous year's budget of £414k of which £404k is for Shared Business and Technology and £10k for Housing and Health.

2.5 An over spend of £0.126 million is forecast in 2021/22. Table 2 overleaf shows this current forecast outturn position broken down by service area.

2.6 As reported previously, the Council's income and expenditure continues to be impacted by the Covid-19 pandemic. 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.

2.7 For the first quarter of 2021/22, the sales, fees and charges compensation grant scheme will operate on the

same basis as last year's scheme which involves a 5% deductible rate, whereby councils will absorb losses up to 5% of their budgeted sales, fees and charges income, with the government compensating them for 75p in every pound of relevant loss thereafter. This will then allow the budgets for the remaining quarters to be better profiled to reflect seasonal changes in budgeted income.

Table 2 – Net Cost of Services

	Original Budget 2021/22 £(000)	Forecast Outturn £(000)	Grant Funding £(000)	Revised Forecast Outturn £(000)	Variance £(000)
Chief Executive	401	393		393	(8)
Communications, Strategy & Policy	1,366	1,366		1,366	0
HR & Organisational Development	561	533		533	(28)
Strategic Finance & Property	1,773	1,904		1,904	131
Housing & Health	2,542	2,621	(25)	2,596	54
Legal & Democratic	1,411	1,429		1,429	18
Planning	1,202	1,430	(129)	1,301	99
Operations	3,989	4,133	(144)	3,989	0
Shared Revenues & Benefits Service	1,724	1,724		1,724	0
Revenues & Benefits retained costs	(465)	(633)		(633)	(168)
Housing Benefit Subsidy	(550)	(496)		(496)	54
Shared ICT Service	2,595	2,569		2,569	(26)
Capital Expenditure Charged to a Revenue Account	238	238		238	0
Net Cost of Services	16,787	17,211	(298)	16,913	126

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

2.3 HR & Organisational Development

A forecast under spend of £28k is reported. Most of this relates to an under spend on salary budgets due to no further recruitment of apprentices due to posts being hold until the impact of the Transforming East Herts Programme becomes clearer.

2.4 Strategic Finance & Property

A forecast over spend of £131k is reported, this relates to:

- £114k reduced rental income from Charrington's House due to redevelopment of the site.
- £26k increase in service charge and business rates costs due to vacant space in building as site is to be redeveloped.

2.5 Housing & Health

A forecast over spend of £54k is reported for this service. This is mostly due to a forecast under-recovery of licence fees for licensed premises, gambling and taxis and maternity cover costs net of savings across budget centres.

2.6 Planning & Building control

A forecast over spend of £99k is reported against this service. However this is offset by £208k for salary funding from reserves for the Gilston Garden Town project and increased fee income due to number of planning applications being submitted up by 41% compared to this time last year.

2.7 Revenues & Benefits Retained Costs

The revenues and benefits retained costs budget is forecast to overachieve by £168k. This consists of

additional central government new burdens funding net of expenses as a result of the pandemic.

2.8 Shared ICT Service

A forecast under spend of £26k is reported against this service. This primarily relates to print costs and management costs which are forecasted to cost less than the budgeted amount. Additionally, £404k unspent from 2020/21 budgets has been carried forward into this financial year, which is forecast to be spent in 2021/22.

2.9 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 and pension deficit contributions. Table 3 shows the forecast outturn position against the corporate budgets.

Table 3 – Corporate budgets 2021/22 forecast outturn

	Original Budget 2021/22	Forecast outturn	Variance
	£'000	£'000	£'000
Interest & Investment Income	(750)	(750)	-
Pension Fund Deficit contribution	734	734	-
Corporate Budget Total	(16)	(16)	-

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 30th June 2021.

Table 4: Use of reserves 2021/22

	2021/22 Budget	2021/22 Forecast Outturn	Variance
	£'000	£'000	£'000
Contributions to reserves	3,369	3,369	-
Contributions from reserves	(769)	(813)	(44)
Use of General reserve	(414)	(414)	-
Contribution to Priority spend Reserve	299	299	-
Use of Reserves:	2,485	2,441	(44)

3.1.2 It is forecasted that there will be a contribution from reserves of £813k in 2021/22. This is made up of funding for items included in the Net Cost of Services such as Harlow Gilston Garden Town project costs and the smoothing of the leisure contract costs, approved as part of the 2021/22 budget setting.

3.1.3 In addition to above, £414k will be utilised from the General reserve. This consists of carry forwards from unspent budgets in the previous year with £404k for Shared Business and Technology service and £10k for Housing and Health service.

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

June 2021.

Table 5: 2021/22 funding

	Original Budget 2021/22	Forecast Funding 2021/22	Variance
Business Rates	(2,721)	(2,721)	-
(Surplus)/Deficit on collection fund	2,455	2,455	-
Gov. support grant	(874)	(874)	-
Section 31 grants	(4,666)	(4,666)	
Capital salaries	(150)	(150)	
New Homes Bonus	(2,244)	(2,244)	-
Total Funding	(8,200)	(8,200)	-

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.

5.0 Capital Programme

5.1.1 The revised capital budget for 2021/22 is £50.039 million, which includes £4.271 million slippage from 2020/21 carried forward, subject to approval as part of the 2020/21 Provisional Outturn report.

5.1.2 Appendix A provides a breakdown of the 2021/22 revised capital budget against the forecast outturn. There are no variations to budget to report this quarter.

6.0 Debtors

6.1.1 The total outstanding debt as at 30th June 2021 is £2.383m, a decrease of £376k since year end position

6.1.2 The outstanding debt over 120 days totals £1.774m, an increase of £494k from the position reported at year end

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

6.1.4 An exercise to write off old debts due to bankruptcy etc. is still under way and will be reported to Executive for approval.

6.1.5 Appendix B analyses the profile of aged debtors.

7.0 Reason(s)

7.1 Section 28 of the Local Government Act 2003 requires the Council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts Council's financial management framework requires quarterly reports to Audit & Governance Committee and the Executive with expenditure forecasts to the year end.

7.2 The Executive must consider the budget forecasts and ensure that action is taken in relation to any expenditure over spends or any underachievement of income so that the Council's financial resources are not exceeded.

8.0 Options

8.1 Not applicable

9.0 Risks

- 9.1 Costs may increase and income may decrease due to the pandemic if a vaccine resistant variant should emerge resulting in the resumption of lockdowns.

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

Section 28 of the Local Government Act 2003 requires the Council to monitor the budget and monitor and assess the adequacy of reserves and balances during the year. East Herts Council's financial management framework requires quarterly reports to Audit &

Governance Committee and the Executive with expenditure forecasts to the year end.

The Executive considers the budget forecasts and ensures that action is taken in relation to any expenditure over spends or any underachievement of income so that the Council's financial resources are not exceeded.

Specific Wards

None

11.0 Background papers, appendices and other relevant material

Appendix A: Capital

Appendix B: Debtors

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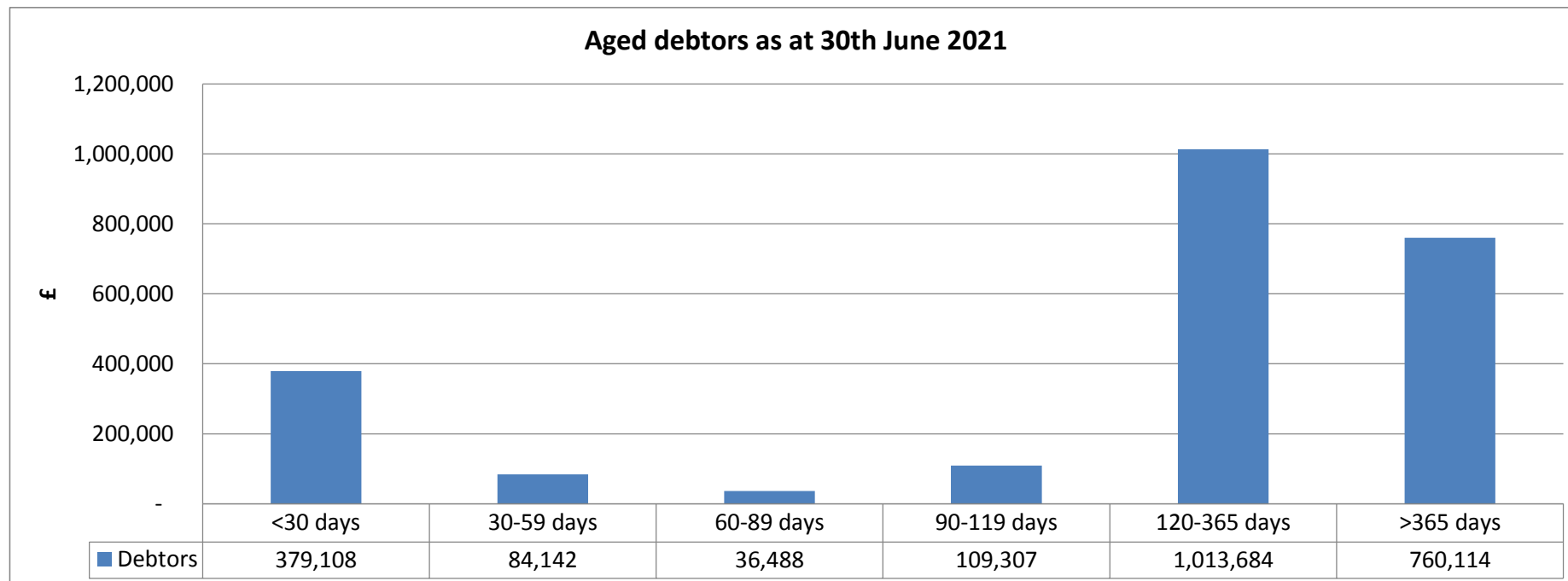
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Capital Forecast Outturn Quarter 1 June 2021

	Revised Budget 2021/22 £'000	Forecast Outturn 2021/22 £'000	Variance 2020/21 £'000
Land and Buildings			
Investment in operational assets	250	250	0
Grange Paddocks Leisure Centre	10,873	10,873	0
Hartham Leisure Centre	9,681	9,681	0
Ward Freman Leisure Centre	843	843	0
Hertford Theatre	9,613	9,613	0
Car Park Resurfing	815	815	0
Arts Centre - ORL	10,248	10,248	0
Northgate End	3,531	3,531	0
Buntingford Depot site works for Residual Waste	127	127	0
Vehicles and Equipment			
Rolling programme to be utilised on ICT projects subject to ITSG review	1,597	1,597	0
LED Lighting Upgrades	198	198	0
Community Assets			
Folly View, Herford - Open Space Improvements	15	15	0
Replacement play equipment across the district (in response to the Condition Audit to be reviewed in 2018/19)	50	50	0
Play Area and other projects, Hartham Common, Hertford	106	106	0
Castle Park - HLF	1,678	1,678	0
Phisiobury Park - HLF	72	72	0
Trinity Close - Open Space Project	57	57	0
Revenue Expenditure Funded as Capital Under Statute (REFCUS)			
Home Improvement Loans	20	20	0
Improve & renew structures along rivers and watercourses	48	48	0
Land Management Asset Register & Associated Works	50	50	0
Green Deal Loans	20	20	0
Historic Building Loans	20	20	0
Community Capital Grants	127	127	0
Current Capital Programme Budget Total	50,039	50,039	0

Original Capital Programme	45,768
Carry Forward of 2020/21 Slippage	4,271
Revised Capital Programme Budget	50,039

The following graph shows the age of the £2.383m of debts outstanding as at 30th June 2021



Members should note that the previously advised write off exercise is still being collated and that considerable amounts of old debt over 120 days will be submitted to the Executive to authorise its write off.

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East Herts Council Report

Executive

Date of meeting: 28 September 2021

Report by: Councillor Geoffrey Williamson, Executive Member for Financial Sustainability

Report title: Budget 2022/23 and Medium Term Financial Plan 2022 – 2027 Preparation

Ward(s) affected: All

Summary – This report sets out the revised Medium Term Financial Plan (MTFP) which is based on a more favourable economic climate than when the current MTFP was prepared and approved by Council in March 2021. The report also seeks guidance to officers for preparing the detailed budget estimates and preparing a new MTFP to cover the period 2022 to 2027

RECOMMENDATIONS FOR EXECUTIVE:

- a)** Agree, as guidance to officers, that the budget proposals should be based on a Council Tax increase of £5, contract inflation up to 4%, no inflation in other goods and services budgets and that the provision for the national pay award will be up to 3% (effectively 2.75% as 0.25% of the pay provision this year will be carried forward as a result of the 1.75% final pay offer from the employer's side);
- b)** Note the comprehensive spending review savings to be implemented in 2022/23 and 2023/24 as agreed by Council in March 2021 and acknowledge the requirement of Council that

compensating savings, delivered to the same timescales, have to be put in place and reported to the next Council meeting should the Executive decide that any savings proposals should not proceed, or are reduced by 10% or more;

- c)** Welcome the Collection Fund updated estimate that the Business Rates deficit being spread over 3 years will be met in full by changes to the appeals provision removing a £0.900 million pressure on the General Fund and the forecast increase in Local Council Tax Support cases has not materialised and the Council Tax Base is now forecast to increase in future years;
- d)** Note the assumption that the Transforming East Herts Programme will not start to result in revenue savings until the latter half of 2022/23 and into 2023/24
- e)** Agree: the re-phasing of the capital programme and revenue impacts of capital financing; that existing minor projects should be subject to a full value for money test before proceeding; and that no new projects may come forward for the capital programme unless they are able to cover the capital financing costs in full or mitigate significant increases in revenue costs;
- f)** Note the revised savings requirements of £0.967 million in 2022/23, £1.520 million in 2023/24 – 2025/26 rising to £1.901million in 2026/27; and
- g)** Agree that all service areas should review fees and charges and ensure that, where the council has discretion to set the charge, that charges should be set so as to: recover full costs; concessions should be explicitly linked to an Equalities Impact Assessment; and that services which are not currently charged for the introduction of a charge should be considered unless the service is provided generally under a statutory provision.

1.0 Proposal(s)

- 1.1 The Medium Term Financial Plan (MTFP) presented to Council in March 2021 has been updated to reflect the emerging environment and financial situation as far as it is possible in the current uncertain times. The revised MTFP position is shown in Appendix A. This takes into account the rise in employer's national insurance contributions to fund the NHS and social care announced on 7 September 2021 which will cost the council £0.105 million initially.
- 1.2 The agreed comprehensive spending review savings are key to delivery of the budget strategy and the second year of the savings plan must be delivered in 2022/23. The savings plans are attached as Appendix B. Executive are recommended to acknowledge the requirement of Council that that compensating savings, delivered to the same timescales, have to be put in place and reported to the next Council meeting should the Executive decide that any savings proposals should not proceed, or are reduced by 10% or more. This acts to reinforce across the council the requirement to deliver the savings plan.
- 1.3 Following a review of the Collection Fund the £0.900 million deficit on Business Rates in 2022/23 and 2023/24 can be met by changes in the provision for appeals and uncollectible amounts. The assumption that Local Council Tax Support cases would increase substantially has not occurred as the economy has opened up and the furlough scheme wound down therefore additional growth in the council tax base is now forecast resulting in additional Council Tax income of £0.459

million.

- 1.4 Although 2022/23 is anticipated to be a one year settlement only and the business rates reset has been deferred, the assumption going forward is that the business rates reset will occur in 2023/24 and the baseline for retention will be adjusted to take into account business rates freezes, so that the retention amount replaces the current section 31 grants. Section 31 grants are paid by MHCLG under section 31 of the Local Government Act 2003 (power of the Secretary of State to pay grants to local authorities). These section 31 grants compensate local authorities for business rates freezes and also additional reliefs awarded in past budgets. When business rates are reset it is assumed that these section 31 grants amounts will be rolled into the baseline retention amount (they are paid from the 50% business rates share MHCLG receives).
- 1.5 In line with expectations around the Fairer Funding Formula the council's share of business rates are forecast to reduce by £0.050 million per annum as the council is anticipated to be on the floor of the system and protected by transitional protection as it moves towards a lower funding settlement as the system is predicted to treat East Herts as a wealthy area which requires less funding to provide services.
- 1.6 The anticipated cash contribution to pay off the past service deficit arising in the pension fund has been reduced by £0.126 million to reflect stock market performance and the assumption that life expectancy is predicted to remain steady against the national backdrop of life expectancy falling, as a result of Covid 19, from 80 years to 78.7 years for men and

from 83.7 years to 82.7 years for females. The lower life expectancy figures are the same as a decade ago.

