



*James Ellis*

Head of Legal and Democratic Services

**MEETING** : EXECUTIVE  
**VENUE** : COUNCIL CHAMBER, WALLFIELDS, HERTFORD  
**DATE** : TUESDAY 6 DECEMBER 2022  
**TIME** : 5.00 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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- 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.

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## AGENDA

### 1. Apologies

To receive any apologies for absence.

### 2. Leader's Announcements

### 3. Minutes - 22 November 2022 (Pages 6 - 14)

To approve as a correct record the Minutes of the meeting held on 22 November 2022.

### 4. Declarations of Interest

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

### 5. Budget 2023/24 and Medium Term Financial Plan 2023/24 - 2027/28

Report to follow.

### 6. Draft Capital Strategy and Minimum Revenue Provision Policy 2023/24 Onwards and Draft Strategic Asset Management Plan (Pages 15 - 76)

### 7. Template to Calculate Full Cost Recovery under the Fees and Charges Policy (Pages 77 - 89)

### 8. 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 22 NOVEMBER 2022, AT 7.00 PM

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

ALSO PRESENT:

Councillors B Crystall and P Ruffles.

OFFICERS IN ATTENDANCE:

James Ellis	- Head of Legal and Democratic Services and Monitoring Officer
Jonathan Geall	- Head of Housing and Health
Steven Linnett	- Head of Strategic Finance and Property
Kay Mead	- Principal Planning Officer
Katie Mogan	- Democratic Services Manager
Tyron Suddes	- Information Governance and Data Protection Manager

236 APOLOGIES

An apology for absence was submitted by Councillor Haysey.

Councillor Williamson chaired the meeting in her absence.

237 LEADER'S ANNOUNCEMENTS

The Deputy Leader welcomed Members, Officers and those watching on the Council's YouTube page to the meeting.

238 MINUTES - 25 OCTOBER 2022

Councillor Kaye proposed, and Councillor McAndrew seconded a motion that the Minutes of the meetings held on 25 October 2022 be approved as a correct record and be signed by the Deputy 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 25 October 2022 be approved as a correct record and signed by the Deputy Leader.

239 DECLARATIONS OF INTEREST

There were no declarations of interest.

240 NORTH OF HERTFORD - LAND WEST OF WADESMILL ROAD, BENGEO (HERT4, PHASE 2) MASTERPLANNING

## FRAMEWORK

The Executive Member for Planning and Growth presented the Masterplanning Framework report for North of Hertford – Land West of Wadesmill Road, Bengo (HERT4, Phase 2). She said that in the District Plan, Policy DES1 Masterplanning requires all ‘significant’ development proposals to prepare a Masterplan. Masterplans should be collaboratively prepared and informed by community engagement. For the North of Hertford – Land West of Wadesmill Road site, Policy HERT4 also requires a Masterplan to be prepared.

Councillor Goodeve said that Policy DES1 states that in order to ensure that sites are planned and delivered comprehensively, any application for development will be assessed against its contribution to the Masterplan as a whole.

Councillor Goodeve said that since the agenda report was published, an anomaly on the plans within the Appendix A Masterplanning Framework regarding the depiction of the northern boundary of the strategic site allocation had been identified and corrected. An amended version had been uploaded to the website which superseded the previous document in the original agenda. She said that this required a slight amendment to the report recommendation to read “That the North of Hertford – Land West of Wadesmill Road, Bengo (HERT4, Phase 2) Masterplanning Framework, October 2022, as detailed in Appendix A to this report, as amended, be agreed as a material consideration for Development Management

purposes.

Councillor Ruffles said that it was very important that the design framework was set out as the debate about the future of the land continued. He said that a petition was presented to the last Council meeting about the future of the site and he said he had been very involved in public discussions. She said that the clarity of the design framework was very important and it would make the sure the future of HERT4 was properly controlled and in accordance with the ideals of the masterplanning process.

Councillor Buckmaster said he had read through the proposals and felt they were really good and hoped that they would be carried forward to any future planning application.

Councillor Kaye said he had been involved with the masterplanning process for Ware North and East and had seen changes made due to the collaboration between interest parties.

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 North of Hertford – Land West of Wadesmill Road, Bengoe (HERT4, Phase 2) Masterplanning Framework, October 2022, as detailed in Appendix A to this report, as amended, be agreed as a material consideration for

Development Management purposes.

241 DATA PROTECTION POLICY

The Executive Member for Corporate Services presented the Data Protection Policy report. He said that the adoption of the policy would further enhance the Council's compliance with UK GDPR legislation.

Councillor Cutting proposed, and Councillor McAndrew 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 comments from the Overview and Scrutiny Committee, as shown at Appendix B, be considered and endorse the recommended actions shown be endorsed;

(B) The Data Protection Policy be adopted; and

(C) 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.

242 SURVEILLANCE TECHNOLOGIES POLICY

The Executive Member for Corporate Services presented the Surveillance Technologies Policy. He said that the policy would govern the council's use of overt surveillance technologies controlled by the council and utilised by employees with relevant roles.

He said the policy would include an asset register to record the location of cameras and their scope of surveillance.

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 Surveillance Technologies Policy be 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.

243 AFFORDABLE HOUSING NEEDS ASSESSMENT UPDATE FOR EAST HERTS

The Executive Member for Neighbourhoods presented the Affordable Housing Needs Assessment Update report. He said that the update was important in light of the Council's new Housing Strategy and its drive to increase affordable housing delivery. He said that the District Plan 2018 required housing developers to provide an appropriate mix of housing types and tenures.

Councillor Boylan said that the report would assist Officers with their efforts to negotiate the most suitable affordable housing mix in the towns and rural areas. He was pleased that the first new affordable

homes in a rural area for some time had recently been completed in Braughing. He said that having a robust evidence base meant that there was less room for developers to argue that the Council's Housing Strategy was unreasonable.

Councillor Buckmaster said it was useful to be provided with the figures by area. He said that East Herts compared fairly well to other authorities in delivering affordable housing despite viability issues from developers.

Councillor Boylan 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 Affordable Housing Needs Assessment Update 2022 be endorsed to form part of the evidence base to inform Development Management decisions and support the East Herts District Plan 2018 and any future reviews and revisions to it.

244 FIRST HOMES – ADOPTION OF A TECHNICAL GUIDANCE NOTE

The Executive Member for Neighbourhoods presented the First Homes Technical Guidance Note report. He said that First Homes were a new affordable housing product where developers provided homes to buy at a discount. He said that the council's Housing Strategy

included a range of low cost home ownership options but Officer analysis had suggested that the First Homes product would be ill suited to the housing market in East Herts.

Councillor Boylan said that paragraph 3.4 in the report highlighted that shared ownership was more affordable to residents in East Herts than First Homes. He said that the proposed technical note recommended that First Homes were not used but as they were a nationally recognised scheme, the council could not prohibit their development.

Councillor Buckmaster said it was helpful to have the conditions in place should a developer approach the council to provide First Homes.

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 First Homes Technical Advice Note be approved.

245 URGENT BUSINESS

There was no urgent business.

The meeting closed at 7.20 pm

Chairman .....

Date .....
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# Agenda Item 6

## East Herts Council Report

**Date:** 6<sup>th</sup> December 2022

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

**Report title:** Draft Capital Strategy and Minimum Revenue Provision Policy 2023/24 Onwards and Draft Strategic Asset Management Plan

**Ward(s) affected:** All

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### Summary

The report contains the Council's Draft Capital Strategy and Minimum Revenue Provision (MRP) policy for 2023/24 onwards and the Draft Strategic Asset Management Plan.

### RECOMMENDATIONS FOR EXECUTIVE:

- (a) To approve the Draft Capital Strategy and Minimum Revenue Provision policy 2023/24 onwards and Draft Strategic Asset Management Plan for scrutiny by Audit & Governance Committee; and**
- (b) To endorse the principle of selling assets to raise capital receipts to reduce the revenue costs of the capital and authorise officers to prepare an initial list and marketing strategy for assets for sale for approval by Executive**
- (c) To authorise the Head of Strategic Finance & Property, in consultation with the Executive Member for Financial Sustainability, to make any changes to these documents as are necessary to reflect the impact of the local government finance settlement and other emerging information, such as the impact of the business rates revaluation, so that Audit and Governance Committee can scrutinise the most up to date financial position.**

## **1.0 Proposal(s)**

- 1.1 This report proposes that the Executive endorses the Capital Strategy and the Minimum Revenue Provision policy 2023/24 onwards and the Strategic Asset Management Plan for scrutiny by the Audit & Governance Committee.

## **2.0 Background**

- 2.1 The East Herts Council Capital Strategy provides a valuable opportunity for engagement with Full Council to ensure that overall strategy, investment ambition, risk appetite and governance procedures are fully understood by all elected Members and other Council stakeholders.
- 2.2 The East Herts Council Capital Strategy is intended to be a strategic corporate document which will both be influenced by and in turn influence policy and decision making in respect of capital investment.
- 2.3 The Strategy will continue to develop and evolve as external influences do and will be updated as required in order that this Strategy is responsive to the challenges, opportunities, priorities and objectives that the Council must consider.
- 2.4 The current capital programme was formulated over the last three years. Since its formulation economic conditions have deteriorated significantly. Inflation has risen to 11.1%, interest rates are rising and the effects of the disastrous September “fiscal event” has increased Public Works Loans Board (PWL) borrowing so that it is currently 4.12% compared to 2.55% in March. This increase in borrowing costs means that action needs to be taken to ensure the capital programme remains affordable. The action takes two forms. Firstly, assets are being identified for sale to raise capital; receipts, which reduce the need to borrow and reduce revenue costs to service debt. Secondly, the number of schemes proceeding in the programme has been reduced to concentrate on the major projects with other non-

essential items being paused until resources are available to fund them.

- 2.5 As the council continues to deliver, review and update the capital programme, it will do so within the context of the council's Climate Change commitments, most notably the commitment to the council itself becoming carbon neutral by 2030. To that end, the council has devised a carbon assessment tool which it is now beginning to use to assess its existing major projects. As new proposals for capital funding come forward, a carbon assessment will be included as an integral part of the business case to inform decision-making. The Public Sector Decarbonisation grant scheme presents an opportunity for the council to potentially make its buildings operate at zero carbon and with enhanced energy efficiency. A condition survey of Wallfields has been completed and the boiler system requires immediate replacement before winter 2023/24. It is hoped that a further round of the public sector decarbonisation grant will be opened around March 2023 and officers are working on a scheme that will decarbonise the heating system.
- 2.6 Progress updates on the council's Sustainability Action Plan are posted on the council's website each month, with greater detail on projects' carbon assessments and the overall assessment of progress against the council's schedule to achieve carbon neutrality to be added shortly.

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

- 3.1 Revised reporting was required from the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity

undertaken under the Localism Act 2011.

- 3.2 This report includes the fourth capital strategy since the revisions. The first version of the report was welcomed by Members last year and no comments or suggestions for improvement have been received from either internal or external audit.

#### **4.0 Options**

- 4.1 Update the Capital Strategy as required, at least once annually in accordance with statutory requirements.

