



MEETING : EXECUTIVE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : THURSDAY 21 DECEMBER 2023
TIME : 5.00 PM

MEMBERS OF THE EXECUTIVE

Councillor Ben Crystall	- Leader of the Council
Councillor Carl Brittain	- Executive Member for Financial Sustainability
Councillor Alex Daar	- Executive Member for Communities
Councillor Joseph Dumont	- Executive Member for Corporate Services
Councillor Vicky Glover-Ward	- Executive Member for Planning and Growth
Councillor Mione H Goldspink	- Executive Member for Neighbourhoods
Councillor Sarah Hopewell	- Executive Member for Wellbeing
Councillor Tim Hoskin	- Executive Member for Environmental Sustainability
Councillor Chris Wilson	- Executive Member for Resident Engagement

CONTACT OFFICER: Katie Mogan
Tel: 01279-502082
Email: [Katie Mogan@eastherts.gov.uk](mailto:Katie.Mogan@eastherts.gov.uk)

This meeting will be live streamed on the Council's Youtube page:
<https://www.youtube.com/user/EastHertsDistrict>

Disclosable Pecuniary Interests

A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:

- must not participate in any discussion of the matter at the meeting;
- must not participate in any vote taken on the matter at the meeting;
- must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
- if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
- must leave the room while any discussion or voting takes place.

Public Attendance

East Herts Council welcomes public attendance at its meetings and meetings will continue to be live streamed and webcasted. For further information, please email democraticservices@eastherts.gov.uk or call the Council on 01279 655261 and ask to speak to Democratic Services.

The Council operates a paperless policy in respect of agendas at committee meetings and the Council will no longer be providing spare copies of Agendas for the Public at Committee Meetings. The mod.gov app is available to download for free from app stores for electronic devices. You can use the mod.gov app to access, annotate and keep all committee paperwork on your mobile device.

Visit <https://www.eastherts.gov.uk/article/35542/Political-Structure> for details.

Audio/Visual Recording of meetings

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

AGENDA

1. Apologies

To receive any apologies for absence.

2. Leader's Announcements

To receive any announcements from the Leader of the Council.

3. Minutes - 28 November 2023 (Pages 5 - 25)

To approve as a correct record the Minutes of the meeting held on 28 November 2023.

4. Declarations of Interest

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

5. Budget 2024/25 and Medium Term Financial Plan 2024 - 2034 (Pages 26 - 46)

6. Waste, recycling and street cleansing service design (Pages 47 - 90)

7. 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 28 NOVEMBER 2023, AT 7.00 PM

PRESENT: Councillor B Crystall (Leader)
Councillors C Brittain, A Daar, J Dumont,
V Glover-Ward, M Goldspink, S Hopewell,
T Hoskin and C Wilson.

ALSO PRESENT:

Councillors S Bull and C Redfern.

OFFICERS IN ATTENDANCE:

Richard Cassidy	- Chief Executive
James Ellis	- Head of Legal and Democratic Services and Monitoring Officer
Laura Guy	- Principal Planning Officer
Steven Linnett	- Head of Strategic Finance and Property
Katie Mogan	- Democratic Services Manager
Oliver Rawlings	- Service Manager (Licensing and Enforcement)
Sara Saunders	- Head of Planning and Building Control

Helen Standen - Deputy Chief Executive

211 APOLOGIES

There were no apologies for absence.

212 LEADER'S ANNOUNCEMENTS

The Leader reminded Members that the meeting was being streamed to YouTube and Members should remember to use the microphones.

213 MINUTES - 3 OCTOBER 2023

Councillor Goldspink proposed, and Councillor Daar seconded a motion that the Minutes of the meeting held on 3 October 2023 be approved as a correct record and be signed by the Leader. On being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the Minutes of the meeting held on 3 October 2023 be approved as a correct record and signed by the Leader.

214 DECLARATIONS OF INTEREST

There were no declarations of interest.

215 CONSIDERATION OF MANDATING CARD PAYMENT FACILITIES IN LICENSED VEHICLES

The Executive Member for Planning and Growth submitted a report on the consideration of mandating card payment facilities in licensed vehicles. She said that the key purpose of the council's licensing regimes was to ensure public safety and the proposed policy would help ensure people had more payment options when getting a taxi and confirmed that cash would still be accepted. She said that the taxi trade in East Herts were formally consulted and 96% of responses were positive with 94% already having card payment facilities in their vehicles.

The Executive Member said that the Police and Crime Commissioner had previously raised the issue as a safeguarding concern and two other local authorities in Hertfordshire had mandated card payment facilities and it was hoped that it would be introduced county wide.

Councillor Glover-Ward proposed that the recommendation in the report be supported. Councillor Dumont seconded the proposal.

Councillor Wilson said that he worked for the Transport for London who had introduced a similar policy and had no problems. He said he supported the policy.

Councillor Daar said she was pleased to hear that cash was remaining as a payment method.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – To recommend to Council the proposed Policy to introduce a requirement to provide card payment facilities in all vehicles licensed by East Herts Council.