- 1.7 The cumulative effect of the changes to planning assumptions is an improvement in the council's financial position of £0.375 million in 2022/2023 and £1.301 million in 2023/24. The original planning assumptions in March were suitably prudent but the success of the NHS vaccination programme, the removal of most pandemic related restrictions and the better than anticipated economic recovery now means that the planning assumptions can be changed to reflect the current state of the national picture. There does however remain the risk that the virus mutates to become vaccine resistant and the financial and economic outlooks deteriorates rapidly, national lock-down is ordered, and the financial planning assumptions return to requiring significant savings in-year.

- 1.8 The council is committed to delivering 10,000 new homes as part of the Harlow and Gilston Garden Town Partnership. Currently planning costs for this are being funded by reserves. The reserves cannot continue to fund this as the scale and complexity of the proposals and the timescales for development delivery at Gilston are exceptional. There is an ambitious planning programme covering multiple work streams over the next two years, including: the preparation of the strategic landscape masterplan and masterplans for village 1 and 7 alongside the CPO process for the river crossings; discharge of conditions relating to the outline permissions; and submission of the first reserved matters application for village 1. There is also a complex and extensive s106 legal agreement that will need to be actively monitored and managed in parallel.

The total cost of the development management cost pressure is £0.620 million after Planning Performance Agreements and Section 106 contributions.

- 1.9 There has been slippage on the capital programme in 2020/21 and therefore the capital programme requires re-phasing to reflect this and therefore the capital financing costs require re-profiling which may reduce costs in earlier years and increase them in later years. This will be done alongside work on the capital programme during the budget estimate exercise to be completed during September and October and reported to the Audit & Governance Committee and Executive during November.
- 1.10 The council's capital programme has traditionally been financed through the significant capital resources that were achieved through the large scale voluntary transfer of the housing stock in 2002. Those resources have now been fully expended and capital expenditure can only be funded by either revenue or borrowing (with revenue implications in terms of Minimum Revenue Provision and interest costs). The current capital programme has effectively used up the borrowing headroom that the revenue account is able to sustainably resource in the medium term and it is vital that the capital programme is tightly controlled and that any additions should not increase revenue costs. Newly emerging policies and strategies should be framed in the light of capital resources being scarce and not creating a revenue pressure in future years. In the current environment a large number of councils are contemplating cancelling capital projects. East Herts is not in that position but there is no further capacity for additional significant projects in the medium term. Therefore the Executive is recommended to

mandate that existing minor projects should be subject to a full value for money test before proceeding; and that no new projects may come forward for the capital programme unless they are able to cover the capital financing costs in full or mitigate significant increases in revenue costs. This may necessitate extending maintenance schedules and allowing some assets to deteriorate in the short term but the value for money review will take this into account and ensure that delay does not significantly increase costs in a few years' time.

- 1.11 The Transforming East Herts Programme will modernise the council and deliver services that are digital by default ensuring end to end services are available 24/7 on the web. Adopting hybrid working and adopting modern workspaces should result in space being available in Wallfields to rent out. Initial indications from letting agents are that after some modernisation the council could expect in the region of £0.090 million per annum for letting out a floor but that is subject to the office accommodation being modernised. Subject to benefits realisation plans being produced for projects it is anticipated that savings of £0.100 million will be achieved in 2022/23, a further £0.800 million in 2023/24 and the final £0.100 million in 2024/25. The £1.0 million savings target remains the minimum target for the Transforming East Herts Programme and further savings may result assisting with the savings targets in future years.
- 1.12 News Homes Bonus is forecast to end as a revenue stream to the council in this MTFP. The Government consulted on a changed New Homes Bonus distribution mechanism (the Government's response is awaited) but the new mechanism makes it unlikely that more than a handful of councils would be awarded any bonus due to the large increase in the "dead

weight factor” (the assumed number of houses that would be built anyway) so that councils would have to specifically have awarded permission for significant numbers of houses which were built very quickly (probably through modern methods of prefabricated construction) in order to qualify.

2.0 Background

2.1 Significant uncertainty continues to dominate the context within which we are working towards delivering a balanced budget over the medium term. The ongoing impact of Covid-19 remains hard to predict, both in terms of the potential for further waves of infection, and the scale and nature of the undoubted far-reaching implications on our residents and businesses which will influence need and therefore demand for our services. The financial outlook remains unclear with a further one-year financial settlement anticipated for 2022/23 and key national reforms having been subject to further delay. The national policy agenda continues to evolve rapidly, with legislative and policy changes that respond to the UK’s departure from the EU and new global positioning, societal changes brought and exacerbated by the pandemic, and the climate emergency. This is alongside a range of public service reforms signalled by Government, the impacts of which are not yet fully clear.

2.2 In developing our medium and longer term plans we will need to have regard to the broader context in which we will be working. This includes:

2.2.1 The impact of operating in an economy recovering from the Covid driven recession. The Government will have to

consider how it begins to pay off the borrowing it has undertaken during the pandemic – this could mean a mixture of higher taxation, with possible impact on economic recovery, and reductions in public service expenditure. Both would impact on the Council’s income and ability to spend;

2.2.2 The shape of the post-Brexit and post-Covid economic and policy agenda, the impact of new post-EU funding regimes and the Government’s Levelling Up programme;

2.2.3 Specific uncertainty over the future of local government funding, and delays to key reforms. The level of Government funding that the council will receive from 2022/23 onwards is not confirmed; Spending Review 2020 was for a single year and therefore funding for this planning period will be announced at Spending Review 2021 which is likely to be in the autumn. Additionally, the Fair Funding Review and Business Rate Retention reform have now been confirmed delayed until at least 2022/23. These are significant areas of change that currently are not fully understood and cannot be fully quantified but will have potentially significant financial impact.

2.2.4 The lasting impact the pandemic will have on young people in terms of education and employment opportunities;

2.2.5 The growing impact of climate change, the national and local commitments to achieve carbon neutrality and the introduction of a range of new measures through the

Environment Bill;

2.2.6 The impact of Government reviews and reforms of public services and changes in policy– for example changes to infrastructure, transport and planning and potential structural changes;

2.2.7 The ongoing need to support post-Covid recovery and adjustment, both in our services and for society and the economy, against a backdrop of residual risk of further waves of infection and the potential need for an ongoing vaccination programme; and

2.2.8 Reviewing the way that we work and accelerating our planned changes to move towards a more hybrid way of working, and evolving our working practices to ensure we have modern, flexible workspaces and workstyles as part of the Transforming East Herts Programme.

2.3 The Council's business and financial planning is underpinned by the Corporate Plan and its four priorities, which provide a clear focus for decisions about spending and savings and direct activity across the Council.

2.4 The four priorities are:

2.4.1 **S**ustainability at the heart of everything we do;

2.4.2 **E**nabling our communities;

2.4.3 **E**ncouraging economic growth; and

2.4.4 **D**igital by default.

2.5 Officers will continue to explore options to further reduce net cost to meet the savings target for submission in the November Executive report. This will include examining non-statutory service provision levels and also reviewing and benchmarking contracts to ensure the prices remain competitive. A recent review of the office furniture contract resulted in an indicative 68% saving by switching to an alternative framework. A procurement strategy and indicative procurement timeline both featured in the improvements identified in the Annual Governance Statement endorsed by Audit & Governance Committee.

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 Given the financial outlook the Executive have very few options available to ensure a balanced budget. Any growth the Executive wish to propose must be balanced by reductions elsewhere.

4.2 The Executive may propose a lower rate of Council Tax but this will result in additional savings requirements which will require significant changes to the service offer.

- 4.3 In order to draw up the detailed budget and MTFP the Executive are recommended to agree, as guidance to officers, that the budget proposals should be based on a Council Tax increase of £5, contract inflation up to 4%, no inflation in other goods and services budgets and that the provision for the national pay award will be up to 3% (effectively 2.75% as 0.25% of the pay provision this year will be carried forward as a result of the 1.75% final pay offer from the employer's side.
- 4.4 The Executive is also recommended to agree that all service areas should review fees and charges and ensure that, where the council has discretion to set the charge, that charges should be set so as to: recover full costs; concessions should be explicitly linked to an Equalities Impact Assessment; and that services which are not currently charged for the introduction of a charge should be considered unless the service is provided generally under a statutory provision. Where charges recover full cost they should rise by a minimum of 5%.

5.0 Risks

- 5.1 Significant uncertainty continues to dominate the context within which we are working towards delivering a balanced budget over the medium term. The ongoing impact of Covid-19 remains hard to predict, both in terms of the potential for further waves of infection, and the scale and nature of the undoubted far-reaching implications on our residents and businesses which will influence need and therefore demand for our services. The financial outlook remains unclear with a further one-year financial settlement anticipated for 2022/23 and key national reforms having been subject to further delay. The national policy agenda continues to evolve rapidly, with

legislative and policy changes that respond to the UK's departure from the EU and new global positioning, societal changes brought and exacerbated by the pandemic, and the climate emergency. This is alongside a range of public service reforms signalled by Government, the impacts of which are not yet fully clear.

- 5.2 The council faces contract cost pressures from shortages of HGV drivers as refuse freighters are classified as HGVs and the haulage of waste from waste transfer stations requires HGV drivers which means costs pressures from short notice requirements to tip at alternate waste transfer stations. Costs may also increase due to supply chain shortages as a result of HGV driver shortages, Brexit trade delays and import/export documentation and global delays as a result of the Suez Canal being blocked earlier in the year causing shipping schedule delays.
- 5.3 The Harlow and Gilston Garden Town Partnership central staff has been funded by MHCLG but this has been on the basis of a bid basis and funding is not certain. MHCLG has indicated it may not continue to provide funding and there is a high risk that the central costs of £1 million per year may fall on the partners or that the policy and co-ordination work will have to stop which may be detrimental to the overall delivery and vision for the Garden Town.
- 5.4 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 resource pressures within the council.

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, particularly fees and charges

concessions 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 3% but the actual award is subject to national NJC negotiations. This provision is set in the light of forward inflation estimates for September 2021 in the Bank of England Monetary Policy Report August 2021.

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 – Medium Term Financial Plan Initial Projection

Appendix B – Savings Plan agreed at Full Council March 2021

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REVENUE BUDGET - MEDIUM TERM FINANCIAL PLAN

2021/22		2022/2023	2023/24	2024/25	2025/26	2026/27
£'000		£'000	£'000	£'000	£'000	£'000
401	Chief Executive & PA's	377	391	405	419	433
1,366	Communications, Strategy & Policy	1,377	1,421	1,465	1,509	1,553
574	Human Resources & Org Development	587	603	619	635	651
1,703	Strategic Finance & Property	1,729	1,796	1,863	1,930	1,997
1,412	Legal & Democratic Services	1,442	1,476	1,510	1,544	1,578
2,611	Housing and Health	2,629	2,704	2,779	2,854	2,929
238	Planning & Building Control	1,269	1,338	1,407	1,476	1,545
1,206	Operations	4,004	4,389	4,774	5,159	5,544
3,994	Shared Revenues & Benefits Service	734	778	822	866	910
695	IT Shared service	2,299	2,350	2,400	2,450	2,500
2,191	Capital Expenditure charged to a revenue a/c	238	238	238	238	238
-	Harlow & Gilston Garden Town Dev Mangemnt	620	620	620	620	620
-	Employer's National Insurance increase	105	107	109	111	113
-	Transforming East Herts Savings	(100)	(900)	(1,000)	(1,000)	(1,000)
16,391	Net Cost of Services	17,311	17,312	18,012	18,812	19,612

Corporate Budgets

(17)	Fees & Charges Annual Review	(67)	(117)	(167)	(217)	(267)
-	NHB Grants to Town & Parish Councils	-	-	-	-	-
-	Minimum Revenue Provision	-	290	618	618	618
-	Interest Payable on Loans	166	334	334	334	334
(750)	Investment Income	(750)	(750)	(750)	(750)	(750)
734	Pension Fund Deficit Contribution	754	850	850	850	950
-	Savings to be identified	(967)	(1,520)	(1,520)	(1,520)	(1,901)
(33)	Total corporate budgets	(864)	(913)	(635)	(685)	(1,016)

2021/22		2022/2023	2023/24	2024/25	2025/26	2026/27
£'000		£'000	£'000	£'000	£'000	£'000

Reserves

3,369	Contributions to Earmarked Reserves	262	258	274	274	274
(769)	Contributions from Earmarked Reserves	(1,756)	(1,761)	(211)	(211)	(211)
-	Planned Use of General Fund Balance		1	351	31	-
299	New Homes Bonus Cont to Reserve	-	-	-	-	-
2,898	Total reserves	(1,494)	(1,502)	414	94	63

Funding

(150)	Capital Salaries	(150)	(150)	(150)	(150)	(150)
(2,721)	NDR	(3,616)	(5,000)	(4,950)	(4,900)	(4,850)
(4,666)	Section 31 Grants	(1,900)	-	-	-	-
2,455	(Surplus)/Deficit on Collection Fund	2,455	2,455	-	-	-
(874)	Government Grant	(227)	(223)	(239)	(239)	(239)
(2,244)	New Homes Bonus	-	-	-	-	-
(8,200)	Total Funding	(3,438)	(2,918)	(5,339)	(5,289)	(5,239)

11,056	Demand on Collection Fund	11,515	11,979	12,451	12,931	13,419
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11,056	Council Tax Income	11,515	11,979	12,451	12,931	13,419
61,734	Council Taxbase	62,552	63,352	64,152	64,952	65,752
179.09	Council Tax at Band D (£)	184.09	189.09	194.09	199.09	204.09

2.87%	Percentage Increase in Council Tax	2.79%	2.72%	2.64%	2.58%	2.51%
5.00	£ increase in Council Tax	5.00	5.00	5.00	5.00	5.00

Savings proposals to be taken forward £000s

Description	Cost Centre	2021/22		2022/23		2023/24	
		£000	£000	£000	£000	£000	£000
		Proposed	Include	Proposed	Include	Proposed	Include
<u>Operations</u>							
Garden Waste charging	OPS12	(703)	(703)	(735)	(735)	(735)	(735)
Car Parking proposals EXCLUDING Blue Badge	OPS20-26			(484)	(444)	(551)	(511)
Leisure centres	OPS11	100	100	100	100	(404)	(404)
Litter and dog waste bins - combine	OPS6	(19)	(19)	(19)	(19)	(19)	(19)
Hertford Theatre	OPS27-29	34	34	88	88	(400)	(400)
Parks and Open Spaces - catering concessions	OPS6	(8)	(8)	(15)	(15)	(20)	(20)
Environmental Inspection	EN001	31	31	(0)		(0)	
<u>Chief Executive</u>							
Senior Management restructure	CED1	(30)		(65)	(30)	(65)	(65)
Corporate Support Team review	CED2	(5)		(10)	(5)	(10)	(10)
<u>Communications, Strategy & Policy</u>							
Communications - Option 1 reduce communications activity	CM002	(30)	(30)	(30)	(30)	(30)	(30)
Cease printing Link and make digital only.	CM002	(10)	(10)	(10)	(10)	(10)	(10)
Digital Receptions - Delete vacant posts and remove payment kiosks.	CS001	(50)	(50)	(63)	(63)	(63)	(63)
Ec Dev Subscriptions - Cease payments CZA and BBfA subs included only	ED101	(5)	(5)	(20)	(20)	(20)	(20)
<u>Housing & Health</u>							
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)
Environmental Health - End van leases and use electric pool cars	EH001	(10)	(10)	(12)	(12)	(12)	(12)
<u>Human Resources</u>							
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)

Description	Cost Centre	2021/22		2022/23		2023/24	
		£000		£000		£000	
		Proposed	Include	Proposed	Include	Proposed	Include
Legal & Democratic							
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)
Planning							
Archive digitisation	PL001	(41)	(41)	(41)	(41)	(41)	(41)
Online adverts except for some major applications	PL001	(30)	(30)	(30)	(30)	(30)	(30)
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
Revenues and Benefits							
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)
Shared ICT Service							
Shared ICT Service - End Print service	SS001	(100)	(100)	(100)	(100)	(100)	(100)
Shared ICT Service - End design service	SS001	(20)	(20)	(20)	(20)	(20)	(20)
Strategic Finance & Property							
Facilities Management - Post Room and Courier service changes.	SP002	(33)		(33)	(33)	(33)	(33)
Finance - target for the new Head of Service to deliver through efficiencies	SF001 - 6		(50)		(50)		(50)
		(0)					
Total		(1,348)	(1,133)	(1,993)	(1,801)	(3,096)	(2,987)
Target			(1,102)		(2,003)		(3,963)
			(31)		202		976

East Herts Council Report

Executive

Date of meeting: 28 September 2021

Report by: Councillor Peter Boylan, Executive Member for Neighbourhoods

Report title: The East Herts Tenancy Strategy 2021 to 2026

Ward(s) affected: All

Summary –

The current East Herts Council Tenancy Strategy, written in 2016, requires updating. Therefore, a new Tenancy Strategy for 2021 to 2026 has been drafted to respond to new legislation, changing market conditions and evolving housing need trends. This report provides information on the contexts which have been taken into account when devising an updated strategy.