#### **5.0 Risks**

- 5.1 Risks are discussed in detail, within the Capital Strategy, including the uncertainty around future funding.

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

- 6.1 None

### **Community Safety**

Building and refurbishment schemes design out crime and safety issues and public realm works in particular are required to ensure that the community feel safe.

### **Data Protection**

All investment in IT systems are required to check where data is held and that systems comply with data protection legislation.

### **Equalities**

All capital schemes meet the necessary legislation and are subject to access audits. Design also takes into account dementia friendly design elements particularly around colour.

### **Environmental Sustainability**

The council has established a carbon assessment tool that it is beginning to apply to existing capital projects. In the future, a carbon assessment of proposed capital projects will be included within the overall business case so as to inform

decision-making. To date, individual schemes have sustainability features designed into them and may include, for example: meeting BREEAM ratings for buildings and refurbishments; flood resilience and sustainable underground drainage systems; opportunities for renewable energy generation; and carbon reduction such as replacement of the council's internal combustion engine vehicles with battery electric vehicles.

## **Financial**

The strategy guides the capital programme and detailed financial implications are included with that in the budget report

## **Health and Safety**

All contractors are required to have compliant health and safety policies. Where a health and safety issue requires capital expenditure it will be fast tracked to deal with the issue

## **Human Resources**

None

## **Human Rights**

None

## **Legal**

A Capital Strategy is a requirement of the Prudential Code which the council is required to follow under the Local Government Act 2003.

## **Specific Wards**

None

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

- 7.1 Appendix A - East Herts District Council Draft Capital Strategy and Minimum Revenue Policy 2023/24 Onwards
- 7.2 Appendix B – East Herts District Council Strategic Asset Management Plan 2023/24 to 2026/27

### **Contact Member**

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# Capital Strategy and Minimum Revenue Provision Policy

2023 onwards



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# Introduction

The East Herts Council Capital Strategy provides a valuable opportunity for engagement with Full Council to ensure that overall strategy, investment ambition; risk appetite and governance procedures are fully understood by all elected Members and other Council stakeholders.

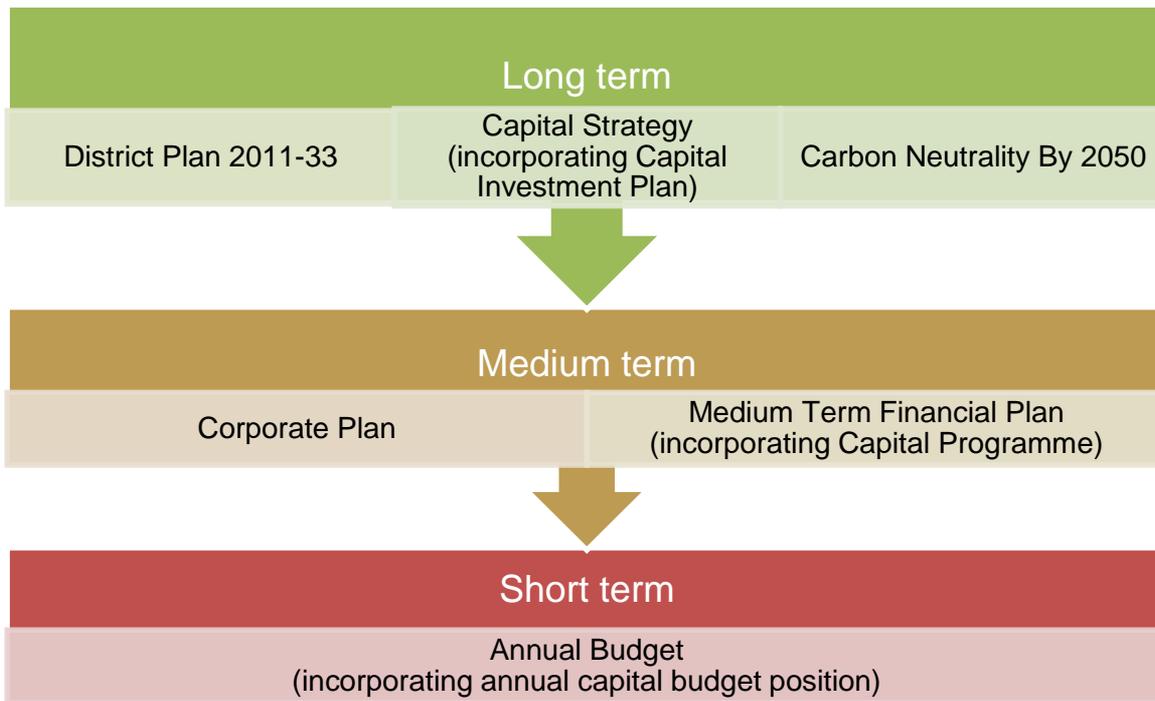
The East Herts Council Capital Strategy is intended to be a strategic corporate document which will both be influenced by and in turn influence policy and decision making in respect of capital investment.

The Strategy will continue to develop and evolve as external influences do and will be updated as required in order that this Strategy is responsive to the challenges, opportunities, priorities and objectives that the Council must consider.

The CIPFA Prudential Code, updated in 2017, includes the requirement for local authorities to produce a Capital Strategy.

The Capital Strategy has not been developed in isolation. The diagram below summarises the relationship between this Capital Strategy and other key corporate strategies and plans.

**Figure 1: Long, medium and short term strategic planning at East Herts Council**



The Capital Strategy is closely aligned with the priorities and objectives contained within the above, as well as a number of external strategies and plans, which will be explored further in Section 2 of this Strategy.

The East Herts Capital Strategy includes a number of important actions, which will help to implement the Capital Strategy across the organisation and improve overall financial planning in the long term. We recognise the benefits of long term strategic financial planning and therefore this Capital Strategy is seen as key to looking beyond the medium term to fully explore the opportunities which may lie ahead and the role the Council will play in shaping the future for our residents, communities and businesses.

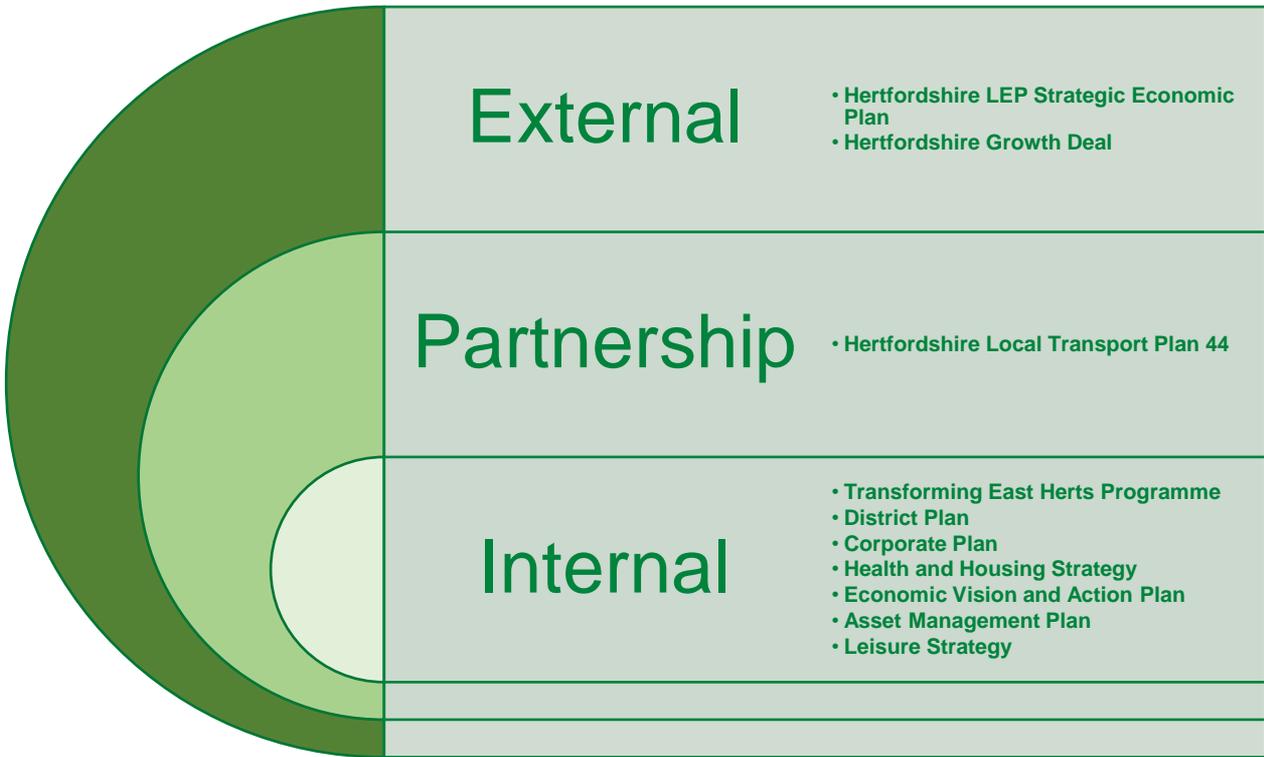
# Influences on Capital Investment

The Capital Strategy is influenced by many different factors, which must be taken into account before establishing the appropriate strategy for contributing to the delivery of our corporate priorities.

Our Capital Strategy has considered external, partner and internal influences when shaping our approach. There are many strategies and plans that inform and influence our capital investment plan. It is important to ensure that consideration is given to the aims and objectives that could influence the Council's capital investment ambition over the longer term.

An examination of external and partner influences assists us with supporting decision making on individual capital investment schemes. In future we will therefore use external objectives / targets, alongside our own corporate priorities, to inform decision making when prioritisation needs to be applied to available funding.

**Figure 2: Core influences on the Capital Strategy**



Our Capital Strategy has taken account of the external, partner and internal influences in shaping our approach. The following sections provide a summary of main points for consideration in each case:

<b>External influences</b>
<b>Hertfordshire LEP Strategic Economic Plan and Hertfordshire Growth Deal</b>
<p>The strategic priorities, as set out in the Hertfordshire Local Enterprise Partnership (LEP) Strategic Economic Plan (SEP), influence the Council’s strategic financial planning direction.</p> <p>The Gilston Area Concept Framework is referenced as a key element of the SEP priorities, with the new Garden Town of Harlow &amp; Gilston acknowledged by government as one of three new Garden Towns nationally.</p>

The new Garden Town initiative for Harlow & Gilston, links through to the now adopted District Plan, working to the detailed Gilston Area Concept Framework and the project governance that is in place via the Gilston Steering Group.

The Growth Deal expanded further in 2017, with additional investment of £43.95m. This is on top of £221.5m of government funding already awarded to Hertfordshire to date to invest in its people, places and businesses. The Council made a successful bid for Growth Deal funding for Bishop's Stortford Town Centre, an allocation of £9.6m in the form of grant and loan funding, now fully spent.