216 WATTON-AT-STONE NEIGHBOURHOOD PLAN

The Executive Member for Planning and Growth presented the report for the Watton-at-Stone Neighbourhood Plan. She said that the plan showed how engaged residents were in the district and the Parish Council had taken a proactive approach to meeting the District Plan's housing requirements for the village. This was the first Neighbourhood Plan that had released land from the green belt with the allocation of two strategic sites which met and exceeded the required growth thereby delivering significant community benefits.

The Executive Member for Planning and Growth said that the Examiner's report concluded that the Plan was of a very high quality with a particular emphasis on it being well researched, well evidenced and clearly laid out. She said that the support of the community was demonstrated in the referendum with 95% of votes in favour of the plan.

Councillor Glover-Ward proposed that the recommendation in the report be supported. Councillor Hopewell seconded the proposal.

Councillor Hoskin said that he was interested as to why Watton-at-Stone had gone over and above the

requirements in their plan and whether it was worth understanding the community benefits and whether others may consider the same approach.

The Principal Planning Officer said that they had a very strong desire to improve active travel in the area, so want to create a circular walk to ensure the development was connected to the village centre and station. They also want to deliver new football pitches and a wetland meadow.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED - To recommend to Council that the Watton-at-Stone Neighbourhood Area Plan 2017-2033, as detailed at Appendix A to this report, be formally made (adopted).

217 WARE NEIGHBOURHOOD PLAN

The Executive Member for Planning and Growth presented the report on the adoption of the Ware Neighbourhood Plan. She said that the plan designated local green spaces and contained policies that would preserve the heritage of the town. The plan also sought to provide sustainable development opportunities within the context to maintain the distinctive historical character of Ware.

The Executive Member for Planning and Growth said that the Examiner's report praised an excellent Neighbourhood Plan for its presentation and the

supporting text underpinning the policies. She said the plan went to a referendum in September 2023 and 91% voted in favour of the plan.

Councillor Glover-Ward proposed that the recommendations in the report be supported. Councillor Brittain seconded the proposal.

Councillor Redfern asked what the turnout was for the referendum.

The Principal Planning Officer confirmed the turnout was 16.6%. Councillor Redfern said that seemed quite a low turnout.

The Principal Planning Officer said that turnout for neighbourhood plan referendums varied, the highest turnouts for a Neighbourhood Plan referendum were about 30%. She said that there was a lot of local publicity for the vote.

Councillor Dumont said that the most important thing was that 91% voted in favour of the plan. He said this was an opportunity for residents to have their say and councillors should encourage turnout.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED - to recommend to Council that the Ware Neighbourhood Area Plan 2021-2033, as detailed at Appendix A to this report, be formally made (adopted).

218 LAND AT WALKERN ROAD (WAS3) MASTERPLANNING
FRAMEWORK

The Executive Member for Planning and Growth presented the recommendation in the report. She said that the WAS3 site had been allocated for 60 homes within the Watton-at-Stone Neighbourhood Plan and was the first plan site that met the requirement in the District Plan to prepare a masterplan.

The Executive Member for Planning and Growth said that there was a strong vision for the site developed by the steering group established to shape the masterplan including council officers, members, and the developer. She said there was a framework for sustainable, low carbon, landscape led development and a strong emphasis on enhancing active travel.

Councillor Glover-Ward proposed that the recommendation in the report be supported.
Councillor Daar seconded the proposal.

Councillor Daar said it would be interesting to hear what local residents thought of the masterplan and its contents.

The Principal Planning Officer said that the masterplan was developed alongside the Neighbourhood Plan so would not have been a surprise to residents as there had been ongoing consultation over the last eight years. She said that this was a positive example of the community being involved in the process and was displayed in the 95% approval vote at the referendum

even with two strategic site allocations.

Councillor Hoskin asked if the masterplan leaned on the Neighbourhood Plan and if there was good dialogue between them.

Councillor Glover-Ward said that she presented the Neighbourhood Plan first as the site was allocated in the plan so the masterplan has followed on from the Neighbourhood Plan.

Councillor Crystall said that he had attended the master planning sessions and said there was a positive relationship between the resident group and the developer team.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED - To recommend to Council that the Land at Walkern Road Masterplan Framework Document, for the Watton-at-Stone Neighbourhood Plan site allocation known as WAS3, as detailed in Appendix A to this report, be agreed as a material consideration for Development Management purposes.

219 HARLOW AND GILSTON GARDEN TOWN - JOINT COMMITTEE

The Leader of the Council presented the Harlow and Gilston Garden Town – Joint Committee report. He said that the council were working with two county

councils; Herts and Essex and two district councils; Epping Forest and Harlow on the Garden Town which meant that some decision making was slow. The proposal in the report would allow for more agile decision making and make the process more transparent and accountable to public scrutiny.

The Leader of the Council made it clear that planning decisions and strategic plan making would remain with the constitute partners and the joint committee would enable cross border strategic decision making and policy making. He added that if all partners could not agree or officers could not negotiate a shared solution, then the option was still available for councils to withdraw.

Councillor Crystall proposed that the recommendations in the report be supported. Councillor Goldspink seconded the proposal.

Councillor Dumont referred to recommendation (c) in the report which asked the Executive to delegate any necessary minor amendments to the Head of Legal and Democratic Services. He asked what these amendments would be made to.