The draft East Herts Council Tenancy Strategy 2021 to 2026 was presented to Overview and Scrutiny Committee on 7 September 2021. Following consideration and a debate, no formal recommendations were made and the Tenancy Strategy was endorsed.

RECOMMENDATIONS FOR EXECUTIVE:

- a) To provide comments and recommendations on the draft East Herts Tenancy Strategy for 2021 to 2026.**
- b) To recommend to Council the adoption of the East Herts Tenancy Strategy for 2021-2026.**

1.0 Proposal(s)

1.1 That the following guidance should be provided to registered providers who own and manage affordable housing in East Hertfordshire

Rent levels:

- There should be due regard to the housing market and Local Housing Allowance levels when setting rents in East Hertfordshire.
- Conversion of Social Rent to Affordable Rent should be minimised.
- Affordable Rents should be set towards to the lower end of the 50 per cent to 80 per cent Market Rent spectrum.

Tenancies:

- There should be an emphasis on either lifetime tenancies or long-term tenancies of at least five years.
- Special consideration should be given to the groups in greater need of settled accommodation such as older people, households with children and victims of domestic violence.

2.0 Background

2.1 Under the Localism Act 2011 each local authority has an obligation to produce a tenancy strategy which sets out the matters to which providers of affordable housing must have regard when they develop their own tenancy policies. This includes:

- the kinds of tenancies they grant.
- the circumstances in which they grant a tenancy of a particular kind.
- the length of those tenancies.

- 2.2 The new East Herts Tenancy Strategy contains a set of recommendations to which registered providers are expected to have regard under each of the following themes:
- Rent levels
 - Tenancy types
 - The needs of specific groups.
- 2.3 The new Tenancy Strategy takes account of legislative contexts at the national level, and changing economic and housing market conditions at the local level.
- 2.4 A total of sixteen registered provider (also known as housing associations) own and manage affordable housing for rent and/or low cost home ownership in the East Herts district. In 2002 East Herts Council transferred its entire housing stock to two housing associations which are now Network Homes and Clarion Housing. Other large housing associations that own and manage housing in East Herts, include Paradigm, Metropolitan, Hightown, B3 Living and Catalyst. In April 2020 registered providers owned 8,327 homes in East Herts (affordable housing for rent and low cost home ownership), constituting 13 per cent of the district's entire housing stock.
- 2.5 Between 1 April 2015 and 31 March 2021 registered providers developed a total of 724 new affordable homes for rent in East Herts.
- 2.6 Since 2011 there have been major changes in the range of tenancy types which registered providers can offer and the levels of rents which they can charge:
- Before 2011 registered providers predominantly offered Assured Tenancies. These tenancies were, in effect, periodic lifetime tenancies which could be brought to an end only if the tenant breached one of the grounds under the Housing Act 1988 e.g. failure to pay rent. A registered

provider might also offer a Starter Tenancy for an initial twelve month period under which it would be easier to evict a tenant more quickly. However, a tenant usually progressed to an Assured Tenancy after a Starter Tenancy had expired. However, the Localism Act 2011 allowed registered providers to introduce new Fixed Term/Flexible tenancies, with a specified term of not less than five years or two years in exceptional circumstances. These tenancies would be reviewed towards the end of their specified term, and could be brought to an end if the tenancy was no longer considered to be required or appropriate for the tenant.

- Before 2011 registered providers mainly charged Social Rents which were set using a government formula. These rents were calculated according to the value and size of each property and the local income levels in the area in which the property was located. Social Rents are traditionally set at approximately 50 per cent of Market Rent. However, from 2011 registered providers were given discretion to set Affordable Rents. These rents could be set up to a maximum value 80 per cent of Market Rent, including a service charge where applicable. When a property which had been let at Social Rent was vacated, it could be relet at Affordable Rent. The usual percentage range of an Affordable Rent is 50 per cent to 80 per cent of market rent. Affordable Rents have become the predominant affordable rent level in East Herts for new homes; between 1 April 2015 and 31 March 2021 722 of the new homes developed were rented at an Affordable Rent and 2 were rented at Social Rent. These Affordable Rents can exceed Local Housing Allowance levels, which are the maximum amount of housing-related benefit payable to tenants of the private rented sector.

3.0 Reason(s)

3.1 The extent of housing need in East Herts has grown since the last tenancy strategy was produced in 2016. Examples of the increase in housing need: the number of households on the housing register rose by nearly eight per cent between 2014-2015 and 2020-2021; the number of households assessed as homeless per 1,000 households in the population rose from 0.65 on 31 March 2020 to 1.28 on 30 September 2020; the number of households living in temporary accommodation grew from 19 on 31 March 2020 to 64 on 31 March 2021. The following factors have contributed to the increase in the levels of housing need in East Herts:

- There has been a significant reduction in the number of affordable homes available for letting. In 2020-2021 a total of 323 homes were let, compared to 522 in 2019-2020. This may be partly due to households being unwilling to move during the Covid19 pandemic.
- The Covid19 pandemic may also have increased homelessness among individuals who had been staying with friends or family on a casual basis. This appears to have led to an increase in rough sleeping.
- The private rented sector has become increasingly unaffordable, with widening gaps between the maximum amount of housing-related benefit which a household can claim (Local Housing Allowance) and market rents. Benefit cap levels have remained at 2016 levels, despite rises in the cost of living. Private landlords in East Herts have become increasingly reluctant to let a home to a household in receipt of benefits.
- Since the beginning of the Covid19 pandemic there has been a rise in out-of-work benefit claims in East Herts, from 1,140 claims (1.2 per cent of the workforce) in March 2020 to 3,450 per cent (4.0 per cent of the workforce) in May 2021. In addition, households who

before the Covid19 pandemic may have earned enough to avoid the Benefit Cap may have seen a reduction in their working hours, leading to their incomes becoming severely restricted.

3.2 In Autumn 2020 HQN Consultancy carried out research into housing affordability in East Herts and produced a report *"Affordable Housing in East Hertfordshire"*. Their research included assessing the affordability of Social, Affordable and Market rents for three household types who were either wholly dependent upon benefits for their income or whose income was restricted to the National Living Wage. The findings of the research showed that Affordable Rents at the higher end of the 50 per cent to 80 per cent of Market Rent spectrum were usually unaffordable to households in these three groups, even if housing costs were to consume up to 40 per cent of their gross household income.

3.3 The East Herts Tenancy Strategy provides the following guidance to registered providers:

Rent levels:

- There should be due regard to the housing market and Local Housing Allowance levels when setting rents in East Hertfordshire.
- Conversion of Social Rent to Affordable Rent should be minimised.
- Affordable Rents should be set towards to the lower end of the 50 per cent to 80 per cent Market Rent spectrum.

Tenancies:

- There should be an emphasis on either lifetime tenancies or long-term tenancies of at least five years.
- Special consideration should be given to the groups in greater need of settled accommodation such as older people, households with children and victims of domestic violence.

4.0 Options

- 4.1 To not produce a tenant strategy – NOT RECOMMENDED. Every local authority is obliged under the Localism Act 2011 to produce a tenancy strategy for their district at least once every five years. The East Herts Tenancy Strategy will provide a firm foundation for partnership working with registered providers.

5.0 Risks

- 5.1 The East Herts Tenancy Strategy takes the form of guidance to registered providers, rather than specific contractual obligations. Therefore there is no risk associated with the production of a tenancy strategy.

6.0 Implications/Consultations

- 6.1 The Tenancy Strategy was presented to members of the East Herts Housing Forum on 29 June 2021. Member of the Forum consist mainly of representatives of registered providers who develop and manage housing in East Herts. Forum members were invited to contribute their views on the proposals on the new East Herts Tenancy Strategy during a two week consultation period. The Tenancy Strategy received positive comments from Forum Members, and it is considered to provide clear guidance.

Community Safety

No

Data Protection

No

Equalities

Yes. The profile of tenants of the social housing sector in East Herts shows that certain Protected Characteristic groups, as defined under the Equality Act 2010, are highly represented among household who rent their homes from a registered provider:

- Age – a high percentage of younger households aged 18 to 44.
- Pregnancy and Maternity – A high percentage of households with children, especially those headed by a lone parent.
- Gender – a high percentage of household headed by females.
- Marriage and Civil Partnership – a high percentage of households headed by a single person and by a lone parent.
- Disability – a comparatively high percentage of households on the housing register contain a member who is either in poor health or has a disability.

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Yes. Every local authority is obliged to produce a tenancy strategy under the Localism Act 2011.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 The draft East Herts Tenancy Strategy 2021 to 2026

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EAST HERTFORDSHIRE COUNCIL

TENANCY STRATEGY

2021 to 2026



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Foreword by the Executive Member for Neighbourhoods

A home we can afford in a neighbourhood in which we wish to put down roots and establish support networks is essential to the wellbeing of us all. East Herts Council is committed to making an affordable housing offer to the residents of our district.

East Herts Council values its partnerships with the registered providers who develop and manage the district's affordable homes. They have created developments of attractive housing, transformed neighbourhoods by replacing out-of-date dwellings with well-designed and sustainable houses and flats, and participated in local initiatives to improve the district's environment and the health of its residents.

Yet we live in a rapidly changing world. East Hertfordshire is an increasingly popular place to live, and was named as the UK's Best Place to Live in the Halifax Quality of Life Survey 2020. At the same time, the need for affordable housing is growing in our district. The number of households on the housing register has increased; we have seen more applications for assistance from homeless persons, particularly from those with support needs; more families are living in temporary accommodation; the number of individuals who are sleeping rough remains consistent. The causes of this trend of rising housing need includes more households in receipt of low incomes, a widening gap between household earnings and housing costs, and more people being asked to leave by friends or family or not being able to afford accommodation in the private sector.

Every local authority is obliged to produce a Tenancy Strategy under the Localism Act 2011. The new Tenancy Strategy for 2021 to 2026 gives East Herts Council an opportunity to give guidance to our registered provider partners on what we expect in terms of affordable and sustainable tenancies. We expect that rents should be set at a level which households on a lower household income can afford, and that the tenancies which are offered allow households to settle and thrive on their local area.

We look forward to continuing to work with our registered provider partners to ensure that East Hertfordshire is a welcoming and affordable place to live for our residents.



Cllr Peter Boylan

Executive Member for Neighbourhoods

Tenancy Strategy 2021 to 2026 – Executive Summary

The Aims of the East Hertfordshire Tenancy Strategy 2021-2026 are:

1. To outline the approach of East Hertfordshire Council to working with local registered providers to ensure that residents have access to affordable and safe housing.
2. To set out East Hertfordshire Council's requirements and expectations of Registered Providers operating within the district, to ensure that housing is built to meet local housing needs.
3. To ensure that the Tenancy Strategy is taken into account when Registered Providers and other social housing providers, who own and manage homes in the East Hertfordshire area, adopt or review their own tenancy policies and operating procedures.

The Tenancy Strategy sets out the matters that Registered Providers of affordable housing in the district must have regard to when they develop policies relating to:

- The kinds of tenancies they grant.
- The circumstances in which they will grant a tenancy of a particular kind.
- The length of the tenancies.

Guidance for Registered Providers

Rent Levels

East Hertfordshire Council expects Registered Providers to have regard to the following:

- the retention and development of homes for Social Rent
- setting or maintaining Affordable Rent levels at the lower end of the 50 per cent to 80 per cent spectrum or capped at Local Housing Allowance (LHA) rates, so that tenants on low incomes can live in a homes which are both affordable and suitable for their needs.
- providing full details of current Affordability Checks and Financial Assessment procedures to the local authority as required for monitoring purposes, with information on why a household would be turned down for an offer of a home

as a result.

Tenancy Types

Lifetime tenancies should be created as far as possible.

Where flexible (fixed term) tenancies are issued, East Hertfordshire Council recommends that the following basic principles are adopted by Registered Providers as a minimum:

- a minimum of a five year fixed term tenancy
- the fixed term tenancy to be re-issued at the end of the term unless there is a significant change of circumstance for the household.
- the organisation's policy and procedures covering the criteria under which fixed term tenancies would not be renewed is provided to East Herts Council
- a full review of the tenant's circumstances be carried out prior to a fixed term tenancy ending which should at least take account of the likelihood of the household being able to find suitable alternative accommodation.

Needs of specific groups

Families with children of school age or younger – If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is a minimum of five years.

Households with a disabled member or a member with special needs – If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is a minimum of ten years.

Older people over the age of 60 – If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is a minimum of five years for households living in general needs accommodation. Lifetime/assured tenancies should be awarded to older people living in accommodation designed especially for older people.

In deciding on the use of fixed term tenancies, East Hertfordshire Council requests that Registered Providers consider health and wellbeing, the role of friends and relatives in enabling independence and the possibility that insecurity of tenure may add to someone's worries about their future.

Tenancy Strategy 2021- 2026

The Aims of the East Herts Tenancy Strategy 2021-2026 are:

To outline the approach of East Hertfordshire Council to working with local Registered Providers to make sure that the residents have access to affordable and safe housing.

To set out East Hertfordshire Council's requirements and expectations of Registered Providers operating within the district, to ensure that housing is built to meet local housing need.

To ensure that the Tenancy Strategy is taken into account when Registered Providers and other social housing providers, who own and manage homes in the East Hertfordshire area, adopt or review their own tenancy policies and operating procedures.

1. Introduction

The Purpose of the East Hertfordshire Tenancy Strategy

Under the Localism Act 2011 all housing authorities have a duty to produce a Tenancy Strategy. This sets out the objectives to be taken into account by Registered Providers as they make decisions about their own tenancy policies.

It is vital that Registered Providers help local authorities to meet housing need in their areas. The purpose of this document is to provide appropriate guidance at a strategic level to Registered Providers who own and/or manage housing stock in the East Hertfordshire district.

The Tenancy Strategy sets out the matters that Registered Providers of affordable housing in the district must have regard to when they develop policies to be applied in East Herts relating to:

- the kinds of tenancies they grant
 - the circumstances in which they will grant a tenancy of a particular kind
 - the length of those tenancies
- The circumstances in which they will grant a further tenancy on the ending of an existing tenancy.

In addition, this document provides contextual information on local housing markets and housing need across the district. This will further assist Registered Providers in understanding the impacts of their policies and how they can best support East Hertfordshire Council in ensuring:

- local housing need continues to be met with rents being affordable to a wide range of households in housing need
- new tenancies remain sustainable to prevent homelessness
- overall affordable housing stock numbers do not diminish
- an appropriate choice of tenures at a range of rent levels is made available.