[Link to Hertfordshire LEP Strategic Economic Plan 2017-30](#)

[Link to Hertfordshire Growth Deal](#)

### Partnership influences

#### Hertfordshire County Council Local Transport Plan 4

We acknowledge the Hertfordshire Local Transport Plan and its main objectives. The relationship with Hertfordshire County Council (HCC) is very important when considering the longer-term Capital Strategy for the Council. As a planning authority and billing authority, the Council is in a very influential position when it comes to setting the scene for the future development and growth in the area and considering the impact on funding streams at both the County and District level. Each year, we will examine any County capital schemes that are focused in the East Hertfordshire area, in order that the Council has sight of these schemes as they progress and any potential implications they may have for capital schemes being delivered by the Council, particularly related to our property partnership with the County and the green transport plan.

[Link to Hertfordshire County Council Local Transport Plan 4, 2018 to 2031](#)

## Transforming East Herts Programme

The Transforming East Herts Programme is designed to modernise the council and produce at least £1 million in cashable savings. The overall vision of the programme is that 2025 East Herts Council will be a customer focused, financially sustainable and an effective organisation with flexible and empowered employees. The vision is delivered through a number of workstrands:



Each workstream has a number of projects under it which may require capital investment,, particularly around technology with the replacement of the telephony system with a cloud based solution and the potential investment in software that will enable a single view of the customer and deliver end to end digital services on the web.

It is anticipated that the council's office space requirements will reduce significantly with the closure of Charringtons, as part of the Old River Lane revitalisation and the freeing up of at least a floor of open plan office space at Wallfields, offering the potential to let out space to earn an income. However, there is a need to invest in modernising Wallfields to make it suitable for letting and to ensure the building is fit for the next 25 years. As the investment costs could potentially be quite large and are still subject to survey work being undertaken, consideration is also being given

to co-location with the County Council at County Hall, thus avoiding capital costs and leaving Wallfields vacant for disposal. The costs of remaining and modernising versus moving to county hall will be the predominate factor governing the future of Wallfields and that decision will have a major influence on this capital strategy.

Be Agile	Be Commercial	Be Digital
Service reviews & redesign	The future of Wallfields	ICON replacement to Civica cloud pay
Lean processes – Lean six sigma (LSS) change champions	Implementing the commercial strategy	Cloud financials
Leadership and talent development training	Commercial awareness training	Robotic Process Automation (RPA) proof of concept
Corporate support hub	Launchpad relocation proposals	RPA rollout
Blended working review		Implementing the new Customer Relationship Management (CRM) system
Culture change and change management		Laptop rollout and 365 deployment
		Maximising and embedding 365 at EHC

### District Plan

The vision and strategic objectives contained within the District Plan influence the Council’s investment ambition directly. It is important to provide a good view of the long-term impact of the District Plan in the Capital Strategy and the part that the Council’s capital investment will play in contributing to meeting the long term needs of the local population and area.

The strategic objectives link to important regional activity, such as the London Stansted Cambridge Corridor Core Area, working with partner authorities, namely

Broxbourne, Epping Forest, Harlow and Uttlesford across Hertfordshire and Essex County boundaries.

The District Plan has strategic influence on the following areas of important investment for the Council:

- Housing
- Town Centres
- Provision of leisure facilities

We will ensure that the Capital Strategy demonstrates the links to the District Plan strategic objectives and specific projects, as part of the capital investment plan.

[Link to District Plan 2011-33 \(adopted October 2018\)](#)

### **Corporate Strategic Plan, Economic Vision and Action Plan**

The Corporate Strategic Plan drives the Council's capital investment ambition. The Corporate Strategic Plan includes reference to strategic projects for each year against the aims that support the four priority areas. When the Corporate Strategic Plan is refreshed we will ensure that the Capital Strategy links the capital investment plan to the relevant strategic projects and will therefore demonstrate how the Council's capital investment will contribute to the achievement of the Plan priorities and more detailed aims.

This will help with the evaluation and prioritisation of future capital schemes, where a business case needs to consider the contribution to the achievement of priorities, as well as non-financial and financial benefits.

The Economic Vision for East Herts sets out the strategic areas of focus in order to achieve this vision. The Economic Vision is backed up by a detailed action plan, which assists with making links to the Hertfordshire LEP SEP, Corporate Strategic Plan and District Plan.

The Economic Vision picks up the thread for major projects, such as the development of a planning framework for Bishop's Stortford Town Centre, which has since resulted in a significant funding package via the Hertfordshire LEP from

the Growth Fund. Also, the London Stansted Cambridge growth corridor initiatives, where mention is made of lobbying for the right infrastructure.

The Council has already achieved success in lobbying and bidding for regional funding. As the Capital Strategy is developed it will further contribute strong evidence of local need and highlight where the Council cannot deliver as an individual authority and / or has not got sufficient available capital resources.

[Link to Action Plan](#)

[Corporate Plan 2020-2024](#)

### **Health and Housing Strategy**

We recognise that it is important for the objectives in the Health and Housing Strategy to be reflected in the Council's Capital Strategy both from a direct capital investment perspective and an enabling perspective. The Council plays a vital role in ensuring that the District Plan is delivered in terms of projects, housing mix, health focus and timescale.

The Health and Housing Strategy highlights the importance of working in partnership, particularly related to affordable and suitable housing to meet identified needs. Any associated capital investment requirement can be put into this context in the Capital Strategy to demonstrate how this investment is contributing to the achievement of important health and housing targets.

[Link to Health & Wellbeing Strategy 2019-23](#)

### **Emerging Leisure Strategy**

It is important to consider the Council's Leisure Facilities Strategy in the Capital Strategy to make the direct strategic link to the capital investment plan. This provides strong justification for the significant current investment and demonstrates why this service area is being prioritised.

These are very important initiatives, which are directed at the Council's community, to improve health and wellbeing across the area, working with health partners, town and parish councils, voluntary sector and community groups. This is important context for the significant capital investment by the Council, already included in the Capital Programme.

As the delivery of the Leisure Facilities Strategy progresses, we will reflect the emerging expected outcomes in future Capital Strategy updates, both from a financial and outcome perspective.

#### *Vision for Leisure Facilities*

*In order to provide the guiding principles for the proposed direction of travel it was important to work with a vision for leisure centres across East Herts. It is proposed that the vision is one of enabling everyone to have the opportunity to participate. The Council has a pivotal role in providing pay and play opportunities which traditionally are not provided through other sectors. In this context the suggested vision is as follows:*

*"The Council will provide attractive facilities available to the whole community which complement the wider provision of recreation opportunities in the community and voluntary sector. In addition, it will ensure that leisure facilities contribute fully to the health and wellbeing objectives of the Council."*

[Grange Paddocks Leisure Centre Development Project](#)

[Hartham Leisure Centre Redevelopment Project](#)

### **Asset Management Plan**

The importance of the link between the Asset Management Strategy (AMS), and its constituent asset categories, is stressed in the CIPFA Prudential Code. There is no doubt that the Asset Management Plan should inform the Capital Strategy, but this also works both ways. The vision and ambition that is articulated in the Capital Strategy should set the scene for the direction that the asset management, in any particular area of operation, should take.

There is an emphasis on the investment property portfolio in the aims, priorities and ambitions in the AMS. Highlighting the Council's good management of the current portfolio and the approach to due diligence and strong decision making for new property investment. There is also an emphasis on town centre improvements, which links to major projects, such as the work in Bishop's Stortford and the master-planning in the District Plan.

The key improvement priorities have been mapped to corporate priorities, outcomes, key milestones and timescales in the current AMP. We will ensure that this links effectively with the capital investment plan as work gets underway to refresh the AMP over the coming year.

[Link to Asset Management Plan](#)

## Environmental Sustainability



One of the council's corporate goals is *to put sustainability at the heart of everything we do*. Council unanimously made a Climate Change Declaration in July 2019. This was accompanied by nine specific commitments to tackling climate change including the council becoming carbon neutral by 2030.

As the council continues to deliver, review and update its capital strategy and programme, it will do so within the context of these nine Climate Change

commitments. Notably, the council has devised a carbon assessment methodology which it will use to assess its existing major projects. As new proposals for capital funding come forward, a carbon assessment will be included as an integral part of the accompanying business case to inform decision-making.

Progress updates on the council's Sustainability Action Plan are posted on the council's website each month, with greater detail on projects' carbon assessments and the overall assessment of progress against the council's schedule to achieve carbon neutrality to be added shortly.

## Core influences action plan:

Action	Why is this required?	Responsibility	Timescale
The Transforming East Herts Programme will produce business cases for capital investment that will enable at least £1 million of revenue savings per annum	To demonstrate how the Council's capital investment will contribute to the achievement of the Transforming East Herts Programme	Deputy Chief Executive	During 2023/24
We will ensure that the Capital Strategy demonstrates the links to the <b>District Plan</b> strategic objectives and specific projects, as part of the development of the capital investment plan	In order to identify how we can strengthen our decision making and prioritisation process, informing what we are doing directly towards these objectives via capital investment	Leadership Team	During 2023/24

Action	Why is this required?	Responsibility	Timescale
<p>When the <b>Corporate Plan</b> is refreshed we will ensure that the Capital Strategy links the capital investment plan to the relevant strategic projects</p>	<p>In order to continue to demonstrate how the Council's capital investment will contribute to the achievement of the Corporate Strategic Plan priorities and more detailed aims</p>	<p>Strategic Finance &amp; Property, S151 Officer</p>	<p>During 2023/24</p>
<p>Completion of <b>Major Projects</b></p>	<p>In order to demonstrate the importance of this major element of the capital investment plan and the intended outcomes for the future</p>	<p>Strategic Finance &amp; Property, S151 Officer</p>	<p>During 2023/24</p>
<p>Implement the revised <b>Asset Management Strategy</b>, which will links effectively with the capital investment plan and also asset disposals.</p>	<p>In order to strengthen the influence of the AMS on the Capital Strategy and also enable the Capital Strategy to inform the refreshed AMS An important factor will be asset disposals to generate capital receipts</p>	<p>Leadership Team</p>	<p>During 2023/24</p>

Action	Why is this required?	Responsibility	Timescale
<p>In order to deliver the council's Climate Change commitments, the capital strategy will continue to be developed with regard to the nine commitments, including evaluating the carbon impact of existing and emerging capital projects.</p>	<p>This action is integral to achieving the council's Climate Change commitments, notably, that the council will become carbon neutral by 2030</p>	<p>Head of Housing &amp; Health</p>	<p>During 2022/23 and ongoing in line with individual capital project timescales</p>

# Capital investment ambition by Corporate Priority

The intention of this section is to set out the long-term ambition for capital investment in terms of the contribution made towards achieving the priorities identified in the Council’s Corporate Strategic Plan. The future intention will be to articulate the capital investment plan in terms of achievement of priorities, intended outcomes for all key stakeholders and intended timescales.