East Hertfordshire Council has updated its Tenancy Strategy to take account of changing:

- legislative contexts at the national level
- economic and housing market conditions at the local level.

2. National Contexts

2.1 The Localism Act 2011

The Localism Act Section 150 relates to Tenancy Strategies. It introduced the duty upon housing authorities to provide a Tenancy Strategy. It also specifies that an authority must keep its Tenancy Strategy under review and may modify it from time to time.

2.2 Social Housing White Paper

The Social Housing White Paper, published in November 2020, contained the following section: *Considering how to ensure social housing is allocated fairly.*

The government will publish the results of an evidence gathering exercise which it has carried out into how people access social housing. The government will consider the findings to ensure that housing is allocated in the fairest way possible and achieves the best outcomes for local places and communities. This will include considering how to improve joint working between local authorities and registered providers to ensure that social housing is being allocated efficiently. How to improve *joint working* between local authorities and housing associations to ensure that social housing is being allocated efficiently.

3. The Housing Context in East Hertfordshire

3.1 Overview of East Hertfordshire

East Hertfordshire is an attractive place to live. This is reflected in its high house prices, which are higher than neighbouring local authority areas and have

significantly increased in recent years. Achieving housing development that responds to local needs, while recognising the environmental and other constraints in East Hertfordshire, is a significant challenge. It is also necessary to recognise the specific accommodation and housing needs of different groups in the community.

East Hertfordshire has an ageing population. Meeting the varying needs of older people will be a challenge while still ensuring that the district remains attractive and accessible to young people.

3.2 Overall housing stock in the district

The total number of homes in East Hertfordshire rose by 4.4% between 1 April 2015 and 1 April 2020, from 60,338 to 63,011,

Tenure	1 April 2020	
Local authority	16	
Registered provider (Housing Association), both for rent and low cost home ownership	8,327	13.0%
Other public sector	30	
Private sector (including both owner-occupation and the private rented sector).	55,593	87.0%
Total	63,011	

Source: MHCLG

3.3 Affordable Housing New build in East Hertfordshire (completions 2015-2016 to 2020-2021)

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Total
Social Rent	-	-	-	2 (0.5%)	-	-	2 (0.2%)
Affordable Rent	71 (68.6%)	130 (72.6%)	40 (62.5%)	279 (68.5%)	98 (56.3%)	104 (43.5%)	722 (62.0%)
Intermediate Rent	--	-	-	-	-	-	-
Shared Ownership	31 (30.4%)	49 (27.3%)	24 (37.5%)	126 (31.0%)	50 (28.7%)	135 (56.5%)	415 (35.6%)
Affordable Home Ownership	--	-	-	-	26 (14.9%)	-	26 (2.2%)
Total	102	179	64	407	174	239	1,165

Source: MHCLG Housing Starts and Completion tables

This table shows that Affordable Rent has remained consistently around two thirds of overall new affordable housing provision since 2015. Social Rent now features very little in new affordable housing development.

3.4 Registered providers in East Hertfordshire

In 2002 East Hertfordshire transferred its housing stock to two housing associations, now Network Homes and Clarion Housing. By 2020 there is a total of 17 Registered Providers who own and manage affordable housing in the district. These homes are rented at a mix of Social Rent and Affordable Rent.

Registered providers in the area – housing stock for rent as on 31 March 2021

	General needs	Sheltered housing	Supported housing	
B3 Living	115			115
Catalyst	302			302
Clarion	2,559	421	30	3,010
English Rural	5	-	-	5
Hastoe	24	-	-	24
Hightown	239	-	-	239
Home Group	20	-	-	20
Housing 21	-	55	-	55
Metropolitan Thames Valley	59	-	24	83
Network	3,183	431	10	3,624
Origin	144	-	-	144
Paradigm	187	-	-	187
Places for People	23	-	-	23
Sage	68	-	-	68
Sanctuary	27	41	-	68
Stonewater/L & G	22	-	-	22
Welwyn Garden City HA	1	-	-	1
Total	6,784	948	64	7,796

This table shows the variation of in the size of the housing stock which Registered Providers own and manage in East Herts. The tenancy strategy applies to all Registered Providers, irrespective of the amount of stock they own in East Herts.

3.5 Rent Levels in East Hertfordshire

Social and Affordable Rents

Affordable Rent, as a rental product for Registered Providers, was introduced by the government in April 2011. It is rented housing where the rent is up to 80 per cent of the local private market rent. The Affordable Rent charged is re-calculated each time a tenancy is granted or renewed, so will fluctuate in line with local private market

rents. The government introduced Affordable Rent to enable Registered Providers to generate additional rental income from rents. This would enable greater investment by Registered Providers to deliver additional affordable housing in a time of constrained grant budgets.

Social and Affordable Rents are sometimes viewed in two different categories e.g. Social Rents at 50 per cent of local market rent and Affordable Rent at up to 80 per cent of local market rents. However, Social Rents are set using a government formula which creates a formula rent for each property based on its relative value, its size and the relative local incomes in the area in which it is situated. Affordable Rents are set in relation to the market rent rates for the area in which the property is located. From rent and affordability perspectives, it is more useful to view affordable housing for rent as a continuum between typically 50 per cent and 80 per cent of local market rents rather than seeing Social Rents and Affordable Rents in separate categories.

Social and Affordable average weekly rent data in East Hertfordshire has been provided from an analysis of properties which were advertised for letting between 1 April and 10 July 2020. Additional data shows how this compares with private rents in the district as at March 2020 and Local Housing Allowance rates for the district in December 2020. The gaps between social and affordable rents and private rents are very wide. The table also shows the significant gaps between private rent levels and all maximum Local Housing Allowance levels in the district.

	1 bedroom	2 bedroom	3 bedroom
Social Rent	£102.22	£118.03	£143.93
Affordable Rent	£145.68	£183.29	£224.93
Average private rents March 2020*	£200.00	£250.00	£337.50
LHA in Harlow and Stortford Broad Rental Market Area	£165.70	£207.12	£258.90
LHA in South East Herts Broad Rental Market Area	£172.60	£212.88	£276.16
LHA in Stevenage and North Herts Broad Rental Market Area	£155.34	£195.62	£241.64

*Source: Office for National Statistics

3.6 The Housing Register and Allocations

	Total on Housing Register as on 1 April	Total lettings to Registered Providers	Total lettings to non-Registered Providers
2014-2015	2,009	459	10
2015-2016	2,198	524	3
2016-2017	2,025	501	4
2017-2018	2,039	509	1
2018-2019	2,119	562	3

2019-2020	2,125	522	0
2020-2021	2,168	447 (376 general needs)	0

Source: Local Authority Housing Statistics, MHCLG

The Housing Register includes applicants for general needs and sheltered housing.

The number of households on the housing register between 2014/2015 and 2020/2021 rose by 7.9 per cent.

We have seen a significant reduction in the number of lettings during the financial year 2020-2021. A total of 323 homes have been let, of which 263 were homes for general needs. Although this covers 75 per cent of the financial year, this represents only 62 per cent of the total number of lettings (522) which were made during the previous financial year 2019-2020. This could be due to a number of reasons, such as households being unwilling to move due to the Covid19 pandemic.

3.7 Homelessness and Temporary Accommodation

Homelessness has increased substantially in East Hertfordshire during the financial year 2020-2021. The table below shows how the number of households assessed as homeless per 1,000 households in the population increased during 2020 and compares with other local authorities:

Hertfordshire local authority/region/country	January to March 2020	July to September 2020
Broxbourne	0.54	1.87
Dacorum	0.82	2.03
East Hertfordshire	0.65	1.28
Hertsmere	0.63	1.49
North Hertfordshire	0.75	1.54
St Albans	1.08	0.51
Stevenage	0.26	2.77
Three Rivers	1.57	0.50
Watford	0.49	1.05
Welwyn Hatfield	0.57	1.83
East of England	0.63	1.60
England	0.69	1.39

Source: MHCLG Live tables on Homelessness

Between 1 July and 30 September 2020 the reasons for homelessness or threats of homelessness among those who approached East Hertfordshire Council for assistance were as follows:

Reason for homelessness or threatened homelessness	Percentage of households homelessness or threatened with homelessness
Family or friends no longer willing to accommodate	34%
End of a privately rented tenancy – assured shorthold or non-assured shorthold	21%
Domestic violence or abuse	9%
Non-violent breakdown of relationship	8%

End of Social Rented tenancy	6%
Evicted from supported accommodation	4%
Left an institution e.g. hospital, armed forces	3%
Non-racially motivated violence	1%
Other	14%

As the below table shows, the number of households in temporary accommodation has increased significantly over the past five years. An increasing number of households have been unable to move into housing association accommodation because they have failed affordability checks and financial assessments.

Date	Number of households placed in temporary accommodation by East Hertfordshire Council (year end snapshot data)
31 March 2015	19
31 March 2016	19
31 March 2017	15
31 March 2018	25
31 March 2019	28
31 March 2020	47
31 March 2021	52

In addition, East Hertfordshire Council is seeing rising numbers of people in housing need who have a high level of support needs, particularly from single person households. Increasingly, the allocation of affordable housing in the district is focused upon the most vulnerable people in the smaller accommodation.

3.8 The Private Rented Sector

The English Housing Survey 2018-2019 recorded that nationally the number of privately rented homes had doubled since the beginning of the millennium, from 10% of housing stock in 2002 to approximately 19-20% of housing stock in 2018-2019.

In 2011 East Hertfordshire's private rented sector was recorded as consisting of 7,446 homes, 13.2% of the total housing stock in the district. Details of the current size of the sector are awaited from the Census 2021. It is anticipated that, as with national trends, the size of the sector will have increased further.

The median average Private Sector rents in East Hertfordshire were recorded on 30 September 2020 as follows:

Property size	Median average monthly rents
Room	£358
Studio	£650
1 bedroom	£800
2 bedroom	£1,000
3 bedroom	£1,350
4 bedroom	£1,680
All	£995

Source: Office for National Statistics

Local Housing Allowance rates – Three Local Housing Allowance areas cover the East Hertfordshire district. The following table shows the difference between the median average weekly rents in the sector in September 2020 and the amount of Local Housing Allowance available in December 2020 to cover the cost of rents:

	Room	1 bedroom	2 bedroom	3 bedroom	4+ bedroom
Median monthly rent	£358	£800	£1,000	£1,350	£1,680
Median weekly rent	£89.50	£200.00	£250.00	£337.50	£420.00
Harlow & Stortford LHA area	£76.50	£165.70	£207.12	£258.90	£299.18
Difference	£13.00	£34.30	£22.49	£78.60	£120.82
South East Herts LHA area	£82.04	£172.60	£212.88	£276.16	£322.19
Difference	£7.46	£27.40	£16.73	£61.34	£97.81
Stevenage and North Herts LHA area	£78.59	£155.34	£195.62	£241.64	£299.18
Difference	£10.91	£44.66	£33.99	£95.86	£120.82

In all cases, the median market rent exceeds the Local Housing Allowance rent, with the gap expanding as the number of bedrooms increases. This is not unexpected, given that Local Housing Allowance rates were frozen for five years. However, it does demonstrate the problem of finding affordable accommodation for those who are eligible for benefits, with many having to “top up” the rent element of their benefits using money which could be used for food and other day-to-day expenses. Analysis by homelessness charity Shelter has put East Hertfordshire 9th in the top ten local authorities outside London with the biggest shortfall between Local Housing Allowance and rents.

Demand from households unable to buy, landlords’ reluctance to let to tenants in receipt of benefits, and the increasing gap between the Local Housing Allowance rate and market rents have contributed to a significant drop in the proportion of private sector tenants who are in receipt of housing-related benefits. Between 2013 and 2017 there was a 22 per cent (346 households) reduction in the number of households in receipt of housing-related benefits in privately rented accommodation in East Hertfordshire.

The Benefit Cap (which includes housing-related costs) for households outside Greater London currently stands at the following levels:

- Single person households - £257.69 per week or £13,400 per year
- Couples and single parents - £384.62 per week or £20,000 per year

These amounts have not increased since 2016, despite rises in the cost of living.

Households who before the Covid19 pandemic may have earned enough to avoid the Benefit Cap may now have seen reduction in the hours they were working, meaning that their incomes have become severely restricted.

The unaffordability and inaccessibility of almost East Hertfordshire’s entire private rented sector increases the pressure on social housing.

The allocation to social housing is playing an ever increasing role in the prevention of homelessness. While the number of households who have had their homelessness prevented has remained fairly constant, the proportion of households having their homelessness prevented through an allocation of social housing increased from 55 per cent in 2014 to 77 per cent in 2017.

The private rented sector no longer plays a significant role in preventing homelessness in East Hertfordshire.

3.9 Earnings and Affordability checks

A significant proportion of households in East Hertfordshire are in receipt of low incomes. This is illustrated by the following:

- the East Hertfordshire Housing Strategy 2016-2021 referred to the housing needs survey for the district undertaken in 2015. The survey highlighted the fact that 21 per cent of households in the district earned less than £20,000 per year
- in September 2020 just over half of the households on the council’s housing register were in employment (51%) of whom 45% did not receive any welfare benefits. The maximum qualifying income level for households on the East Hertfordshire Council housing register is £48,000
- in East Hertfordshire the lag between earning and rent inflation was significant between 2011 and 2019. While private rents in the district have increased by 29 per cent, wages have risen by only 4 per cent (based on a two person household with one full-time and one part-time worker)
- the Indices of Multiple Deprivation 2019 showed that 12 East Hertfordshire lower super output areas were ranked in the 50 per cent most deprived in terms of income, compared with all lower super output areas in England, and that 10 East Hertfordshire lower super output areas were ranked in the 50 per cent most deprived in terms of employment across England
- East Hertfordshire has seen a significant rise in the number and percentage of households in receipt of out-of-work benefits during 2020, from 1.2% (1,140 households) in March 2020 to 4.0% (3,450 households) in May 2021. The wards in the district which have been affected most acutely are:

Wards	March 2020 – number of households claiming out-of-work benefits	May 2021 - number of households claiming out-of-work benefits
East Herts district	1,140 (1.2%) of total	3,450 (4.0% of total)
Bishop’s Stortford Central	40 (1.3% of total)	320 (4.4% of total)

Hertford Castle	40 (1.8% of total)	250 (4.0% of total)
Bishop's Stortford All Saints	30 (1.2% of total)	235 (4.2% of total)
Hertford Sele	45 (2.7% of total)	220 (6.2% of total)
Sawbridgeworth	35 (1.4% of total)	200 (3.7% of total)

Employees in these wards may have been disproportionately affected by the impact of the Covid19 pandemic upon certain types of occupations for example hospitality, retail, jobs associated with Stansted Airport.

The table below shows the number of households nominated for an allocation by the council who were subsequently rejected by Registered Providers on the grounds of affordability only. The number of rejections has increased sharply over the past three years. The number for 1 April to 17 July 2020 had already exceeded the total for the whole of the previous year:

Year	Nominations rejected due to affordability	Total number of nominations (can include more than one nomination to one property).	Rejections as a percentage of the total number of nominations
2016-2017	2	490	0.4%
2017-2018	10	512	2.0%
2018-2019	25	576	4.3%
2019-2020	37	555	6.7%
1 April 2020 to 31 December 2020	54	323	16.7%

As previously stated, the levels of the Benefit Cap have not increased in line with the cost of living. This has a particular impact on affordability assessments. If rents are not capped at Local Housing Allowance levels, households find their living costs, including rent, are higher than the Benefit Cap. In consequence, only those in work who earn above a certain level (£604.59) or are in receipt of a Personal Independence Payment (non-means tested) are considered able to afford the accommodation.

The following table, using data from the Annual Survey of Hours and Earnings (ASHE) for the East Herts district in 2020, shows the difficulty of affording accommodation for a significant percentage of households who have just one household member in employment who is working full-time: just under 40 per cent earn below the £604.59 threshold referred to above).