The Corporate Plan priority initiatives will apply until the new Council is elected in May 2023 and the Corporate Plan is rewritten to reflect the priorities of that new Council. To demonstrate our current approach we have set out the current Corporate Plan initiatives below which relate to capital investment:

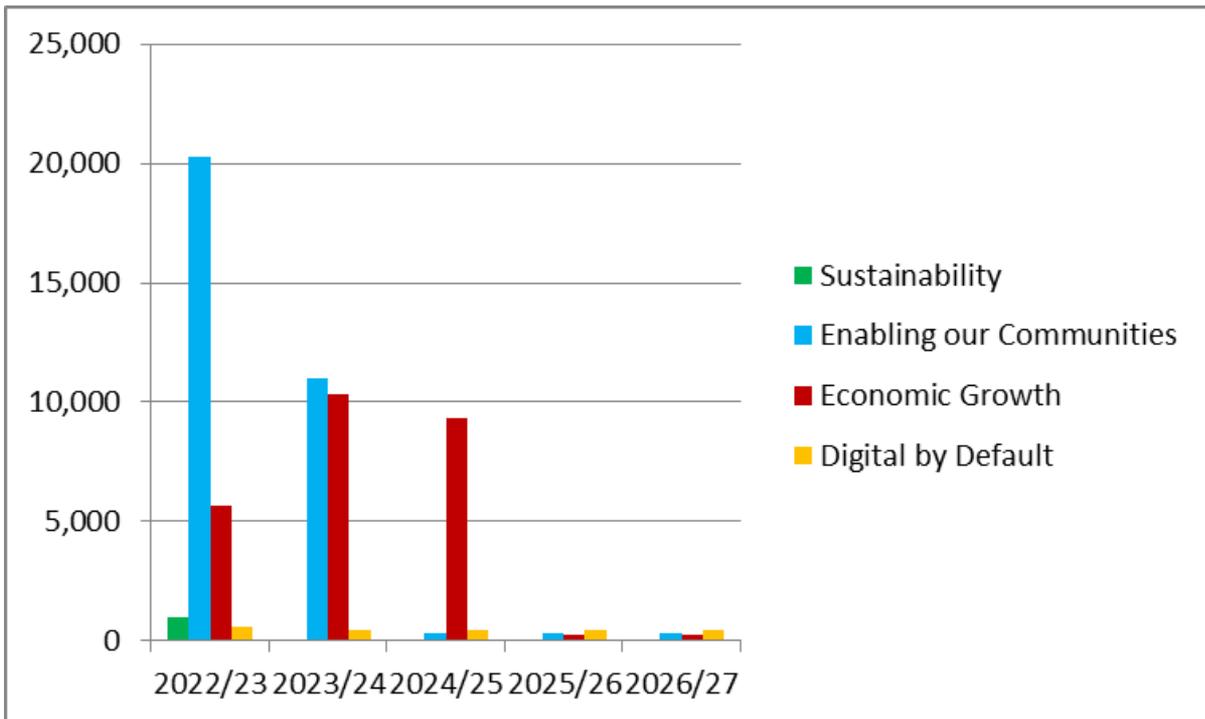
Priority	Aims and initiatives
<p><b>Priority 1:</b></p> <p><b>Sustainability at the heart of everything we do</b></p>	<p><b><i>We will make changes to our own premises, people and services</i></b></p> <ul style="list-style-type: none"> <li>• Making direct investment in energy efficiency schemes: for example, energy efficiency measures in leisure capital schemes; installing/upgrading LED lighting in our buildings and car parks – <b>Ongoing</b></li> </ul> <p><b><i>We will use our regulatory powers to promote action by others</i></b></p> <p>Installing rapid e-chargers in support of move to more e-taxis – <b>Ongoing</b></p> <p><b><i>We will influence and encourage behaviour change</i></b></p> <ul style="list-style-type: none"> <li>• Providing financial incentives to increase sustainability: for example insulation grants and loans – <b>Ongoing</b></li> </ul>

Priority	Aims and initiatives
<p><b>Priority 2:</b></p> <p><b>Enabling our communities</b></p>	<p><b><i>We will invest in our places</i></b></p> <ul style="list-style-type: none"> <li>• Investing £36m in our Leisure Centres in Hertford, Bishop’s Stortford and Buntingford – <b>Ongoing</b></li> <li>• Investing £24m in Hertford Theatre – <b>Ongoing</b></li> <li>• Delivering improvements in our green spaces (e.g. Castle Park) – <b>Ongoing</b></li> <li>• Providing community grants – <b>Ongoing</b></li> </ul> <p><b><i>We will ensure all voices in the community are heard</i></b></p> <ul style="list-style-type: none"> <li>• Growing our digital communication channels (twitter, Facebook, Instagram, network) to keep residents informed – <b>Ongoing</b></li> </ul> <p><b><i>We will support our vulnerable residents</i></b></p> <ul style="list-style-type: none"> <li>• Delivering affordable homes – <b>Ongoing</b></li> <li>• Increasing and improving our Homeless Accommodation – <b>Ongoing</b></li> </ul>
<p><b>Priority 3:</b></p> <p><b>Encouraging economic growth</b></p>	<p><b><i>We will develop new sources of income</i></b></p> <ul style="list-style-type: none"> <li>• Delivering Financial Sustainability through Green agenda investment purchases – <b>Ongoing</b></li> </ul> <p><b><i>We will support business growth</i></b></p> <ul style="list-style-type: none"> <li>• Delivering the Old River Lane project to improve Bishop’s Stortford Town Centre – <b>Ongoing</b></li> <li>• Expanding the Launchpad – <b>Ongoing</b></li> </ul> <p><b><i>We will create viable places</i></b></p> <ul style="list-style-type: none"> <li>• Delivering the district plan – <b>Ongoing</b></li> <li>• Ensuring developer contributions are used effectively – <b>Ongoing</b></li> </ul>
<p><b>Priority 4:</b></p> <p><b>Digital by default</b></p>	<p><b><i>We will improve the customer experience for those who use council services</i></b></p> <ul style="list-style-type: none"> <li>• Increase our investment in digital technology – <b>Ongoing</b></li> </ul>

Priority	Aims and initiatives
	<p><b><i>We will work with partners to ensure our communities are digitally enabled</i></b></p> <ul style="list-style-type: none"> <li>• Delivering Harlow and Gilston Garden Town as a fully sustainable and digital 'place' – <b>Ongoing</b></li> <li>• Agreeing a countywide digital infrastructure strategy – <b>Ongoing</b></li> </ul>

The planned capital investment programme for 2023/24 onwards, from an expenditure perspective, has been significantly reduced as a result of inflation and supply chain shortages as a result of the pandemic, BREXIT and the war in Ukraine. We have undertaken a simple mapping exercise to demonstrate the contribution of planned capital investment to each Corporate Strategic Plan priority. This will be developed further as the Capital Strategy is aligned with the new Corporate Plan during 2023/24.

**Figure 3: Capital Programme by Corporate Priority**



Links between the 5-year capital programme and the corporate priorities are provided at Appendix 1.

## Corporate priority action plan:

Action	Why is this required?	Responsibility	Timescale
As the <b>longer-term capital investment plan</b> emerges, we will undertake a revised detailed mapping exercise against each capital scheme – initially in the capital programme and eventually in the longer-term capital investment plan	This will assist Members and other key stakeholders recognise the contribution that the capital investment is making towards the achievement of the Council's corporate priorities	Strategic Finance & Property, S151 Officer	During 2023/24
As the refreshed <b>Corporate Plan</b> emerges, we will ensure that the existing capital investment plan is reviewed to ensure that all planned schemes align with the updated corporate priorities	This will ensure that existing investment plans still meet the identified needs of the District and emerging pipeline schemes are aligned to the newly approved priorities	Strategic Finance & Property, S151 Officer	In line with Corporate Strategic Plan refresh timescale

# Commercial Investment Strategy

## Millstream Property Investments Limited

In line with the Council's corporate priorities, and commercial investment ambition, Millstream Property Investments Limited was incorporated in February 2018.

The council, as the company's sole shareholder, has entered into a Shareholder Agreement with the company. The Shareholder Agreement obliges the company to annually review its business plan and produce a revised 30-year business plan, rebasing the forthcoming financial year as the first year of this 30-year period. The Millstream Business Plan is now to hold its current property portfolio but make no new acquisitions as the returns from the company would be insufficient to meet all the external borrowing costs on a new property.

To provide a strengthened balance sheet, the Shareholder Loans in Millstream Property Investments Ltd have been converted to Debenture Shares secured against residential property to mirror the loan charge over the properties. There was no cost to the Council Taxpayer from this conversion and it has no effect on the availability of capital resources. The only change in the balance sheet is the reduction in loans receivable and a corresponding increase in investments

# Capital Investment Plan

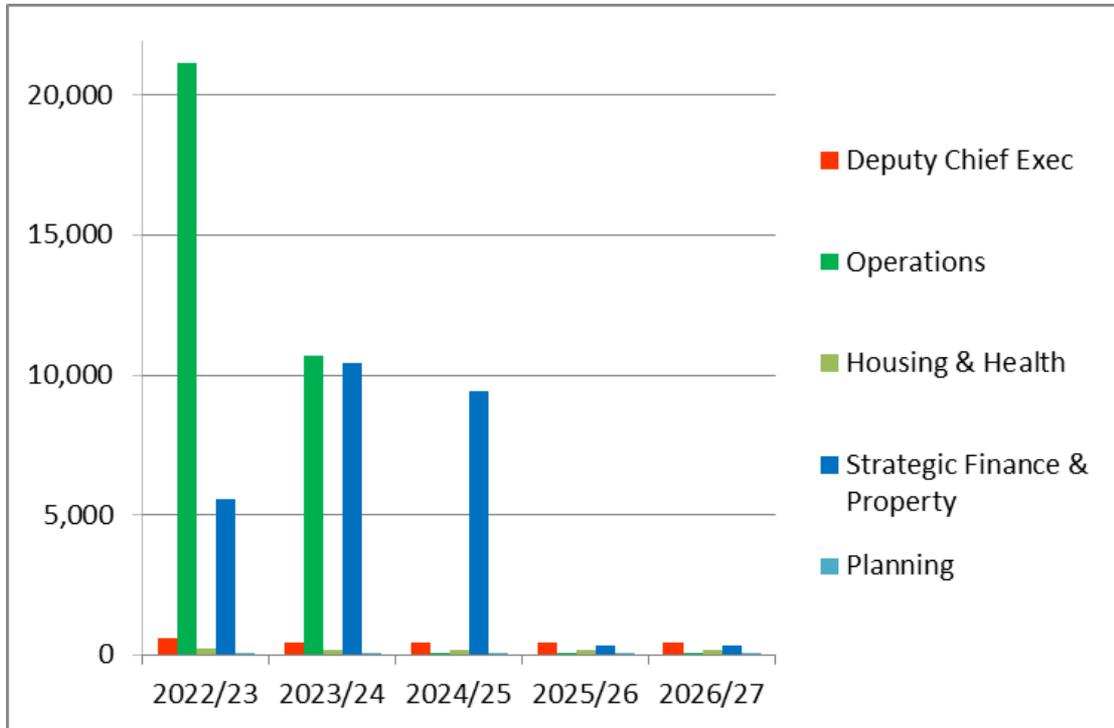
The following sections examine our starting point for a longer-term capital investment plan, the additional analysis that informs our Capital Strategy principles, our capacity to deliver and the potential options for addressing our capital investment ambition gap. We recognise that our Capital Programme currently plans for investment over a five-year period, which is a medium-term view and there is further work to do to extend our plans up to 10 years.

When our strategic planning becomes more mature, and we have identified our plans beyond the four-year horizon, we will update our process for evaluation and prioritisation, to ensure that there is clarity on the level of affordability, based on available capital resources, including a potential borrowing position. It is also important for the Council to establish its potential lobbying position to seek to secure future funding packages from appropriate funding bodies, building on successful bids to date.

We will ensure that our risk assessment examines the risk against the affordability and deliverability assumptions, as the longer-term capital investment plan emerges, and this will inform the ongoing review of performance and update of the capital investment plan to ensure that it is effectively managed.

The following charts provide a view of the current five-year investment plan from an expenditure perspective by Head of Service:

**Figure 4: Capital Programme by Head of Service**



## Approach to capital investment prioritisation

The Medium Term Financial Plan (MTFP) is refreshed annually to accommodate changes in service delivery and financial landscape. Service and financial planning are combined in one report, which demonstrates that we have got an integrated approach to financial planning both from a revenue and capital perspective.

The MTFP is forecast over a 4-year period, in line with the Council's general corporate planning approach. The MTFP sets out the national policy context and describes the impact of this at a local level. It must be recognised that, when looking at a four-year period, the current level of uncertainty, combined with the highest inflation rate for 40 years and the increased cost of borrowing from the Public Works Loans Board, which is based on government gilt yields which rose significantly following the September 2022 "fiscal event". The four governments that have been formed during the latter half of 2022 have delayed

reforms to the local government finance system, and the spending reductions announced during the Autumn Statement makes this an increasingly challenging exercise.

When considering an appropriate long-term period for the Capital Strategy, we are potentially looking at a 20-30 year period but a more realistic period for the capital investment plan, say up to 10 years. This longer-term approach enables a much more robust 5-year Capital Programme forecast and a strong annual budget.

We recognise that the MTFP should be able to articulate the Council's revenue and capital investment plans in the context of a longer-term approach. On this basis, our view is that the MTFP approach needs to be dynamic and aligned to the Council's Corporate Plan priorities, following an appropriately detailed business planning approach. We feel that the budget setting and service planning process goes a long way towards achieving this approach, however, when it comes to the capital planning process we recognise that we need the process to be less reactive and much more proactive. However, scarce capital resources also are an overriding factor in limiting capital investment plans for at least the next 5 years.

As stated in the Budget report, the capital programme for 2023/24 onwards contains several ongoing major projects and also the rolling capital schemes agreed in previous years.

Currently the review of the Capital programme is undertaken as part of the quarterly budget management and financial forecast report. Any additions to the programme require a funding request to be made through the appropriate governance process. This process is defined by the value of the capital bid.

The council is likely to undertake a further significant capital scheme at the Old River Lane, Bishop's Stortford site, within the next year. The scope and funding arrangements for this scheme are being developed. However, it should be noted that East Herts may need to give careful consideration to its financial position should costs exceed the affordability test for the council.

As any new schemes are agreed and the funding requirements become more definite they will be included in the capital programme presented within the quarterly budget management and financial forecast report.

As we develop the Capital Strategy we intend this to become better informed over time and strengthened by the capital investment plan, which will stretch up to 10 years. We recognise that it is important to identify all required capital investment commitments, to ensure that all existing capital commitments are required, particularly in light of any refresh of the Corporate Strategic Plan, and those potential commitments from emerging new proposals and ideas are reflected.

We also recognise that, if we have any business as usual commitment missing from our capital investment plan, capital schemes that will no longer deliver against corporate priorities, known capital investment ambition not reflected and a short to medium term delivery profile, it is difficult for us to have a strong capital financing requirement, which in turn will not give us a good view of our potential borrowing requirement in the future.

As we develop our Capital Strategy further in the coming financial year we will make sure that our capital investment plan is comprehensive and profiled realistically, so that the revenue consequence, both positive and negative, are as robust and risk aware as possible, to feed into the budget and the medium term financial plan.

## Capital investment plan action plan

Action	Why is this required?	Responsibility	Timescale
Agree <b>an appropriate long-term period</b> for the Capital Strategy – potentially up to 20 years, based on the timeframe of the Council’s current strategies, plans and commercial activity	To enable the Council to plan much more effectively for the future – affording time to be clear about risk appetite, management of risk and management of financial resilience	Council	During 2023/24
Develop a <b>longer-term capital investment plan</b> – potentially up to 10 years, based on an appropriate timescale to suit the agreed period of the Capital Strategy	To enable the Council to improve its capital planning process, strengthen the Capital Programme and assist the effectiveness of delivery against plan	Leadership Team	During 2023/24
Improve the <b>integration with the Council’s financial plans and strategies</b> –	To enable an overall view of the Council’s delivery of a prudent, affordable and sustainable capital investment plan that	Strategic Finance & Property, S151 Officer	During 2023/24

Action	Why is this required?	Responsibility	Timescale
particularly the MTFP, Treasury Management Strategy, Annual Investment Strategy and Reserves Strategy	contributes positively to the achievement of the Council's corporate priorities		

# Minimum Revenue Provision (MRP) policy statement

## Minimum Revenue Provision

Where the council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the council to have regard to the MHCLG Guidance on Minimum Revenue Provision, the most recent edition of which was issued in 2018.

The council is legally obliged to “have regard” to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to ‘have regard’ to the guidance therefore means that:

1. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent; and
2. It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial year.

The guidance also provides for the ability to reclaim any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, if

The council's Capital Financing Requirement became positive in 2020/21. In arriving at decision on its MRP Policy, the council has assessed MRP in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. The options available to the Council are as follows.

### **Option 1: Regulatory Method**

Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the CFR on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). This historic approach requires the council to operate as if the 2008 Regulations must continue for all capital expenditure incurred in operate as if the 2008 amending Regulations had not revoked Regulation 28 and is only really advantageous to those authorities operating a Housing Revenue Account (HRA) to allow them to take advantage of adjustments relating to HRA debt. It can also only be used for new capital expenditure up to the amount which is deemed to be supported through the Supported Capital Expenditure annual allocation which is no longer published by the Government.

### **Option 2: Capital Financing Requirement Method**

This is a variation on option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation. The CFR is the measure of an authority's outstanding debt liability as depicted by their balance sheet.

### **Option 3: Asset Life Method**

This method may be applied to most new capital expenditure, including where desired that which may alternatively continue to be treated under options 1 or 2.

Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option:

1. Longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2 subject to a maximum life of 50 year for undeveloped land but developed land can have the same life as the asset on it and that can exceed 50 years; and
2. No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an 'MRP holiday'). This is not available under options 1 and 2.

There are two methods of calculating charges under option 3:

1. equal instalment method – equal annual instalments; or
2. annuity method – annual payments gradually increase during the life of the asset.

## **Option 4: Depreciation Method**

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3. The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

## **Annual Minimum Revenue Provision Statement 2023/24**

The Council, having evaluated the options for its MRP policy in respect of capital expenditure incurred, considers that the Asset Life - Equal Instalment Method is the most appropriate for it to use. This provides for a reduction in the borrowing need over approximately the useful life of the asset.

Estimated life periods will be determined by the Head of Strategic Finance and Property. To the extent that expenditure is not on the creation of an asset and is of a type that is subject

to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the council. However, the council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

Repayments included in finance leases are applied as MRP.

# Risk Management

## Risk Management Strategy

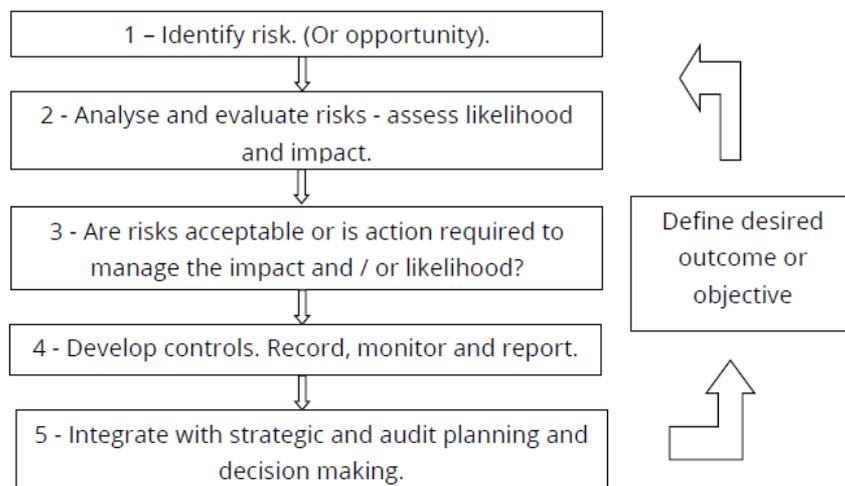
The Council's Risk Management Strategy was last reviewed in spring 2019 and is reviewed on an annual basis.

The Strategy contains a clear definition of risk management as follows:

The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of their failure. (Source: The Institute of Risk Management).

The five stages of risk management are summarised in the diagram below, extracted from the Risk Management Strategy.

**Figure 5: Stages of Risk Management**



## Risk Evaluation and Risk Appetite

The Risk Management Strategy includes a scoring matrix to be used in analysing and evaluating risks as outlined in the image overleaf.

**Figure 6: Risk Scoring Mechanism**

<b>4 - HIGH</b> >£300,000 and / or national criticism and / or catastrophic fall in service quality				
<b>3 - MEDIUM</b> £150,000 to £300,000 and / or regional criticism and / or major long term fall in service quality		CONTINGENCY	CRITICAL	
<b>2 - LOW</b> £50,000 to £150,000 and / or long term local media criticism and / or minor long term or major short term fall in service quality		CONTROL	CAUTION	
<b>1 - NEGLIGIBLE</b> <£50,000 and / or short term local media criticism and / or short term fall in service quality				
IMPACT  LIKELIHOOD	<b>1 - RARE</b> The event could occur in exceptional circumstances	<b>2 - UNLIKELY</b> The event could occur less frequently than every three years	<b>3 - POSSIBLE</b> The event is likely to occur within, or more than one in three years	<b>4 - PROBABLE</b> The event is likely to occur within a year

The Strategy includes a definition of the Council’s risk appetite i.e. the level of risk that it is prepared to tolerate without need for ongoing monitoring or reporting.

A material risk is deemed to be any risk rated higher than 2:2 on the scoring mechanism above. Where a risk rating exceeds this ‘control’ area of tolerance, demonstrable evidence of how risks are being mitigated will be required, together with proposals for future controls.

The Risk Management Strategy acknowledges that with increasing pressure on public finances, Local Authorities are obliged to have more appetite for risk. The Council cannot deliver everything it would ideally like to deliver and tough choices are necessary. The Council is therefore open to considering all delivery options, accepting increased levels of risk in order to secure the successful outcomes or rewards. Risk management is essential in supporting innovation and moving from a ‘risk averse’ to a more ‘risk aware’ approach. An example is the acquisition of Old River Lane, Bishop’s Stortford. The financial commitment is significant but the acquisition provides an opportunity to shape the town centre, and an additional income stream.