Earnings decile	Weekly median average gross earnings per individual
Lowest 10 per cent	£399.00 (£20,748 per year)
Lowest 20 per cent	£479.10 (£24,913 per year)
Lowest 25 per cent	£506.30 (£26,328 per year)
Lowest 30 per cent	£543.10 (£28,412 per year)
Lowest 40 per cent	£611.20 (£31,782 per year)
Median average	£714.70 (£37,164 per year)

Source: Annual Survey of Hours and Earnings (ASHE) for full-time employment in the East Hertfordshire district 2020

3.10 Affordability scenarios by household type

Housing Quality Network (HQN) Consulting has carried out research on the affordability housing options in September 2020 for a three household types in East Hertfordshire:

- a Single Person aged over 35 requiring either a room in shared accommodation or 1 bedroom self-contained accommodation
- a lone parent with 1 children requiring 2 bedroom accommodation
- a couple with 2 children requiring 3 bedroom accommodation.

These are household types who often require housing assistance in East Hertfordshire.

The research assesses the housing options which would be affordable to these household types:

- if they were either wholly dependent on benefits for their income or if they were in receipt of the National Minimum Wage and working 40 hours full-time.
- if their housing costs were to not exceed 40 per cent of their gross weekly income (40 per cent is not regarded as a generous percentage of household income to spend on housing costs).

	Unaffordable at or below 40% of weekly income
	Affordable at or below 40% of weekly income

Single person aged over 35 requiring a room in shared accommodation or one bedroom self-contained accommodation

Income levels	Affordable/Unaffordable housing options
Benefits only <ul style="list-style-type: none"> • Total weekly income £214.59 • 40% of weekly income <u>£85.84</u> 	Social rented accommodation – self-contained at £102.22 per week
	Affordable rented – self contained at 65% Market Rent at £120.00 per week
	Affordable rented – self contained at 72% Market Rent at £132.92 per week
	Affordable rented – self contained at 80% Market Rent at £145.68 per week
	Market rented – self-contained at £184.61 per week
	Market rented – room in shared accommodation at £82.61 per week
National Living Wage only <ul style="list-style-type: none"> • £328.24 weekly income. • 40% of weekly income <u>£131.30</u> 	Affordable rented – self-contained at 72% of market rent at £132.92 per week
	Affordable rented – 80% of market rent at £145.68 per week
	Market rented accommodation – self-contained. At £184.61 per week
	Social rented accommodation – self-contained at £102.22 per week

	Affordable rented – self-contained at 65% of market rent at £120.00 per week
	Market rented – room in shared accommodation at £82.61 per week

Lone parent with 1 child requiring two bedroom self-contained accommodation

Income levels	Affordable/Unaffordable housing options
Benefits only	Affordable rented at 72% of Market Rent at £166.15 per week
	Affordable rented at 80% of Market Rent at £184.62 per week
	Market rented at £230.77 per week
	Social rented accommodation at £118.03 per week
<ul style="list-style-type: none"> Total weekly income £384.14. 40% weekly income <u>£153.66</u> 	Affordable rented at 65% of Market Rent at £150.00 per week
	Affordable rented at 80% of Market Rent at £184.62 per week
	Market rented at £230.77 per week
	Social rented accommodation at £118.03 per week
National Living Wage only, working full-time with childcare costs.	Affordable rented at 65% of Market Rent at £150.00 per week
	Affordable rented at 72% of Market Rent at £166.15 per week
	Affordable rented at 80% of Market Rent at £184.62 per week
	Market rented at £230.77 per week
<ul style="list-style-type: none"> Total weekly income £428.32 40% weekly income <u>£171.33</u> 	Social rented accommodation at £118.03 per week
	Affordable rented at 65% of Market Rent at £150.00 per week
	Affordable rented at 72% of Market Rent at £166.15 per week
	Affordable rented at 80% of Market Rent at £184.62 per week

Couple with 2 children requiring three bedroom self-contained accommodation

Income levels	Affordable/Unaffordable housing options
Benefits only	Affordable rented at 65% of Market Rent at £202.50 per week
	Affordable rented at 72% of Market Rent at £224.93 per week
	Affordable rented at 80% of Market Rent at £249.93 per week
	Market rented at £311.54 per week
<ul style="list-style-type: none"> Total weekly income £417.34 40% weekly income <u>£166.94.</u> 	Social rented accommodation at £143.93 per week
	Market rented at £311.54 per week
	Social rented accommodation at £143.93 per week
	Affordable rented at 65% of Market Rent at £202.50 per week
National Living Wage only, one adult working full-time with no childcare costs.	Affordable rented at 72% of Market Rent at £224.93 per week
	Affordable rented at 80% of Market Rent at £249.93 per week
	Affordable rented at 65% of Market Rent at £202.50 per week
	Affordable rented at 72% of Market Rent at £224.93 per week
<ul style="list-style-type: none"> Total weekly income £699.00 40% of weekly income <u>£276.60</u> 	Social rented accommodation at £143.93 per week
	Affordable rented at 65% of Market Rent at £202.50 per week
	Affordable rented at 72% of Market Rent at £224.93 per week
	Affordable rented at 80% of Market Rent at £249.93 per week

Low cost home ownership and market sale is unaffordable to all these groups.

3.11 Tenancies offered by Registered Providers

Historically, tenants of social landlords have been offered an assured tenancy which granted them a home for life, provided they did not breach the terms of their tenancy on any specified grounds. Fixed term tenancies were introduced as part of the Localism Act with the aim of assisting Registered Providers to offer more flexible (fixed-term) tenancies. The view was that this would then enable landlords to make

best use of their housing stock and better meet local housing needs with a review of the tenant's situation at the end of the fixed term.

Registered Providers are able to offer fixed term tenancies on a minimum fixed term of five years. However, in exceptional circumstances flexible tenancies can be for as little as two years.

Social landlords have still been able to offer the traditional assured and introductory/starter tenancies. Existing flexible tenancies were introduced in addition to these options, and social landlords do not have to use them.

Existing assured tenants cannot have their tenancies converted to a flexible tenancy, and many are offered special protections if they move to another home.

In recent years a number of Registered Providers who own a large amount of affordable housing have ceased their use of flexible tenancies. Reasons for this include the increased anxiety of tenants, extra work for front-line staff, and to simplify the lettings process. The tenancies most commonly offered in East Hertfordshire indicate that, although the principle of using Starter or Probationary tenancies remains strong, Registered Providers prefer to offer life-time tenancies after these initial tenancies end. This is supported by East Herts Council

Types of tenancies offered by Registered Providers in East Hertfordshire October 2020 to May 2021

Landlord	General/Sheltered	Tenancy type offered
B3 Living	General	One year Starter Tenancy then Assured Tenancy
Catalyst	General	Starter Tenancy then Assured Tenancy
Clarion	General	Twelve month probationary period then Assured Tenancy.
Clarion	Sheltered	Assured Tenancy – Social Rent
Clarion	Sheltered	Starter Tenancy followed by Assured Tenancy.
Hightown	General	Probationary Tenancy then Assured Tenancy
Metropolitan	General	Assured Tenancy
Network	General	Assured Tenancy
Network	Sheltered	Assured Tenancy
Sage	General	Starter tenancy followed by five year Fixed Term Tenancy
Sanctuary/Catalyst	General	One year Starter Tenancy followed by Assured Tenancy.

Conclusions

- East Hertfordshire Council has sustained a good supply of new affordable housing between 2015/16 and 2020/2021, particularly the number of new affordable homes for rent, primarily through planning obligations. However, this has consisted almost wholly of Affordable Rent, while the supply of new properties at Social Rent is now negligible.

- The council has a strong pipeline of new homes being developed through planning agreements but they are all at affordable rent levels and often exceed Local Housing Allowance rates.
- Tenants of affordable housing are offered mainly lifetime tenancies once they have completed Starter or Probationary tenancies as flexible tenancies have become less popular with Registered Providers.

However

- Since the ending of the 2016/2020 rent freeze, Social and Affordable rents will begin to rise again.
- Housing need in the district is undoubtedly increasing, with the number of households on the housing register going up by 5.8 per cent between 2014/2015 and 2020/2021. The total number of households on the housing register between 31 March 2015 and 31 March 2021 rose by 7.9 per cent.
- The number of homes being let has seen a significant decrease between April 2020 and March 2021 and turnover of housing is currently declining. This may be due to households being unwilling to move during the pandemic
- The number of households approaching the local authority for assistance under homelessness legislation has increased. The number of households living in temporary accommodation has also risen. East Hertfordshire Council is also receiving applications for assistance from an expanding number of people in housing need who also have a high level of vulnerability and support need.
- Use of the private rented sector by households on low incomes, and also as a prevention option for households in housing need, is decreasing. This is due to a number of reasons: an increase in the number of households unable to buy a home, landlords' reluctance to let to households in receipt of benefits and the growing gap between market rent levels and local housing allowance levels. In consequence, the reliance on registered provider social housing as a homelessness prevention measure has grown.
- The extent of low incomes in East Hertfordshire has grown and is perhaps likely to increase due to the economic upheaval arising from the Covid19 pandemic. The number of households who are refused accommodation by a registered provider due to failing an affordability check or financial assessment has gone up significantly in recent years.
- The level of Affordable Rents, as a percentage of market rents, can make a significant difference to whether a home is affordable to a household on a low income.
- The larger properties are more unaffordable as a percentage of income for households whose income consists of benefits only. They usually accommodate younger families who are more vulnerable. Since the beginning of the Covid19 pandemic in March 2020 there has been an increase in the number of larger families on the East Herts housing register.

4.Guidance for Registered Providers

Summary:

- East Hertfordshire Council is seeking to work in partnership with registered providers to meet current and future housing needs in the district.

Rent levels

- For properties currently let at Social Rent levels, conversions to Affordable Rent should be minimised.
- Registered Providers should have due regard to the market and Local Housing Allowance levels in terms of rent setting.
- Affordable Rents should be set towards the lower end of the 50% to 80% of Market Rent spectrum or capped at Local Housing Allowance levels.

Tenancy Types

- There must be an emphasis on lifetime tenancies.

4.1 Rent Levels

East Hertfordshire Council expects registered providers to have regard to the following:

- The retention and development of homes for Social Rent.
- To set or maintain Affordable Rent levels at the lower end of the 50% to 80% spectrum or capped at LHA rates.
- To be proactive in both setting and re-evaluating Affordable Rent levels locally so that tenants on low incomes can afford to live in a home which is affordable and suitable for their needs.
- To provide full details of current Affordability Checks and Financial Assessment procedures to the local authority, with information on why a household would be turned down for an offer of a home as a result.

4.2 Flexible (fixed-term)Tenancies

Where flexible (fixed term) tenancies are issued, East Hertfordshire Council suggests that the following basic principles are adopted as a minimum:

- A minimum of a five year fixed term tenancy for most households.
- For fixed term tenancies to be re-issued at the end of the team unless there is a significant change of circumstance for the household.
- To provide clear policy and procedures to East Hertfordshire Council of the criteria under which fixed term tenancies would end.

- For a full review to be carried out prior to a fixed term tenancy ending. This review should take account of the likelihood of the household being able to find suitable alternative accommodation.

East Hertfordshire Council recognises that there may be situations where it may not be appropriate to re-issue a fixed term tenancy. This includes where:

- the home is under-occupied by more than one bedroom
- the home is significantly overcrowded
- the financial circumstances of the tenant have changed to such an extent that other housing options are available and appropriate
- the tenant comes into legal ownership of another home or property
- breaches of tenancy or tenancy fraud are identified during the fixed term tenancy review process
- the tenant's behaviour during the fixed term of the tenancy has been unacceptable. This behaviour has been sustained and has been documented.

4.3 Mutual Exchanges

Mutual exchange is a useful tool for meeting housing need and making good use of a Registered Provider's housing stock. East Hertfordshire Council would not like to see fixed term tenancies or higher rent levels to impact upon the effectiveness of mutual exchange. Although there are protections for existing tenants in certain circumstances, these are not universal. East Hertfordshire Council would like to encourage registered providers to set out in their tenancy policies the implications to a tenant's security of tenure and rent level if they mutually exchange their home and, in general, adopt policies which promote the continued use of mutual exchange for all tenants.

4.4 Needs of specific groups

There are some groups for whom the type of tenancy with which they are issued will have more of an impact. East Hertfordshire Council has set out below the groups for which it believes that special consideration for a suitable tenancy would be beneficial, and for whom guidance on the types of appropriate tenancies that it would prefer registered providers to consider.

a) Victims of domestic abuse

The Domestic Abuse Act 2021 became law on 5 July 2021. The Act:

- places a duty on local authorities in England to provide accommodation based support to victims of domestic abuse and their children in refuges and other safe accommodation.
- provides that all eligible homeless victims of domestic abuse automatically have 'priority need' for homelessness assistance.
- ensures that where a local authority, for reasons connected with domestic abuse, grants a new secure tenancy to a social tenant who had or has a

secure lifetime or assured tenancy (other than an assured shorthold tenancy) this must be a secure lifetime tenancy.

East Herts Council requests that registered provider partners take into account the obligations of the local authority under the Domestic Abuse Act 2021 and the needs of victims of domestic abuse.

b) Families with children of school age or younger

If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is a minimum of five years. Security and stability during a child's education are both crucial, and families often also rely on nearby friends and relatives to provide care for their children. East Hertfordshire Council expects these factors to be considered by providers when reaching a decision about the use of fixed term tenancies for this household group.

c) Households with a disabled member or a member with special needs

If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy term is that a minimum ten year fixed term tenancy is granted where it is likely that the disabled person will remain living in the property for some time and still require the adaptations.

d) Older people over the age of 60

If these households are not offered a lifetime/assured tenancy, East Hertfordshire Council's preferred tenancy terms are:

- a minimum of a five year fixed term tenancy for older people living in general needs accommodation
- lifetime/assured tenancies for older people living in sheltered housing (accommodation designed especially for older people).

In deciding on the use of fixed term tenancies for this household group, East Hertfordshire Council would like Registered Providers to consider health and wellbeing, the role of friends and relatives in enabling independence and the possibility that insecurity of tenure may add to someone's worries about their future.

e) Other factors

East Hertfordshire Council requests that Registered Providers give special consideration to the following when developing their tenancy policies:

- households in rural areas with strong family and employment links with their current area of residence
- single households under 35, particularly in relation to those on low incomes and affordability.

5. Monitoring and Review

The tenancy strategy will be monitored through meetings of the East Herts Council Housing Forum.

Glossary

Affordable Housing – Affordable Housing is an umbrella term which cover both homes for rent at below market levels and also homes for low cost home ownership. The National Planning Policy Framework defines Affordable Housing as follows: Housing for sale or rent, for those whose needs are not met by the market and which complies with one or more of the following definitions: **Affordable housing for rent** at least 20 per cent below local market rents (including service charges where applicable); **Discounted market sales housing** sold at a discount of at least 20 per cent below local market value; **Other affordable routes to home ownership** that provides a route to ownership for those who could not achieve home ownership through the market, and is at a price equivalent to at least 20 per cent below local market value.

Affordable Rent – Affordable Rents were introduced in 2011. Housing let at an Affordable Rent is allocated by a Registered Provider to households who are eligible for social housing at a rent of no more than 80 per cent of the Local Market Rent. This includes service charges where applicable. The usual percentage range of an Affordable Rent is 50 to 80 per cent of full market rent.

Assured Tenancy – An Assured Tenancy is the type of tenancy held by most Registered Provider tenants. A tenant holding an Assured Tenancy may not be evicted without a reasonable ground in the Housing Act 1988. The tenancy can only come to an end either by an order of the court or by surrender by the tenant.

Benefit Cap is a maximum allowance on the total amount of benefit a household is entitled to receive under the benefits system introduced in April 2013. In March 2021 the benefit cap levels for households outside Greater London were:

- £384.62 per week (£20,000) for a couple
- £384.62 per week (£20,000) for a single parent whose child is living with them.
- £257.69 per week (£13,400) for a single person.