## Roles and responsibilities

Roles and responsibilities are contained within the Risk Management Strategy and summarised here for ease of reference:

Role	Responsibility
Elected Members	<p>Elected Members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic risks that the Council faces, and will be made aware of how these risks are being managed.</p> <p>All Members will have the responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the reports that are submitted to them. They cannot seek to avoid or delegate this overall responsibility, as it is key to their stewardship responsibilities.</p> <p>All Members can access strategic risks on Pentana Performance (formerly called Covalent).</p>
Full Council	<p>Full Council recognises the importance of effective risk management and considers risk management issues when making decisions.</p>
Executive	<p>To receive an annual report regarding the content of the Strategic Risk Register, then three exception reports each year detailing any change in risk scoring and the reasons why.</p> <p>Agree the Risk Management Strategy on an annual basis, or if significant changes require a revision.</p>

Role	Responsibility
	<p>Agree / set the Council's risk appetite.</p> <p>Allocate sufficient resources to address top risks</p>
<p>Audit and Governance Committee</p>	<p>To develop policy options and to review and scrutinise the policies of the Council including Risk Management.</p> <p>To monitor the effective development and operation of risk management and corporate governance in the Council.</p> <p>Receive an annual report regarding the content of the Strategic Risk Register, then three reports each year detailing the strategic risks and actions taken to mitigate or control them..</p>
<p>Chief Executive and Leadership Team</p>	<p>To ensure that effective systems of risk management and internal control are in place to support the Corporate Governance of the Council.</p> <p>Take a leading role in identifying and managing the risks and opportunities to the Council and to set the example and standards for all staff. Advise the Executive and Council on the risk management framework, policy, strategy and processes.</p> <p>Advise on the management of strategic and other significant risks.</p> <p>Ensure that the Policy and Strategy are communicated, understood and implemented by all Members, managers and staff.</p> <p>To report to Members on the management of strategic risks.</p>

Role	Responsibility
	To ensure that the risk management process is part of all major projects, partnerships and change management initiatives.
Heads of Service	<p>To be individually responsible for their service risks.</p> <p>Be actively involved in the identification and assessment of risks through the service planning process.</p> <p>Ensure that all reports of a strategic nature written for Members include risk commentary.</p> <p>To implement the detail of the Risk Management Strategy and risk related corporate policies, e.g. Health and Safety, Data Protection.</p> <p>Ensure that significant service risks are considered by Leadership Team quarterly.</p>
Strategic Finance and Property	<p>Co-ordinate risk management activities and prepare related reports for management and Members.</p> <p>Review and develop the Risk Management Strategy and processes.</p> <p>Facilitate / arrange risk management training for staff and Members.</p> <p>To co-ordinate the Business Continuity Plan.</p> <p>Support the risk based audit planning process.</p>
Shared Internal Audit Service	To provide assurance to the Council through an independent and objective opinion on the control environment comprising risk management, control procedures and governance.

Role	Responsibility
	<p>To provide an annual Audit Plan that is based on a reasonable evaluation of risk, and to provide an annual assurance statement to the Council based on work undertaken in the previous year.</p> <p>Review and challenge the effectiveness of the risk management framework.</p>

## Monitoring

Existing controls of strategic risks, their adequacy, new mitigation measures and associated action planning information are to be recorded on the Strategic Risk Register.

Strategic risks are subject to one detailed annual report with quarterly reports on an exception basis only.

## Capital Risk Register

Risk Category	Description of Risk / Uncertainty	Mitigating Factors	Timescale (review or implementation)	Owner	Residual Risk Score
<b>Political</b>	Change in local government structures	Timetable for any reorganisation would fall outside the substantial capital programme proposed and as already committed would not be stopped by a reorganisation prohibition on items not programmed to use up resources and deny them to the successor authority	Quarterly	Chief Executive	6

<b>Risk Category</b>	<b>Description of Risk / Uncertainty</b>	<b>Mitigating Factors</b>	<b>Timescale (review or implementation)</b>	<b>Owner</b>	<b>Residual Risk Score</b>
<b>Finance</b>	There is uncertainty around future funding, both from Government and other areas such as income from commodities markets for recycled materials.	Funding situation is being carefully monitored.	Ongoing	Head of Strategic Finance & Property	7
<b>Social</b>					
<b>Technological</b>					
<b>Legislative / Legal</b>	Challenges to legal powers being employed to deliver capital ambition	Robust technical, expert and legal advice to be sought as required in order to demonstrate that the Council's actions are justified	Ongoing	Head of Legal & Democratic Services	6

Risk Category	Description of Risk / Uncertainty	Mitigating Factors	Timescale (review or implementation)	Owner	Residual Risk Score
<b>Continuity / service delivery</b>	Risk of not having capacity / capability and flexibility to continue to deliver service levels over time.	<p>Services are structured to ensure their service offers meet customer demand and are efficient and effective.</p> <p>The Transformation Programme will drive digital self-service for customers and agile working will reduce the need for office accommodation space.</p>	Ongoing	Heads of Service	4

Risk Category	Description of Risk / Uncertainty	Mitigating Factors	Timescale (review or implementation)	Owner	Residual Risk Score
	Risk of lack of defined process resulting in disrupted service delivery as decision making processes are impaired	Standard business cases, project evaluation and scoring mechanisms to aid decision making and prioritisation of resources	12 months	Head of Comms, Policy & Strategy	5
<b>Environmental</b>	Development of Old River Lane, Bishop's Stortford: impact on surrounding area	Site options being developed by urban designers and property consultants. Discussions ongoing with other partners such as Hertfordshire County Council, South Mills and Bishop's Stortford Town	Ongoing	Head of Strategic Finance & Property	5

Risk Category	Description of Risk / Uncertainty	Mitigating Factors	Timescale (review or implementation)	Owner	Residual Risk Score
		Council, to ensure any enabling parts of the site are ready			
	Failure to adapt buildings and operational assets for climate change effects	Wallfields requires a ventilation system as the current passive system is not ideal. The ventilation could potentially be changed as part of the Public Sector Decarbonisation Grant application. Any cooling system will be specified to utilise water in chill beams rather than gas refrigerants.			

## Risk Management action plan

Action	Why is this required?	Responsibility	Timescale
Monitor operational and strategic risks and update relevant risk registers accordingly, reporting strategic risks annually or quarterly by exception	In order that opportunities are explored in full in a timely fashion, and that risks are acknowledged and managed effectively through project lifecycles	All	As required and at least on a quarterly basis

# Capital Investment Appraisal

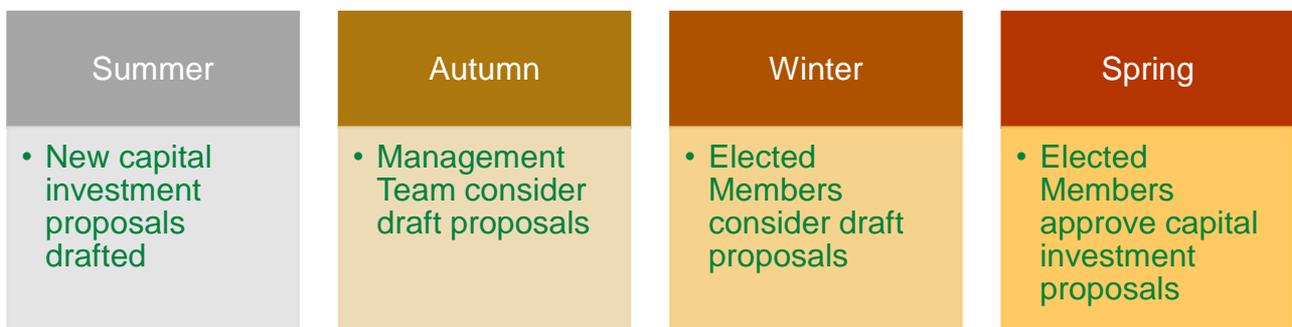
## Process

*Note: Due to the current high level of approved capital spend and affordability, there are currently no new capital schemes for approval and none expected, other than a potential re-configuration of the Old River Lane, Bishops Stortford, scheme.*

### Business planning process

The current business planning process for developing investment proposals to be included within the Council's future financial plans is summarised in the diagram below.

**Figure 7: Business Planning Process**



New proposals are developed by individual Project Managers, approved for consideration at service level by the Head of Service / Directorate following which, the proposals will be considered by Leadership Team and successful proposals will progress for consideration and approval as part of the annual budget cycle.

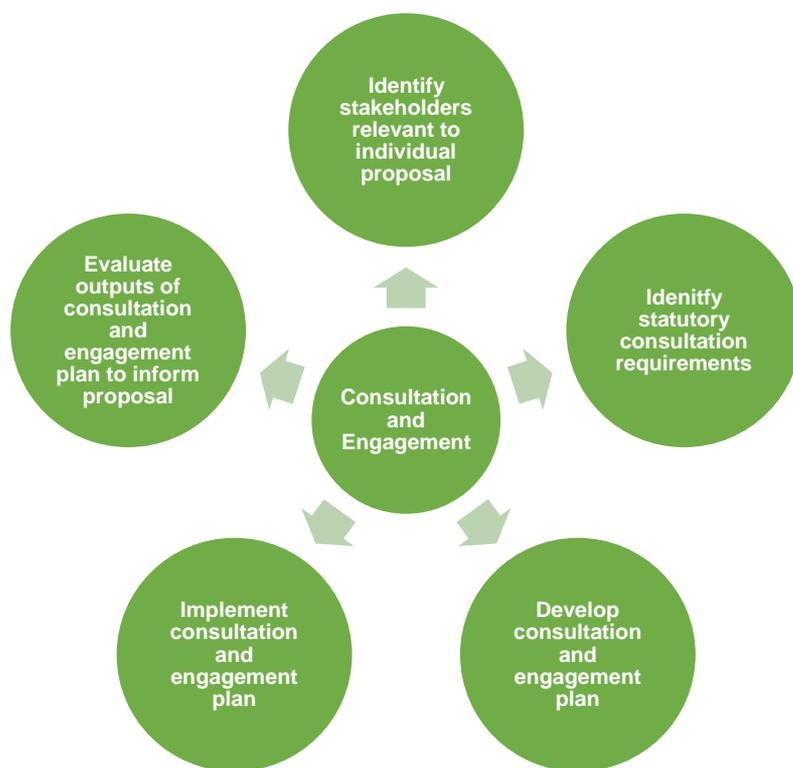
### Investment proposals – consultation and stakeholder engagement

Consultation and engagement is a key part of developing individual proposals and will be tailored to the individual proposal and relevant stakeholders both internal and

external to the Council. Stakeholder engagement and consultation can take place throughout the lifecycle of a proposal (from initiation to close down) and the outputs of any engagement or consultation undertaken should be used to inform the proposal as this progresses.

The diagram overleaf summarises the elements to consider in developing capital investment proposals.