Broad Rental Market Area (BRMA) – Local Housing Allowance (LHA) rates are used to calculate Housing-related Benefit for tenants renting from private landlords. LHA rates relate to the area in which a person/household makes a claim. These areas are called broad rental market areas (BRMA). A BRMA is where a person/household could reasonably be expected to live taking into account access to facilities and services. LHA rates are based on private market rents being paid in the BRMA. Valuation Office Agency (VOA) Rent Officers collect the rental information from letting agents, landlords and tenants.

Conversion – Tenancy conversion occurs when a property owned by a registered provider is let at different terms and conditions than when previously let. The most common type of conversion occurs when a tenancy is relet at an Affordable Rent, whereas it was previously let at a Social Rent.

Financial Assessment procedure otherwise known as affordability checks or affordability assessments. These are often carried out by a Registered Provider to ensure a prospective tenant is able to afford to sustain the tenancy which if offered.

Fixed Term Tenancies/Flexible Tenancies are types of tenancy introduced under the Localism Act 2011 for the use of Registered Providers. These tenancies have a specified term of not less than 5 years or 2 years in exceptional circumstances.

Local Housing Allowance (LHA) – Local Housing Allowance (LHA) rates are used to calculate Housing Benefit for tenants renting from private landlords. LHA rates relate to the area in which someone makes a claim. These areas are called Broad Rental Market Areas (BRMA). The amounts of LHA payable are dependent upon the number of bedrooms which a household requires.

The Rent Officer maintains rental information for each category of LHA rates. These are the list of rents. Calculations are applied to the list of rents to determine the LHA rate which is set as the lower of:

- the 30th percentile on a list of rents in the Broad Rental Market Area
- the existing rate of LHA.

Mutual Exchange is a facility that enables a tenant to exchange their property and tenancy with another of their own Registered Provider's tenants or with a tenant of a different Registered Provider.

National Minimum Wage is the minimum pay per hour to which almost all workers are entitled. The National Living Wage is higher than the National Minimum Wage. From 1 April 2021 the National Living Wage will apply if workers are aged 23 and over.

Personal Independence Payment – Personal Independence Payment (PIP) can help a household with some of the extra costs if a household member has a long term ill-health or disability. The payment is non-means tested; a household can receive it in addition to employment and support allowance and income and savings does not affect eligibility.

Registered Provider is the term used for housing associations or other private sector developers, local councils or similar who are registered with the Homes England to provide social housing.

Rent Officer – The Rent Officer works for the government's Valuation Office Agency. The function of the Rent Officer is to determine an appropriate rent for protected/statutory tenancies. The Rent Officer will maintain a register of fair rents, and determine Local Housing Allowance levels.

Shared Ownership - Shared Ownership gives first time buyers and those that do not currently own a home the opportunity to purchase a share in a new build or resale property. The purchaser pays a mortgage on the share they own and pays rent to a Registered Provider on the remaining share. Because the purchaser only needs a mortgage for the share they are purchasing, the amount of money required

for a deposit is usually considerably lower when compared with the amount that would be required when purchasing outright. The purchaser has the option to increase their share during their time in the property via a process known as staircasing and in most cases can staircase all the way to 100 per cent. In exceptional cases, such as in rural areas, the Registered Provider will retain ownership of a percentage of the property.

Sheltered housing – Sheltered housing usually consists of accommodation designated for older people or disabled people consisting of self-contained homes, usually flats or bungalows. There is usually support available for residents, either on-site or delivered from an external service.

Social Rent means housing let at a periodical rent due at intervals of a month or less. Social Rents are set using a government formula. This creates a “formula rent” for each property which is calculated according to the value of the property, the size of the property, and the local income levels in the area in which the property is located. Social Rents are traditionally set at 50 per cent of Market Rent.

Starter/Introductory/Probationary tenancies – New tenants of a registered provider may be offered a Starter/Introductory/Probationary tenancy. These normally last 12 months and are like a trial period. Under the terms of this type of tenancy, the process for a Registered Provider to evict a tenant is quicker. A tenant of this type of tenancy will usually move on to a longer-term (assured or fixed term) tenancy after 12 months unless the registered provider has started action to evict them or extend the starter tenancy.

Supported housing – Supported housing is any housing scheme where housing and support services are provided as an integrated package. Some schemes are long-term, designed for people who need ongoing support to live independently, others are short-term, designed to help people develop the emotional and practical skills needed to move into more mainstream housing. This can include support with health needs, including mental health, drug and alcohol use, managing benefits and debt, developing daily living skills and accessing education, training and employment.

Universal Credit was introduced under the Government’s welfare reforms in 2013. It is an integrated benefit which incorporates the previous separate benefits of Income support, income based job seekers allowance, income related employment and support allowance, housing benefit, child tax credit and working tax credit. Households in receipt of universal credit and not in receipt of specific exempt benefits will be subject to the benefit cap defined above.

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Equality Impact Analysis Form

1. Equality Impact Analysis (EqIA) Form

Title of EqIA (policy/change it relates to)	East Herts Council Tenancy Strategy 2021 to 2026	Date	18 August 2021						
Team/Department	Housing and Health								
<p>Focus of EqIA</p> <p>What are the aims of the new initiative? Who implements it? Define the user group impacted? How will they be impacted?</p>	<p>Under the Localism Act 2011 each local authority has an obligation to produce a tenancy strategy which sets out the matters to which providers of affordable housing must have regard when they develop their own tenancy policies. The new East Herts Housing Strategy contains a set of recommendations to which registered providers are expected to have regard under each of the following themes:</p> <ul style="list-style-type: none"> • Rent levels • Tenancy types • The needs of specific groups. <p>The aim of the East Herts Tenancy Strategy 2021 to 2026 is to ensure that the rents of homes owned by registered providers (housing associations) in the East Hertfordshire District are affordable to households on low incomes, and that the tenancies which are offered provide long-term stability to these households.</p> <p>Registered providers are responsible for ensuring that the recommendations of in the East Herts Tenancy Strategy 2021 to 2026 are implemented. Registered providers were consulted on the strategy in June and July 2021.</p> <p>A profile of East Herts Council affordable housing for rent (September 2020) by the size of property (number of bedrooms) shows that larger households, i.e. containing children, are likely to be disproportionately highly concentrated in the social housing sector (this does not take account of the number of single people or couples who may be under-occupying a home):</p> <table border="1" data-bbox="640 1401 1995 1514"> <thead> <tr> <th></th> <th>Number</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Studio or 1 bedroom</td> <td>2,468</td> <td>31.8%</td> </tr> </tbody> </table>				Number	Percentage	Studio or 1 bedroom	2,468	31.8%
	Number	Percentage							
Studio or 1 bedroom	2,468	31.8%							

2 bedroom	2,690	34.6%
3 bedroom	2,480	31.9%
4+ bedroom	126	1.6%
Total	7,764	

Homes with 2, 3 or 4 bedroom compose 68.2% of the affordable housing stock for rent in East Hertfordshire.

Certain protected characteristic groups, as defined under the Equality Act 2010, are more likely to be in need of affordable housing when living in East Hertfordshire. According to a study carried out in July 2021, the following groups, related to Protected Characteristics, are more likely to be represented on the East Herts Council housing register:

- Households headed by a person aged between 18 and 44
- Households headed by a female.
- Households headed by a lone parent or consisting of a single person.
- Households with a pregnant member and/or children
- Households with a member who is in poor health and/or has a disability.

Age	Total population of East Hertfordshire – number and percentage of persons aged 18+ (Census 2011)	Housing register – household heads in East Hertfordshire aged 18+, July 2021
Total	106,152	1,627
18 – 25 years	9,166 8.6%	164 10.1%
25 – 44 years	37,779 35.6%	803 49.4%
45 – 59 years	29,608 27.9%	355 21.8%
60+ years	106,152 27.9%	305 18.7%

Gender	Total population of East Hertfordshire – number and percentage of persons aged 18+(Census 2011)	Housing register – persons living in East Hertfordshire aged 18+ (<i>This includes persons applying as a single person and also persons in a couple</i>), July 2021
Total	106,152	2,019

Males	51,574	48.6%	800	39.6%
Females	54,578	51.4%	1,219	60.4%

Marriage and Civil Partnership	Total number of households living in East Hertfordshire (Census 2011)	Housing register – households living in East Hertfordshire, July 2021
All households	56,577	1,627
One person household	15,722 27.8%	689 42.3%
Couple (married, same sex, co-habiting)	34,727 61.4%	453 27.8%
Lone parent	4,821 8.5%	478 29.4%
Multi-person household	1,307 2.3%	7 0.4%

Pregnancy and Maternity	Total number of households living in East Hertfordshire (Census 2011)	Housing register – households living in East Hertfordshire, July 2021
All households	56,577	1,627
Households with children and/or a pregnant member as a % of the total number of households	17,569 31.1%	748 46.0%
Married couple with children and/or pregnant	14,389 25.4%	270 16.6%
Same sex couple with children and/or pregnant		
Cohabiting couple with children and/or pregnant		
Lone parent with dependent children	3,180 5.6%	478 29.4%

Disability and Health	Total number of households living in East Hertfordshire (Census 2011)	Housing register – households living in East Hertfordshire, July 2021
Total	137,687	1,627
Very good health	72,332 52.5%	No medical points 914 56.2%

Good health	46,399	33.7%			
Fair health	14,325	10.4%	5 points slight impact on health	115	7.1%
			10 points moderate impact on health	323	19.9%
Bad health	3,678	2.7%	15 points chronic health condition	213	13.1%
			25 points serious detriment to health	59	3.6%
Very bad health	953	0.7%	50 points urgent priority on health grounds	3	0.2%

The following statistics on homeless households for whom the prevention or relief duty was brought to an end between April 2020 and June 2021 shows the high percentage of single person households and households in housing need who were in need of affordable housing:

	1 April to 30 June 2020	1 July to 30 Sept 2020	1 Oct to 31 Dec 2020	1 Jan to 31 March 2021	1 April to 30 June 2021
Single person	58%	55%	61%	58%	53%
Couple no children	7%	5%	5%	3%	5%
Households with children	35%	40%	34%	30%	425

The protected characteristic groups which are disproportionately highly likely to be either a tenant of a registered provider or in need of affordable housing for rent are likely to be impacted by the Tenancy Strategy in the following ways:

- Rents are affordable to them so that they do not exceed 40 per cent of their household income.
- Their tenancies are either long-term or a fixed term of at least five years, to enable them to be settled in their homes and communities.

2. Review of information, equality analysis and potential actions

Please fill in when appropriate to the change. If it does not, please put N/A

Protected characteristics groups from the Equality Act 2010	What do you know? Summary of data about your service-users and/or staff	What do people tell you? Summary of service-user and/or staff feedback	What does this mean? Impacts (actual and potential, positive and negative. Clearly state each)	What can you do? All potential actions to: • advance equality of opportunity, • eliminate discrimination, and • foster good relations
Age	Data is from: • Census 2011 • Housing register snapshot • Homelessness application data	A survey of service users was not required.	Positive	The East Herts Tenancy Strategy 2021 to 2026 is relevant to advancing equality of opportunity.
Disability	Data is from: • Census 2011 • Housing register snapshot • Homelessness application data	A survey of service users was not required.	Positive	The East Herts Tenancy Strategy 2021 to 2026 is relevant to advancing equality of opportunity.
Gender reassignment	Information not available			
Pregnancy and maternity	Data is from: • Census 2011 • Housing register snapshot • Homelessness	A survey of service users was not required.	Positive	The East Herts Tenancy Strategy 2021 to 2026 is relevant to advancing equality of opportunity.

Protected Characteristics groups from the Equality Act 2010	What do you know? Summary of data about your service-users and/or staff	What do people tell you? Summary of service-user and/or staff feedback	What does this mean? Impacts (actual and potential, positive and negative. Clearly state each)	What can you do? All potential actions to: • advance equality of opportunity, • eliminate discrimination, and • foster good relations
	application data Records of affordable housing for rent by ward			
Race	Information not available			
Religion or belief	Information not available			
Sex/Gender	Data is from: • Census 2011 • Housing register snapshot • Homelessness application data	A survey of service users was not required.	Positive	The East Herts Tenancy Strategy 2021 to 2026 is relevant to advancing equality of opportunity.
Sexual orientation	Information not available			
Marriage and civil partnership	Data is from: • Census 2011 • Housing register snapshot • Homelessness	A survey of service users was not required.	Positive	The East Herts Tenancy Strategy 2021 to 2026 is relevant to advancing equality of opportunity.

Protected characteristics groups from the Equality Act 2010	What do you know? Summary of data about your service-users and/or staff	What do people tell you? Summary of service-user and/or staff feedback	What does this mean? Impacts (actual and potential, positive and negative. Clearly state each)	What can you do? All potential actions to: <ul style="list-style-type: none"> • advance equality of opportunity, • eliminate discrimination, and • foster good relations
	application data			

Assessment of overall impacts and any further recommendations

The section of the Public Sector Equality Duty to which the East Herts Tenancy Strategy has most relevance is:

[Advance equality of opportunity between people who share a protected characteristic and those who do not.](#)

The East Herts Tenancy Strategy will promote the ability of households on low incomes to acquire good quality and affordable housing, therefore promoting their wellbeing and access to opportunities.

3. List detailed data and/or community feedback which informed your EqIA (If applicable)

Title (of data, research or engagement)	Date	Gaps in data	Actions to fill these gaps: who else do you need to engage with? (add these to the Action Plan below, with a timeframe)

Census 2011	March 2011	This is the main source of comprehensive data on the population of the East Hertfordshire district. However, the relevance of the data is now lessened although it can still be used for population profile comparisons.	The data from the Census 2021 should be available from early 2022 and will be used for revised equality impact assessments
The East Herts Housing Register snapshot	July 2021	Further information is needed on protected characteristics of households, particularly ethnicity.	To be confirmed
Applications for assistance under the Homelessness Reduction Act 2018	April 2020 to July 2021	Further information is needed on protected characteristics of households.	
Housing stock by size (number of bedrooms) by ward	September 2020	To be updated.	

4. Prioritised Action Plan (If applicable)

Impact identified and group(s) affected	Action planned	Expected outcome	Measure of success	Timeframe
NB: These actions must now be transferred to service or business plans and monitored to ensure they achieve the outcomes identified.				
All groups	We will continue to monitor rent levels and tenancy types offered by registered providers through the Locata system.	A high level of awareness of rent levels and tenancy types, and knowledge of when to engage if they are not meeting the housing needs of East Herts residents.	A higher level of acceptance of households in housing need for social housing tenancies, and a higher rate of sustaining social housing tenancies.	Ongoing
All groups	We will continue to work in partnership with registered providers through meetings of the East Herts Housing Forum which take place 3 or 4 times each year.	A good level of engagement with registered provider partners on how housing needs in East Hertfordshire can be met by satisfactory rent levels and tenancy types	A higher level of acceptance of households in housing need for social housing tenancies, and a higher rate of sustaining social housing tenancies.	Ongoing

EqIA sign-off: (for the EQIA to be final an email must sent from the relevant people agreeing it or this section must be signed)

Directorate Management Team rep or Head of Service: Jonathan Geall **Date:** 19 August 2021

Author of Equality Impact Analysis: Helen George **Date:** 19 August 2021

East Herts Council Report

Executive

Date of Meeting: 28 September 2021

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

Report Title: Council Tax Long Term Empty Homes Premium

Wards(s) affected: All

Summary of Report

To propose changes to the Council Tax long term empty homes premiums from April 2022 as per Option D in the report.

RECOMMENDATIONS FOR EXECUTIVE:

To recommend to Council the increase of the Long Term Empty Premium from April 2022, including the discretion to remove the premium for up to 12 months when new owners occupy within 12 months of purchase.

1.0 Proposal(s)

1.1 That Executive consider the proposal to increase the long term empty premium from April 2022 as per Option D in the report.

2.0 Background

2.1 At a meeting of the Overview and Scrutiny committee on 8 June 2021, Members considered the report and supported the recommendation as detailed, in particular Members wished

for the Executive to include the dispensation for those properties purchased by a new owner.

- 2.2 Since April 2013 Local Authorities in England have been given delegated powers under Section 11B of the Local Government Finance Act (LGFA) 1992 (revised by the LGFA 2012) to increase Council Tax by adding up to **50%** to the Council Tax charge on some long-term empty properties. This is known as the 'Long Term Empty Premium'.
- 2.3 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 revised the LGFA 1992 effective from the 1 April 2019, with a step changed approach to the maximum premium that could be applied. This enabled the amount of long term empty premium that an authority could choose to charge to be increased as follows;
- For the financial year beginning on the 1 April 2019 the maximum premium was increased from 50% to 100%.
 - For the financial year beginning on the 1 April 2020 the maximum premium for property empty for less than 5 years remained at 100%, but for property empty for 5 or more years the maximum increased to 200%.
 - For the financial year beginning on the 1 April 2021 the maximum premium for property empty for less than 5 years remained at 100%, but for property empty for 5 but less than 10 years the maximum increased to 200%, and those 10 years and over increased to 300%.

2.4 The table below summarises these changes.

		Maximum premium
2013-2019	Empty for 2 or more years	50%
2019-2020	Empty for 2 or more years	100%
2020-2021	Empty for 2 years or more but less than 5 years	100%
	Empty for 5 or more years	200%
2021 onwards	Empty for 2 or more years , but less than 5 years	100%
	Empty for 5 or more years but less than 10 years	200%
	Empty for 10 or more years	300%

2.5 Properties are classified as Long Term Empty when they have been empty for and substantially unfurnished for 6 or more months, and not excluded by exemptions. The LGFA is applied to those properties that had been empty for 2 or more years.

2.6 The intention of the provision to charge premiums is to encourage empty property owners to bring them back into use.

2.7 The Department for Communities and Local Government issued a guidance document on “Council Tax – Empty homes premium (Guidance for properties for sale and letting)” in May 2013. It states that the guidance should not be treated as an interpretation of the legislation or statutory guidance and recognises that billing authorities are free to make their own decisions when administering the premium. It does however remind authorities that there are two exemptions from the premium, specifically,

- a dwelling which would otherwise be the sole or main residence of a member of the armed services, who is absent from the property as a result of such service.
- a dwelling, which forms part of a single property that is being treated by a resident of that property as part of the main dwelling.

2.8 It goes on to remind authorities that government’s intention was not to penalise owners of property that is genuinely on the housing market for sale or rent. It suggests that consideration of the average completion/occupation time in the area be considered.

2.9 As the premiums do not start until a property has been empty for 2 years, this consideration would not apply within the current housing market in this area.

3.0 Report

3.1 This authority chose not to introduce any premium charge until April 2017 when a 50% premium was introduced. A further increase to 100% was introduced from April 2020, with no further additional premiums being added for the properties empty for the longest periods. **It was agreed that**

a review of the increased premiums would take place after a year before considering any further increases.

3.2 The impact of the charge has been monitored to determine its impact on; the number of empty properties, avoidance of the charge and debt recovery.

3.3 At 31 March 2020 there were 396 Long term empty properties, compared with 479 at the end of 2021. Those subject to premiums on those dates are detailed below.

	31.3.2020	31.3.2021
Empty period	Premium	Premium
Over 2 but less than 5 years	72	100
5 years but less than 10 years	40	45
10 years but less than 20 years	10	12
20 years plus	10	10
	132	167

- 184 properties classified as LTE at 31 March 2020, where still empty at 31 March 2021.
- 44 of those attracting a premium at 31 March 2020 were no longer classified long term empty at 31 March 2021.

3.4 So whilst there has been an overall increase in the number of long term empty properties, there was been some movement in those which were subject to a premium. There is insufficient evidence to suggest that the current level of premium is sufficient to encourage the return of those properties empty for the longest time to be brought back into use.

- 3.5 Customers who purchase properties that have been empty for long periods are often frustrated that the premium 'clock' does not stop with a change of owner. However the charge is property specific not owner specific and accordingly the qualifying period does not reset.
- 3.6 Increasing the premiums to the maximum permitted may therefore act as a disincentive for the properties to be sold to owners willing to occupy the property once renovations are completed. Consideration could be given to introducing a discretion to remove the premium for up to one year in these circumstances.
- 3.7 It should be noted that many empty properties are exempt from the charge. These include those left empty by a deceased person pending probate and those left empty due to entering a care home.
- 3.8 Increasing the premiums could result in increased revenue generated through the taxbase, but the intention of charging the premiums remains to encourage the properties to be brought back into use. The value of any additional revenue generated from an increase in premiums would be shared in accordance with the precepts.
- 3.9 If the additional premiums are not paid, one of the permitted recovery options is to attach a charge to the property which would be paid when the property was sold (plus the statutory **interest** of 8% that is added).
- 3.9.1 In order to apply for a charging order the debt must be a minimum of £1,000. Once a charging order is granted then an application can be made to the court for an order to force the sale of the property. However, there is no minimum level stated for this. The court would then have to consider:-

- The size of the Judgment debt as against the value of the property;
- The conduct of the debtor i.e. whether he has made any effort to make payment;
- If there is any other steps which the Judgment creditor could take to enforce the debt.

3.9.2 The court has varied powers to deal with an application for an order for sale which can include the following:

- It has the power to make an instalment order in relation to the judgment debt.
- It can give the debtor time to raise the money that is owed to the creditor.
- The Court can also attach conditions to the order for sale as it deems appropriate in the circumstances.

3.10 Increases in the number of empty properties that an authority has in its area, has a negative impact on the value of new homes bonus (NHB) it can claim. The calculation for NHB compares the number of physical properties less empty properties between years and after subtracting a 4% expected growth value, determines the base of the grant.

3.11 What others are currently doing:

WHBC:	Option D
NHDC:	Option B
Stevenage:	Option A
Hertsmere :	Option D
Luton:	Option D
Dacorum:	Option D
Buckinghamshire :	Option D
Watford:	Option D

4 Options.

- 4.1 The LGFA delegated powers to billing authorities to change the long term empty premium rates if they chose to. They are not mandatory. Each authority can determine if it wishes to apply the maximum premiums or not.
- 4.2 A billing authority cannot however change the time frames. For example, introduce a 200% premium for properties empty for 3 or more year, rather than the 5 years specified in the delegated powers.
- 4.3 The table below lists the options available. There is no obligation to change from the current option B.
- 4.4 An Authority may for example, determine to introduce the provision available from April 2020 (option C) but not proceed to the option D available from April 2021 which includes the 300% premium for properties empty for more than 10 years. Consideration of progressing to option D could be introduced at a later date.
- 4.5 A billing authority which makes a determination must publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination. Failure to comply with this subsection does not affect the validity of a determination.

4.6 Options available

Option	Options available from	Maximum premium
A	Apr-13 Empty for 2 or more years	50%
B	Apr-19 Empty for 2 or more years	100%
C	Apr-20 Empty for 2 or more years but less than 5 years	100%
	Empty 5 or more years	200%
D	Apr-21 Empty for 2 or more years but less than 5 years	100%
	Empty for 5 of more years but less than 10 years	200%
	Empty for 10 or more years	300%

5.0 Risks

None

6.0 Implications/Consultations

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Finance had been consulted and support the proposal.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

All wards

7.0 Background papers, appendices and other relevant material

7.1 Empty Homes premium guidance paper

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/797672/Empty_home_premium_guidance.pdf

7.2 Ministry of Housing, Communities and Local Governments' Fact Sheet on Empty Homes premium

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694646/Higher_amount_for_long-term_empty_dwellings_factsheet.pdf

7.3 Legislation

<http://www.legislation.gov.uk/ukpga/2012/17/section/12/enacted>

<http://www.legislation.gov.uk/ukpga/2018/25/section/2>

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East Herts Council Report

Executive

Date of Meeting: 28 September 2021

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

Report title: Council Tax Reduction Scheme 2022/23

Ward(s) affected: All

Summary

To consider the latest available information around the current local Council Tax Support (CTS) scheme at East Herts and support the recommendation that no change is made for 2022/23

RECOMMENDATIONS FOR EXECUTIVE:

To recommend to Council that there be no changes to the local Council Tax Support scheme for April 2022.

1.0 Proposal(s)

1.1 That Executive consider, in accordance with the Governments requirement for an annual approval of the Council Tax support scheme that no changes be made for 2022.

2.0 Background

2.1 At a meeting of the Overview and Scrutiny committee on 8th June 2021, following consideration of the report and an update on what other approaches were being taken by Hertfordshire Councils, Members **recommended** that the Council Tax

Reduction scheme for 2022/23 remain unchanged and continue to be supported.

- 2.2 The Government made provision within the Local Government Finance Bill to replace the former national Council Tax Benefit (CTB) scheme from 1st April 2013 with localised schemes for Council Tax Reduction Schemes (CTS) devised by individual local authorities (LA's). The schemes are valid for one year and must be approved by Council before the 11th March immediately preceding the financial year in which it is to take effect.
- 2.3 If the Council were to choose to consider any material revisions to the scheme, this would be the subject of public consultation, which would need to be considered by both those entitled to receive support as well as the general Tax payers of East Herts.
- 2.4 The Government require that major preceptors (County and Police) are consulted each year, and if there is any change to the scheme a full consultation open to all tax payers in the district is required. There is no specific timescale prescribed but the period must allow for meaningful consultation.
- 2.5 Additionally, consideration must be given to providing transitional protection where the support is to be reduced or removed. The financial impact of any decision on Council Tax Support also needs to be included when setting our budget and Council tax levels at the same time.
- 2.6 Since the introduction of CTS in April 2013 various changes have been considered but the scheme has remained the same. Appendix A provides details of the history of the scheme.
- 2.7 Previously Overview and Scrutiny committee received a presentation on a potential new scheme for 2019/20 based on income bands. The aim was to find a scheme which would

simplify the criteria for customers as well as mitigating the impact of changes in circumstances on workload and council tax collection, resulting from universal credit reassessments.

- 2.8 Members were advised that substantial modelling would need to be carried out to avoid any unintended consequences, as well as enabling full consultation with tax payers and major preceptors. Testing was carried out but did not produce the desired outcomes.
- 2.9 This report therefore details the current position on Council Tax, and seeks support to continue the current scheme for 2022/23.

3.0 Reasons

- 3.1 In 2013 the Council initially devised a scheme which replicated the previous Council tax Benefit scheme but limited the Council Tax liability that was used to assess entitlement to 91.5% for working age customers. The Council has maintained this position for the first 9 years of the scheme.
- 3.2 The cost of the scheme is reflected in the tax base, in the same way as other discounts which reduce the collectable debit.
- 3.3 Currently (2021/22) 75.73% of the tax base income is precepted by Herts County and Council and 10.97% by the Police, and accordingly they have a vested interest in the value of the CTS scheme as it directly impacts on their ability to raise funds. The lower the cost of the scheme, the higher the tax base on which they can precept.
- 3.4 Before the introduction of CTS there had been a number of years of constant case load increases, the caseload then stabilised with a small increase in 2020/21, alongside a growing taxbase due to new developments in the area. The impact on the cost of the scheme is demonstrated below.

Year		Cost of the CTS scheme	
2013/14	£6,448,794	Actual	
2014/15	£6,066,188	Actual	
2015/16	£5,734,780	Actual	
2016/17	£5,670,937	Actual	
2017/18	£5,813,163	Actual	The Band D value of the 2017/18 taxbase increased by 4.39% on 2016/17,
2018/19	£6,066,356	Actual	The Band D value of the 2018/19 taxbase increased by 5.76% on 2017/18
2019/20	£5,999,213	Actual	
2020/21	£ 6,497,160	Actual	The Band D value of the 2020/21 taxbase increased by 4.16% on 2019/20

- 3.5 The level of spend on CTS had reduced in real terms until 2020/21. This has supported previous recommendations to leave the scheme unchanged.
- 3.6 The impact of Covid -19 on the economy in the short, medium or long term is as yet unknown. However for the first time since 2009, the case load for working age claimants has begun to rise. The impact on the economy is as yet unclear, as many Government initiatives to support businesses are still in place. However the Government have made available additional funding to Local Authorities in 2021/22 to support an increase in CTS cases, and East Herts has received £161, 762.00.
- 3.7 The impact of this growth, although small at present needs to be considered for its impact on the taxbase and the proportion of the cost borne by East Herts Council.

- 3.8 The taxbase for 2021/22 was calculated in October 2020 and assumed Council Tax Support would cost the equivalent of 3816.09 band D values, as expected growth is built in. At 1 May 2021 the actual band D cost of Council Tax support was 3538, which is £532k less expensive. In context however the taxbase is set to produce £119.8m and has many variables.
- 3.9 Whilst the working age caseload has seen a modest rise in recent months, the elderly caseload continues to fall and is thus mitigating the impacts of this change.
- 3.10 If the net rate of growth of CTS continues during the year we could have an increase in the caseload of 137. The impact on this years taxbase is mitigated by pro-rata entitlement, but a full year impact, assuming all are band D properties would be in the region of £263k. East Herts' share of the taxbase is 9.22% which would account for £24k. This would be well within the budgeted spend before including the Governments additional grant.
- 3.11 It is perhaps not unreasonable to expect a spike when the furlough scheme is withdrawn, although the impact or duration of these potential outcomes is unknown. Changes in caseload are monitored so any trend would be promptly identified.
- 3.12 The taxbase is also impacted by other variables, and changes in anyone of them can impact on its ability to generate the expected income levels on which the budget is set. The Covid-19 pandemic may for example have a dampening effect on new builds coming into the taxbase which will further reduce its income raising capacity, or this may be accelerated by reduced housing costs.
- 3.13 Consideration of any variations to the existing scheme needs to consider;

- The cost of CTS
- The impact of other welfare benefits reforms on the ability to pay
- The cost of increasing arrears and recovery costs
- The buoyancy of the taxbase generally
- The unknown budget and finance settlements
- The roll out of Universal Credit

3.14 The CTS scheme for 2021/22 can be summarised as follows:

- That the CTS scheme for all working age claimants will be based on 91.5% of their council tax liability.;
- All local discretions currently in place continue e.g. war pension disregards;
- Other aspects of the new Council Tax Support scheme to mirror the previous Council Tax Benefit scheme.

3.15 A large proportion of customers affected by the introduction of the CTS scheme had not previously had to pay anything towards their Council Tax bill. If they had been 'passport'ed under the Council Tax Benefit scheme their liability would have been discharged in full by a credit transfer onto their Council Tax account. Under the CTS arrangements all working age customer have to pay at least 8.5% towards their bill.

3.16 It continues to be a challenge to support and educate these customers into a regular payment arrangement. We have;

- Offered flexible repayment options,
- Given more time to pay,
- Worked on a project with the Citizens advice Bureau to support customers with repeated arrears,
- Promoted other debt and advice agencies.

3.17 The in-year collection rate for working age claimants who had only the minimum 8.5% liability to pay was 67.49% in 2014/15 and 70.13% for 2020/21

3.18 The overall in-year collection rate for all working age CTS customers was 77.43% in 2014/15, and 78.91% in 2020/21. In contrast to the all tax payers in-year collection rate, which for 2014/15 was 98.2%, and 97.1% in 2020/21.

3.19 In recognition of the fact that the additional Council Tax liability is more difficult to collect, a collection rate of 98.9% has been assumed. The liability not paid in-year becomes arrears on which a bad debt provision has to be established, which is a further cost to the council. Where the outturn taxbase exceeds the estimated performance it generates a surplus on the collection fund, and conversely when the taxbase does not achieve its expected performance because of negative variations in the component elements, the collection fund would be in deficit. The Council is required to make precept payments during the year regardless of any in-year variations.

3.20 Many of these same customers have been affected by other welfare reforms introduced ;

- the spare room subsidy scheme
- the Benefit CAP,
- Reviews of disability benefits etc.

Many families find that they have increasing debts with their councils and landlords for bills that were previously paid for them.