**Figure 8: Stakeholder engagement and consultation in developing investment proposals**



## **Developing capital investment proposals – description of current processes**

Project and Service Managers are encouraged to consider a range of options in developing individual proposals to determine an appropriate way forward, and to capture project details as a business case. However, although new proposals are required to develop a business case, there is as yet no standardised business case template used consistently across the Council to capture key information. This can lead to gaps in information being captured.

The Council has therefore identified that a standardised business case template is required, to support Officers in recording and maintaining project information and inform decision making. Business case must include estimates of capital costs, revenue implications and how the individual proposal aligns with Council plans and strategies and any partnership or external plans and strategies as relevant. Risks should also be documented as part of developing the proposal, along with mitigating actions and relevant timescales.

Business cases would then be maintained throughout the lifecycle of a project to maintain accurate information relating to delivery and lessons learned should be captured as part of project closure reports.

### **Prioritising capital investment**

The intention is for the standardised business cases referenced above to then be subject to a standardised evaluation process, the outcome of which will be the prioritised capital investment programme. Local authorities continue to face financial challenges and as a result, the need to prioritise and target investment is ever present.

The Council has identified that in order to effectively assess investment proposals against one another, a standardised evaluation process and scoring mechanism may be beneficial to help aid decision making and prioritise investment.

## Project appraisal process action plan

Action	Why is this required?	Responsibility	Timescale
Embed the <b>council's carbon assessment tool</b> within <b>standardised business case</b> documentation so as to ensure sustainability issues inform decision-making	To support officers in capturing and maintaining project information, from proposal to project close down, in order to help inform decision making and prioritise investment	Head of Housing & Health	12 months

# Governance

## Description of existing approval mechanisms

The existing process for development and approval of the Council’s Capital Strategy is summarised in the diagram below.

**Figure 9: Capital Strategy Approval process**



The internal governance structure will need to be mindful of partners’ and external governance mechanisms and will need to communicate and engage with these structures through delivery of the Council’s overall capital ambition.

## Roles and responsibilities

All Officers and elected Members have a role to play in informing and delivering the Capital Strategy. These roles and responsibilities are summarised below:

Role	Responsibility
<b>Elected members</b>	To approve the Capital Strategy and monitor delivery of the Strategy through various scrutiny forums

<b>Role</b>	<b>Responsibility</b>
<b>Leadership / Management Team</b>	To develop and propose the Capital Strategy for approval
<b>Programme / Directorate Managers</b>	To help inform the Capital Strategy, identifying constraints and opportunities and communicate these to both Senior Management and Project Teams
<b>Project Managers</b>	To manage delivery of individual projects aligned to the Capital Strategy and to develop and maintain project information which will inform decision making processes and the direction and delivery of the Capital Strategy
<b>Project Team members</b>	To contribute to the delivery of individual proposals which align with the Capital Strategy

## Skills and training

The Council benefits from the skills and experience possessed by both Officers and elected Members which will support delivery of individual capital proposals and the Council's overall capital ambition. The Council is also keen to support Officers and elected Members to continue to develop their skills sets and is therefore mindful of the implications capital proposals may have on the Council's workforce and future training opportunities and requirements.

The Council already has a programme of staff training available and will look to support that staffs who wish to continue their professional development appropriate to their role and subject to appropriate budget availability. Relevant training for elected Members is also undertaken on a routine basis and refreshed as required.

Any skills or experience required which are not already possessed 'in-house' should be identified through individual capital proposals or business cases and will be procured externally as necessary, and in accordance with the Council's Corporate Procurement Strategy.

## **Capital Strategy engagement**

The Capital Strategy is a corporate document which helps stakeholders understand the Council's capital investment objectives and decisions. The Council is therefore keen that the Capital Strategy is informed by knowledge and experience from across the authority.

There is still work to do in fully developing and implementing the Capital Strategy as a corporate strategic document. Therefore, the Leadership Team will consider a consultation and engagement plan over the coming months which will look to raise awareness of the Strategy and gather stakeholder input for future iterations of the Capital Strategy.

## **Capital Strategy date for review**

The Capital Strategy is intended to be a dynamic document, responsive to changes in policy, strategic influences and delivery.

The Capital Strategy will therefore be updated as required and at least once on an annual basis.

## Governance action plan

Action	Why is this required?	Responsibility	Timescale
Update the Capital Strategy as required and <b>at least once annually</b>	To maintain a dynamic and responsive Strategy which evolves as the Council's priorities do	Leadership Team	As required
Consider an <b>engagement plan</b> for the Capital Strategy	To continue to develop and inform the Capital Strategy, and raise awareness of the Council's capital investment ambition	Leadership Team	12 months

# Appendix 1: Capital Programme by Corporate Plan priority

	<b>Sustainability at the heart of everything we do</b>	<b>Enabling our communities</b>	<b>Encouraging economic growth</b>	<b>Digital by design</b>
Investment in operational assets	✓	✓	✓	
Grange Paddocks Leisure Centre	✓	✓		
Hartham Leisure Centre	✓	✓		
Ward Freeman		✓		
Car Park Resurfacing		✓	✓	
Northgate End, MSCP, Residential and Commercial	✓	✓	✓	
Arts Centre – Old River Lane	✓	✓	✓	
Hertford Theatre	✓	✓	✓	✓
LED Lighting Upgrades	✓	✓		
ICT Rolling Programme				✓

Appendix 1

	<b>Sustainability at the heart of everything we do</b>	<b>Enabling our communities</b>	<b>Encouraging economic growth</b>	<b>Digital by design</b>
Open Space Improvements	✓	✓		
Improve, maintain & renew structures along rivers and watercourses	✓	✓		
Land Management Asset Register & Associated Works		✓		
Fixtures, Fittings and Equip		✓		
Grants	✓	✓		

# Agenda Item 7

## East Herts Council Report

### Executive

**Date of meeting:** 6<sup>th</sup> December 2022

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

**Report title:** Template to Calculate Full Cost Recovery under the Fees and Charges Policy

**Ward(s) affected:** All

**Summary** – As part of the Fees and Charges Policy the Executive undertook to have a standard methodology and calculation template for full cost recovery charges produced. Prior to Executive approving the template the Audit & Governance Committee were invited to scrutinise the methodology and template and they endorsed and made no recommendations to the Executive for any changes.

### **RECOMMENDATIONS FOR EXECUTIVE:**

- a) Approve the template and methodology to calculate full cost recovery under the Fees and Charges Policy; and
- b) When charges are calculated using the template, then a copy of the calculation should be made available as part of the budget papers for the 2023/24 financial year.

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

- 1.1 The methodology to arrive at full cost recovery is firstly based on an hourly rate for staff time that fully recovers pay costs.
- 1.2 Appendix C shows the calculation of the full cost recovery hourly rate. Salary costs for each grade of staff are

calculated on the top pay point of the grade to which is added London Fringe Weighting. The National Insurance and Superannuation costs are calculated based on a 1 Full Time Equivalent employee. This is the simplest and most cost-effective method of pay calculation and reflects the council's employment profile – the majority of staff are long serving and at the top of their grade.

1.3 Non-pay costs are then calculated for the council but the non-pay costs which are not directly attributable to service delivery are excluded from the calculation. Costs attributable to service delivery are costs such as:

1.3.1 external contracts, e.g. refuse and recycling

1.3.2 other external costs of service delivery, e.g. bed and breakfast accommodation for homeless persons, postage for council tax

1.3.3 specific internal service delivery assets e.g. hostels, municipal fleet vehicles

1.3.4 specific service delivery consumables e.g. water testing kits, vehicle fuel

1.4 The non-pay costs include items such as travel and subsistence, publications, subscriptions, etc. Also included are the costs of the council as a going concern so the costs of the Shared Internal Audit Service are included but not external audit which sits as part of the Corporate & Democratic Core. The cost of running the Wallfields building (£517k for rates, utilities etc.), Charringtons Customer Service Centre (£119k) are included but the Buntingford Service Centre is excluded. Attempting to separate out Wallfields into attributable and not attributable to services has not been attempted as it would require all staff to keep detailed daily activity records for a whole year. The cost of doing that

is considered prohibitive in relation to the costs of Wallfields. Given that Wallfields is, relatively speaking, extremely cheap to run the full cost of the building accounts for £1.09 of the full cost recovery hourly charge rate.

- 1.5 The final cost element, in accordance with the Fees and Charges policy is the Corporate and Democratic Core. This includes the cost of Members, external audit fees, banking and treasury management costs.
- 1.6 The total cost per grade is then divided by the number of hours to produce an hourly rate. In calculating the number of hours to recover cost over a standard chargeable time calculation has been used. This calculation is used in audit, legal and other professional disciplines where charges are based on time.

#### **Chargeable Hours Calculation**

Number of working days		256
<b>Less:</b>		
Bank and Public Holidays	9	
Annual Leave	30	
Training	5	
Sickness	5	
Non-chargeable time*	<u>10</u>	59
Chargeable days		197
Hours per day (decimal)		<u>7.4</u>
Chargeable hours		<u>1,458</u>

\* Non-chargeable time is an allowance for 1-2-1s, PDR and staff meetings etc.

- 1.7 The staff hourly rates finally have been rounded up to the nearest £1 to make subsequent calculations easier. They are then put into the template to calculate full cost recovery which is shown at Appendix A.
- 1.8 The various cost elements are set out on the template with guidance notes shown on the form. The form requests

standard activity based costing information from staff and also where the service is provided by a contractor but we set the charges.

- 1.9 Three sorts of price are calculated. The first is a simple flat rate price. The second calculation allows for a concessionary or discounted rate. This price is set with reference to the overall flat rate and the calculation recovers the discount in the price for other customers in accordance with the Fees & Charges Policy. Concessionary rates may only be considered when the Equalities Impact Assessment for the charge indicates that a group with protected characteristics will be disadvantaged by the introduction of flat rate charge. The only other occasion where a lower charge can be considered is in the case of resident's parking where a Member policy decision has been made to offer the first permit at a lower price which is funded by the price of the second permits which are available to residents. The final price calculation allows for volume or weight prices as well as the number of those units being used and produces differential pricing based on the difference in size. This will be useful in areas such as trade waste but can also be used should pricing be based on environmental impact, e.g. number of cars emitting CO<sub>2</sub> in different emission bands could be used to base a resident's permit price based on the CO<sub>2</sub> emissions of the vehicle. An example of the results being used for different sized refuse bins is shown below:

## Volume Pricing Options

Units of supply and numbers	Size	Units	Price £ excl VAT
Container 120 litres	120	3200	<b>£71.61</b>
Container 180 litres	180	6450	<b>£107.42</b>
Container 240 litres	240	2400	<b>£143.23</b>
Container 360 litres	360	150	<b>£214.84</b>
			<b>£0.00</b>

1.10 To assist Members Appendix B shows an example of a filled out template – for ease the Residents Parking Zone cost calculation has been used.

1.11 This report was considered by Audit and Governance Committee at its meeting on 15<sup>th</sup> November 2022. The Committee endorsed the template and methodology and there were no other comments.

## 2.0 Background

2.1 The Fees & Charges Policy was approved by council in December 2021 and the Executive confirmed a standard methodology and template would be produced.