4.0 **Options that could be considered in redesigning a scheme**

4.1 There are a number of options that could be considered when redesigning the scheme, although all revisions would affect working age customers only, given that pensioners have to be fully protected by our scheme.

- 4.2 The Government continues to make changes to the Housing Benefit regulations which are not currently mirrored in the CTS regulations. This means the schemes are no longer aligned. The frequency of changes to Housing Benefit and Universal Credit schemes, make it impossible to mirror these in the CTS scheme, not least of which because of the difference in timing. The Housing Benefit and Universal Credit schemes are changed when needed during the year, and the CTS scheme can only be revised annually.
- 4.3 Consideration was been given previously to align some of the more significant differences between Housing Benefit and Council Tax support but the financial implications across the caseload have been assessed as small, and the changes would have required a full consultation exercise, to achieve only a temporary alignment, and therefore this was rejected.
- 4.4 The caseload for CTS indicates that the proportion of working age customers compared to pensioners is changing over time very slightly. It demonstrates a reduction in the proportion of the caseload for Elderly customers and this may be attributed to the rising of the national age threshold for becoming a pensioner. (At 1.4.21, 41.6% WA : 58.4% Elderly), consequently more customers would be affected by any changes.
- 4.5 Previously consideration was given to an income-band scheme which appeared to offer an opportunity to simplify entitlement criteria and the treatment of income and capital. This was driven by the roll out of 'full service' Universal Credit, (impacting in East Herts from October 2018) so there was a need to look to reduce the impact of monthly changes in universal credit on entitlement to CTS and Council tax collection.
- 4.6 Members were supportive of the approach, however subsequent testing has shown that there are unintended

consequences for customers with disability premiums, and to correct for these would make the scheme overly complex and thus not achieve the desired outcomes.

4.7 Consideration has previously been given to each of the following changes, but each relies on the basic scheme construction remaining the same.

a) Changing the level of “minimum payment” for all working age customers

- I. The current scheme assumes that all working age customers are asked to pay at least something towards their Council Tax, and as described earlier the minimum payment is 8.5% of liability. The Council could consider making a change to that amount but in doing so, the full impact of that decision needs to be considered.
- II. If the Council chose to increase this minimum payment to say 10%, this does not mean a straight line reduction in the amount that the Council will spend out. For individuals already finding it difficult to pay at the current level, it can be seen that increasing this amount could increase their hardship levels further, especially as these customers are likely to be receiving other benefits, which have been affected by the on-going Welfare reforms.
- III. Given our latest information shows that the collection rate for those working age customers in receipt of CTS is already significantly lower than the overall rate, we would need to consider adding further amounts to our bad debt provision in respect of potential non-collection of our debts. So any savings in expenditure would translate to increased bad debt provisions.
- IV. Conversely, if we were to consider reducing the minimum amount to be paid we would need to consider where we

would find the additional amount that we would need to fund Council Tax Support and the impact upon the totality of the funding for the Council and importantly, other precepting bodies too. These impact on their overall funding levels, and given we represent under 14% of the total cost of the scheme, EHC needs to consider the significant financial impact this could have on others. There would still be costs associated with administering the scheme whatever the level of award, as not everyone gets the full benefit so this would not mitigate the additional cost to the Council.

b) Introducing a band cap (so limiting the amount that we would pay to a value of a lower property band, for example Band D)

In some Local Authorities, they have introduced a band cap where the scheme will only pay up to the equivalent of say a Band D property, even if you are in a higher banded property.

This could disproportionately affect those with a requirement for a larger property as they have children, other dependents due to caring responsibilities or a disability. These groups could already have been hit by other areas of Welfare reform including the Benefit Cap and the Spare Room subsidy limitation.

c) Introducing a minimum amount that would be paid out

Some Councils have introduced a minimum level at which they will support residents. An example is that you have to be entitled to at least £5 a week to be supported. This means someone who is currently entitled to a lower amount, would not receive it, despite the fact that we have assessed them as currently requiring support. There are no real savings in terms of administrative costs because we

would still have to undertake an assessment to find out that we wouldn't award. In addition, the fact that they are currently entitled to support indicates that they are financially vulnerable and the likelihood of being able to collect that additional amount from those residents is low. Therefore the potential reduction in costs overall is minimal and outweighed by an increase in bad debt provision and recovery costs.

d) Changes around discretions for Disability, Children and other Dependents

- I. This would change the nature of the scheme overall. East Herts, when setting its original scheme were clear that all would contribute equally as the core scheme already differentiates preferentially to those with disabilities, children etc.
- II. Any complexity that is added to the way in which we calculate entitlement, will make the administration of the scheme both more complex for our officers to manage both in terms of calculation but more importantly, to explain to our residents.
- III. This would also mean that the general working age population may need to pick up an even greater share of the cost if the scheme is to remain affordable and equitable.

e) Other adjustments

There include; income tapers, non-dependent deductions, income disregards etc. but all carry the same risk to bad debt provisions, potential recovery costs and costs of administration. The more complex the scheme, the more difficult it is to comply with and customers' levels of understanding could be compromised.

4.8 **The impact, challenges and opportunities of Universal Credit.**

- 4.8.1 Customers claiming UC who apply for Council Tax Support do not require the Council to carry out means testing on their circumstances. They need only provide their UC entitlement letters (details of which can be confirmed through LA's access to the DWP systems). These claims are already means tested and have differential applicable amounts applied by the DWP, and the only income element that is needed for an award of CTS is earnings. Consideration has to be taken of any deductions being made for overpayments or recovery of advances, but these lend themselves to a simplified assessment and processing system, and could be incorporated into a discount scheme.
- 4.8.2 Universal credit full service roll out took effect in this area in October 2018. This means that customers who would previously have applied for Housing Benefit (HB) and CTS are now applying for UC and CTS. The DWP pilot for moving existing HB claimants on to UC was not successful and therefore they have deferred progressing managed migration until a further pilot or pilots are completed.
- 4.8.3 There is therefore no information available currently to determine when this councils existing working age HB caseload will move to UC.
- 4.8.4 There are certain groups of HB claimant that will not, in the foreseeable future migrate to UC, as they are deemed too complex. This means that in addition to the pensioner case load there will be a residual working age caseload to manage.

- 4.8.5 It has therefore been appropriate to consider if the current CTS scheme is fit for purpose now that a growing number of customers will be in receipt of UC.
- 4.8.6 The reduction in new claims for HB might seem to reduce the services workload, however as the current scheme requires the same preparation and processing to award a CTS claim as an HB one, there is no saving. Currently claims or changes in circumstances are prepared and input and both awards (HB & CTS) are processed simultaneously. Claims not requiring an HB assessment simply produce one output (CTS award) rather than two.
- 4.8.7 UC claimants have to apply to the council for CTS entitlement. There is a common misunderstanding among claimants that it is all covered by their claim for UC. The Council therefore often only gets to engage with these customers when their Council Tax account is in arrears, and additional recovery action has to be taken. Clearly this is an additional administrative burden for the council, and costly for the customer.
- 4.8.8 Universal Credit is reassessed monthly, and those customers who are working (nationally this is estimated at more than 40%) are likely to experience variations in the UC entitlement each month. This is attributed to salary and wages frequencies affecting their assessments. Each time there is a change in the UC award, their entitlement to CTS has to be reassessed. Every time the CTS is reassessed, it produces a new Council Tax Bill. These constant changes in bills and amounts due are not only confusing to the customer trying to budget, but it also resets any recovery action being taken for non-payment.
- 4.8.9 The service has received a significant increase in workload from these monthly changes. They are received electronically from the DWP. However development of automation routines has mitigated the impact of this

increase workload on resources. Further developments in this area are being pursued.

4.8.10 Identifying and acknowledging these challenges from UC requires any potential change to the CTS scheme to consider;

- I. The potential for further automation of UC notices on live CTS claims, thus reducing the new workflow
- II. Mitigations for changes in UC entitlements to revise council tax liability, and thus avoid resetting recovery action.

This could be achieved if the CTS scheme set bands of entitlement, or fixed periods in which changes in income would not result in a change in entitlement, within the scope of a set range.

These options have the potential to be very expensive.

- III. The costs of changing the scheme.

The software supplier is estimating a cost in excess of £25k for each Council moving towards a banded CTS scheme. Herts County Council has already declined to contribute to any costs associated with changing the scheme, despite being the biggest preceptor for Council Tax.

Any changes to the scheme require full and meaningful consultation with all taxpayers in the district and there are significant costs associated with this level of consultation.

4.9 What others are doing:

- Some councils have moved to a banded scheme, but they still require substantial means testing of each claim.
- St Albans moved to a banded scheme in 2019. Their residual caseload is on the 'default' scheme. (essentially the old Council Tax Benefit scheme).

- Unfortunately we cannot replicate a scheme like this currently as we are unable to have two different live working age CTS schemes at the same time.
- Other councils are considering various options but anecdotally are awaiting more information around migration before changing current schemes.

	Current scheme	Any planned changes for 22/23?
North Herts	Non banded schemes – % of liability paid by customer on maximum entitlement ? = 25%	Will look to change but concerned to attempt to model as data skewed due to increase in claims due to pandemic
Dacorum	Non banded schemes – % of liability paid by	Will look to change but concerned to attempt to model

	customer on maximum entitlement ? = 25%	as data skewed due to increase in claims due to pandemic
Welwyn Hatfield	<i>Non Banded</i>	
Broxbourn	<i>Non Banded</i>	
Hertsmere	Banded for UC not banded for everyone else <i>The non banded is basically the default scheme with some variations (non dep deductions etc)</i> % of liability paid by customer on maximum entitlement ? =20% unless protected then maximum entitlement	No
St Albans	Banded for UC Non Banded for others Previously on default scheme % of liability paid by customer on maximum entitlement = 0	No
Three Rivers	Not banded % of liability paid by customer on maximum entitlement = 0	No
Watford	Not banded % of liability paid by	No

	customer on maximum entitlement = 0	
Stevenage	Not banded % of liability paid by customer on maximum entitlement 8.5%	TBC

4.10 Current position:

The current CTS scheme works and protects the most vulnerable customers by the use of applicable amounts and income disregards.

Work has been carried out over a period of time on developing a banded scheme for all working age claimants. This has included modelling of current claimants into a banded scheme, to assess the impact and identify any unintended consequences.

As it is not currently possible to have a separate schemes for just UC cases, all current working age claimants would have to be included. After testing the data it is clear that the intended simplicity of a banded scheme would be compromised as the need to differentiate between all the many and varied disability premiums and incomes would require too many bands for each category of household, to ensure sufficient protection for these groups.

In addition there would be all the costs of changing the scheme but no savings in administration, or increased simplicity for the customer.

4.11 Conclusion

The improvement in automation of UC notices is mitigating the increased workflow. It is proposed that we continue with a two stage approach for the future.

- Firstly, instead of looking to change the current scheme in the short term, that further automation of UC change notices continues.
- Secondly, once actual caseload migration is timetabled, consideration of a banded scheme or a discount scheme is revisited. At this time the majority of cases will convert to UC, and will have the means testing carried out by the DWP, thus offering opportunity for administrative savings.
- This will remove the current challenge around protecting the needs of those with disability incomes as this will be incorporated in the DWP assessment of UC entitlement.
- The impact of Covid-19 on the caseload and taxbase be monitored closely and if significant, an early consideration of changes to the scheme for 2023/24 be recommended.
- Members will also be able to review the original principles of the scheme, including that all WA customers pay 8.5% of their liability.
- This approach should ensure that costs associated with the change of schemes will be matched by efficiencies achievable in the administration processes.

5.0 Risks No

6.0 Implications/Consultations

6.1 Herts County Council and the Police will be consulted on the proposal.

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Finance had been consulted and support the proposal.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix A details the history of the Council tax support scheme.

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Appendix A The origins of Council Tax Support (CTS)

1. Before April 2013, the service administered Council Tax Benefit on behalf of the Government. This national scheme was specified in legislation and LA's were reimbursed by the Department of Work and Pensions (DWP) through a subsidy claim submitted annually and subject to audit.
2. The level of subsidy reimbursement varied dependant on whether benefit had been awarded, backdated or overpaid, but the point to note is that entitlement and subsidy were based on assessing entitlement on 100% of somebodies council tax liability, net of discounts (like a single person discount).
- 3 The scheme was means tested and whilst the scheme differentiated between different client groups (providing extra support for disabled groups for example) there was little differential between Elderly and Working Age clients.
- 4 Clients fell into one of two groups, "passported" and "standard claims." A passported claim was one in which the DWP had already carried out a means test and then notified us that the customers income was at or below the minimum income level for their household composition. They would be automatically entitled to 100% of their Council Tax to be paid by Council Tax Benefit. A deduction would however be made from this entitlement where there were non dependants living in the home.
5. The second group were called 'standard claims'. These customers had their means testing done by the council and awarded Council Tax benefit in accordance with the national scheme criteria. These customers had income above the minimum requirements and would be required to pay something towards their council tax liability. A deduction

would also be made from this entitlement where there were non dependants living in the home.

6. In very simple terms entitlement was determined by comparing eligible incomes against relevant applicable amounts. When income equalled or fell below applicable amounts, the maximum entitlement is achieved. If income exceeded applicable amounts, entitlement was reduced by 20% of the excess. The applicable amounts were determined by the DWP in respect of Housing Benefit claims.
7. In more complex terms, every income and capital source had to be assessed in accordance with its type, and then determined if it was included in the assessment. Child benefit, maintenance paid to a child, PiP and DLA, war pensions etc were fully disregarded, whilst earned income was calculated after tax & NI, and 50% of pension contributions, averaged over the relevant period. Payments to certain child care providers were disregarded, whilst capital (excluding the property occupied) included savings, shares etc and if the total exceeded £16k, the customer was excluded from entitlement.
8. In very general terms the full expenditure on the scheme was reimbursed by the DWP.

The impact of changes from 1st April 2013

9. The national scheme for Council Tax Benefit ceased, and Councils had to devise their own Council Tax Reduction Schemes for working age claimants. The Government continues to specify the scheme for Elderly customers through prescribed regulations.
10. Instead of the scheme being funded through a subsidy claim based on actual expenditure, the Government moved the

funding into the Revenue Support Grant (RSG) settlement, fixing it at only 90% of the subsidy paid in a previous year. RSG was the amount of grant that Government gave to Councils to support their wider service delivery, and made up one part of the income of the Council in addition to Council Tax receipts, fees and charges and an element of Business rate collection. However the move away from RSG makes this funding element less obvious.

11. From 14/15 the 90% grant that was included in the RSG was no longer individually identifiable. Therefore calculating the total cost of the scheme i.e. the cost of the CTS scheme versus the CTS grant given by Government is now impossible.
12. Each Council had to consider how to fund 100% of the cost of the Elderly 'national' scheme and provide a Working age scheme, whilst receiving 10% less funding.
13. Pensioner claimants are protected from changes through the provision of a statutory scheme.
14. Schemes must support work incentives.
15. The DCLG Policy Statement of Intent did not give a recommended approach to be taken, but indicated the scheme should not contain features which create disincentives to find employment. The current East Herts scheme complies with this statement.
16. Local authorities must ensure that appropriate consideration has been given to support for other vulnerable groups, including those which may require protection under other statutory provisions including the Child Poverty Act 2010, the Disabled Persons Act 1986 and the Equality Act 2010, amongst others.

17. The DCLG issued Policy Statements that addressed a range of issues including the following:

- Vulnerable People and Key Local Authority Duties;
- Taking work incentives into account;
- Information Sharing and Powers to Tackle Fraud.

18. The Local Government Finance Bill stated that a Billing Authority must have regard to any guidance issued by the Secretary of State. Our current scheme has sought to address these requirements.

19. The Council initially devised a scheme which replicated the previous national scheme but limited the Council Tax liability that was used to assess entitlement to 90% for working age customers. The Government offered a one off transitional grant to Councils who would restrict the reduction to 91.5%, and accordingly the Council amended the proposal and took the one off transitional grant. The Council has maintained this position for the first 8 years of the scheme