## 3.0 Reason(s)

3.1 To conform with the requirements of the fees and charges policy and to ensure consistency of approach in calculating charges.

## **4.0 Options**

- 4.1 The Committee can endorse the methodology and template.
- 4.2 The Committee can recommend that the Executive Member amends the methodology and template.

## **5.0 Risks**

- 5.1 The use of a standard methodology and template will reduce the risk of inconsistent charges being calculated.
- 5.2 The use of a standard methodology and template will reduce the risk of charges being challenged as incorrect.

## **6.0 Implications/Consultation**

6.1

### **Community Safety**

No

### **Data Protection**

Yes - the use of grade costing instead of individual staff cost rates ensures data protection is easily met as there is no sensitive personal data that needs to be collected and held

### **Equalities**

Yes – the template allows for concessionary prices, which under the Fees and Charge Policy, must be demonstrated to be required from the equalities impact assessment that the policy requires is undertaken for each full cost recovery charge.

### **Environmental Sustainability**

No

### **Financial**

Yes – the implementation of full cost recovery charges should increase the council's income

### **Health and Safety**

No

## **Human Resources**

No

## **Human Rights**

No

## **Legal**

No

## **Specific Wards**

No

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

7.1 Appendix A Charges Calculation Template

7.2 Appendix B Example completed charges template

7.3 Appendix C Staff hourly rate calculation

## **Contact Member**

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

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## **Contact Officer**

Steven Linnett, Head of Strategic Finance and Property

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## **Report Author**

Steven Linnett, Head of Strategic Finance and Property

[steven.linnett@eastherts.gov.uk](mailto:steven.linnett@eastherts.gov.uk)

**East Herts Council**  
**Full cost recovery charges calculator**

Data should only be input into cells shaded in orange

This template should only be used where the council has the discretion to set the charge. Before you start it is essential that you understand the process that leads to the chargeable product from end to end. It would be useful to attach a process flow diagram to the template once the charge is calculated. If you need assistance to draw up a process flow diagram and/or to understand all aspects of the process then please speak to a Lean 6 Sigma Process Champion.

**Charge name**

**Method**

**Direct Staff Costs**

Grade	Notes	Cost per hour	Number of hours
2		£33.00	
3		£35.00	
4		£36.00	
5		£39.00	
6		£42.00	
7		£45.00	
8		£48.00	
9		£51.00	
10		£56.00	
11		£62.00	
12		£69.00	
13		£84.00	

Cost
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00

Notes

**Guidance and help**

Convert minutes to decimal value  
 Enter minutes   
 Decimal value

This should be the time spent by officers providing the service directly to the customer. Support staff should be listed in the next section

**Indirect Staff Costs**

Grade	Notes	Cost per hour	Number of hours
2		£33.00	
3		£35.00	
4		£36.00	
5		£39.00	
6		£42.00	
7		£45.00	
8		£48.00	
9		£51.00	
10		£56.00	
11		£62.00	
12		£69.00	
13		£84.00	

Cost
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00
£0.00

Notes

This should be the time spent by officers carrying out essential support tasks such as inputting to systems, checking eligibility, raising invoices etc. for the service. If sundry debtor invoices are raised to the customer then you must input here the time taken to raise the invoice plus the standard time for Finance to handle a sundry debtor customer who pays in 30 days in full. An invoice manually input into the finance system will take 5 minutes per invoice to be processed - input 0.08 hours per invoice. Finance time to handle credit control and income receipting plus 15 day reminder will be 10 minutes per invoice - input 0.17 hours. Always input Finance at Grade 5

**Contractor Costs**

Contractor \_\_\_\_\_

Contractor Costs	Cost

Notes

This should be the cost of the contractor providing the service. The contractor costs must be verified to the contract and contract management information. If the council does not have the information then the contractor must be asked to provide the information of their estimate of the cost. Council officers must not estimate the cost themselves or suggest a cost to the contractor

**Supplies & Services Costs**

Supplies & Services	Cost

Notes

This should be the cost of items consumed or produced specifically to provide the service. You should have invoices to verify the actual cost paid.

**Income from related sales**

Income	Income

Notes

**Please enter income as a negative figure.** This should be income which is a part of the overall process e.g. visitors vouchers in Residents Parking Zones.

Full cost of providing the service	<b>£0.00</b>
Net cost of providing the service	<b>£0.00</b>

Units of measure	UOM

Notes

If you stated Activity Based Costing the unit of measure must be 1

N.B. Prices calculated are **excluding** VAT. Please check the Fees and Charges Book indicates price is "+ VAT". If price shown is inclusive of VAT ask your Finance Business Partner to amend the book to put price as "+ VAT" or to calculate the VAT inclusive price

Pricing Options	Price £ excl VAT
Flat Rate Charge	£0.00

Variable Rate Charge (enter first charge manually)	Price £ excl VAT
	£0.00

Notes

Cross check	
£0.00	If you are offering a concessionary rate enter that rate as the first charge and the full charge will be calculated to recover the discounted amount. If you are proposing more than one concessionary rate or your pricing requires multiple prices based on e.g. container size then you need to ask your Finance Business Partner to calculate that pricing model with you
£0.00	
£0.00	

**Volume Pricing Options**

Units of supply and numbers	Size	Units	Price £ excl VAT	Notes
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	

Cross check	
£0.00	This pricing calculation takes into account size or volume, e.g. 180 litre, 240 litre, 360 litre bin sizes and aalso the number of those containers. It them calculates a differential price based on those sizes and numbers
£0.00	
£0.00	
£0.00	
£0.00	
£0.00	
£0.00	
£0.00	
£0.00	
£0.00	

**East Herts Council**  
**Full cost recovery charges calculation template**

Data should only be input into cells shaded in orange

This template should only be used where the council has the discretion to set the charge. Before you start it is essential that you understand the process that leads to the chargeable product from end to end. It would be useful to attach a process flow diagram to the template once the charge is calculated. If you need assistance to draw up a process flow diagram and/or to understand all aspects of the process then please speak to a Lean 6 Sigma Process Champion.

**Charge name** Residents Parking Permits

**Method** State either total cost divided by by total volume

**Direct Staff Costs**

Grade	Notes	Cost per hour	Number of hours	Cost	Notes
2	Customer Services	£33.00	1,046.00	£0.00	Customer Services deal with all phone enquiries and deal with all walk in customers.
3		£35.00		£36,610.00	
4		£37.00		£0.00	
5		£40.00		£0.00	
6		£42.00		£0.00	
7		£45.00		£0.00	
8		£48.00		£0.00	
9		£51.00		£0.00	
10		£56.00		£0.00	
11		£62.00		£0.00	
12		£69.00		£0.00	
13		£83.00		£0.00	

**Indirect Staff Costs**

Grade	Notes	Cost per hour	Number of hours	Cost	Notes
2	Support Officer	£33.00	1,784.00	£0.00	Business Support staff undertake ownership checks, input onto the system, despatch any paper vouchers, return original documents etc.
3		£35.00		£66,008.00	
4		£37.00		£0.00	
5		£40.00		£0.00	
6		£42.00		£0.00	
7		£45.00		£0.00	
8		£48.00		£0.00	
9		£51.00		£0.00	
10		£56.00		£0.00	
11		£62.00		£0.00	
12		£69.00		£0.00	
13		£83.00		£0.00	

**Contractor Costs**

Contractor APCOA Parking Contract

Contractor Costs	Cost	Notes
15% of patrol time spent on RPZs	£94,200.00	Total patrol cost is £628,000 so 15% = £94,200 15% figure verified to contract and warden patrol data and ticket issuing

**Supplies & Services Costs**

Supplies & Services	Cost	Notes
Voucher procurement and printing	£10,000.00	
RPZ Signing and lining	£8,000.00	

**Income from related sales**

Income	Income
Sale of visitor vouchers	-£105,432.00

Notes
-------

Full cost of providing the service	£214,818.00
Net cost of providing the service	£109,386.00

**Units of measure**

	UOM
Residents Permits (First Permit)	1,019
Residents Permits (Second Permit)	256

Notes
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N.B. Prices calculated are **excluding** VAT. Please check the Fees and Charges Book indicates price is "+ VAT". If price shown is inclusive of VAT ask your Finance Business Partner to amend the book to put price as "+ VAT" or to calculate the VAT inclusive price

**Pricing Options**

<b>Flat Rate Charge</b>	<b>Price £ excl VAT</b> £86.00
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**Variable Rate Charge (enter first charge manually)**

	<b>Price £ excl VAT</b>
Residents Permits (First Permit)	£72.00
Residents Permits (Second Permit)	£141.00

Notes
Maintains policy of differential pricing for second permit

**Volume Pricing Options**

**Units of supply and numbers**

	Size	Units	Price £ excl VAT	Notes
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	
			£0.00	

East Herts Council  
Staff Cost Charges per hour calculator

Annual Standard Staff Costs

19%

Grade	TOS Salary	Weighting	Sub-Total	NI	Pen	Sub Total	Non-Pay costs	Corp & Dem Core	Total Cost	Hourly Rate
2	£22,777	£637	£23,414	£1,229	£4,449	£29,092	£12,225	£5,616	£46,933	<b>£33.00</b>
3	£24,948	£637	£25,585	£1,528	£4,861	£31,974	£12,225	£5,616	£49,815	<b>£35.00</b>
4	£26,845	£637	£27,482	£1,790	£5,222	£34,494	£12,225	£5,616	£52,335	<b>£36.00</b>
5	£30,151	£637	£30,788	£2,247	£5,850	£38,885	£12,225	£5,616	£56,726	<b>£39.00</b>
6	£32,909	£637	£33,546	£2,627	£6,374	£42,547	£12,225	£5,616	£60,388	<b>£42.00</b>
7	£36,298	£637	£36,935	£3,095	£7,018	£47,048	£12,225	£5,616	£64,889	<b>£45.00</b>
8	£39,493	£637	£40,130	£3,536	£7,625	£51,291	£12,225	£5,616	£69,132	<b>£48.00</b>
9	£42,503	£637	£43,140	£3,951	£8,197	£55,288	£12,225	£5,616	£73,129	<b>£51.00</b>
10	£48,587	£637	£49,224	£4,791	£9,353	£63,368	£12,225	£5,616	£81,209	<b>£56.00</b>
11	£54,437	£637	£55,074	£5,598	£10,464	£71,136	£12,225	£5,616	£88,977	<b>£62.00</b>
12	£62,719	£637	£63,356	£6,741	£12,038	£82,135	£12,225	£5,616	£99,976	<b>£69.00</b>
13	£78,564	£637	£79,201	£8,928	£15,048	£103,177	£12,225	£5,616	£121,018	<b>£84.00</b>

FOR INFO ONLY

FOR INFO ONLY

Hourly Rate less CDC	Hourly Rate Pay Only
£29.00	£19.95
£31.00	£21.93
£33.00	£23.66
£36.00	£26.67
£38.00	£29.18
£41.00	£32.27
£44.00	£35.18
£47.00	£37.92
£52.00	£43.46
£58.00	£48.79
£65.00	£56.33
£80.00	£70.77