The Head of Planning said that the report and the inter-authority agreement had been through each council's democratic process and had already been considered by Harlow, Hertfordshire and Epping Forest. She said there could be some minor changes in relation to clarification points that had been picked up along the way. She said that some of the changes might relate to small points and it would be best

placed for the Head of Legal and Democratic Services to agree those.

The Head of Legal and Democratic Services said that if the delegation was not agreed, all changes would have to go through the democratic process each time. He said that any minor amendments would be reported back to the committee.

Councillor Goldspink said she was strongly in favour of the proposals. She said that the new committee would speed up decision making which would be a great advantage.

Councillor Hoskin referred to the option of councils being able to leave the partnership and asked for more clarity. Councillor Crystall said there were a lot of stages to go through before the final option.

The Head of Planning added that there was a clause in the agreement relating to the termination of the partnership. She said that if the partnership could not reach an agreement, officers would want to make sure that any issues were worked through by officers in the first instance. She said that officers would not put any proposals forward for a decision that put the committee in a difficult position.

Councillor Dumont asked about the process for making members aware should the unlikely event happen that the committee could not come to an agreement.

The Head of Planning said that each council's Overview

and Scrutiny process still applied and any issues within the joint committee would be reported.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – That (A) the proposal for the establishment of a Joint Committee (JC) in respect of matters pertaining to the Harlow and Gilston Garden Town be supported;

(B) Subject to all Garden Town partner authorities approving the Agreement, the arrangements set out in the Inter Authority Agreement at Appendix 1 to this report be endorsed and agreed;

(C) Authority be delegated to the Head of Legal and Democratic Services, in consultation with the Leader, to make any necessary, nonconsequential and minor amendments and refer to the HGGT Chair and Director; and

(D) Authority be delegated to the Head of Legal and Democratic Services to make consequential amendments to the Council's constitution to facilitate the establishment of the Joint Committee on the basis of the Terms of Reference set out in Schedule 10 of the Inter Authority Agreement once all constituent Councils have confirmed their approval of the Agreement.

220 A LISTENING COUNCIL

The Executive Member for Resident Engagement presented the Listening Council report. He said that the report was designed to change to culture of the council when engaging with residents and that previously, East Herts had used the same channels to consult with residents and the same people responded each time.

The Executive Member for Resident Engagement said that the report set out a framework about how to consult with residents and provided a set of principles about how the council could find the groups that did not often get involved. He said that during the last election campaign, many residents expressed that they felt they were not being listened to and this document was a response to that to help them feel more engaged in the decision making process.

Councillor Wilson proposed that the recommendation in the report be supported. Councillor Dumont seconded the proposal.

Councillor Goldspink said that she strongly supported the recommendation. She said that an accepted principle and ethos of the council was to always listen to its residents. She said that members were here to serve their residents and said that they were much more likely to be able to do that if they knew what they think and need. She said that the council needed to engage with all residents, not just those who were interested and engaged in the political process.

Councillor Dumont said he strongly endorsed the recommendation and said it was a good starting point. He said that culture change did not happen overnight, and the document was a good foundation to learn and improve. He added that the council needed to make sure that it consulted with a wider and more diverse section of the community as possible.

Councillor Crystall said the document would help change the way Members worked over the next four years. He thanked Councillor Wilson and the Head of Housing and Health for driving it forward.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – that the draft ‘A Listening Council’ set of principles for informing, engaging and consulting residents, businesses and stakeholders be endorsed for public consultation.

221 COMMUNITY FORUMS AND DEVELOPMENT MANAGEMENT FORUMS

The Executive Member for Planning and Growth presented the report on Community and Development Management Forums and said that the report acknowledged the importance of community engagement in the planning process. The report proposed setting up community forums for strategic sites across the district to assist with communication and engagement with residents. The Community

Forums would provide an opportunity for developers, residents, community groups, members and council officers to engage with each other over the lifetime of a development.

The Executive Member for Planning and Growth said the report also outlined the set-up of a Development Management Forum for applications that met certain criteria so that the sharing of any planning concerns raised by residents could be addressed early on in the process. The Development Management Forum would be set up for complex or sensitive major planning applications of more than 50 homes. She said the report had been discussed thoroughly by the Overview and Scrutiny Committee and had taken on board some of their suggestions.

Councillor Glover-Ward proposed that the recommendations in the report be supported. Councillor Wilson seconded the proposal.

Councillor Redfern felt that the report was a good idea but she asked for further clarification about how the Development Management Forum would work and whether it would be multiple forums or one.

Councillor Glover-Ward said that currently, members of the public only get three minutes to speak at the Development Management Committee. The Forum would be a way of members of the public being able to present their issues with the development and help to provide solutions. The Forum would have members of the Development Management Committee attending and the council would expect developers to come

along and listen.

Councillor Redfern asked if this was a meeting where residents could present their views. She said that the report mentioned that there would be three resident representatives allowed to speak.

Councillor Glover-Ward said that the Forum was designed to be more structured than an open public meeting so residents would need to select three representatives as opposed to everyone getting a chance to speak.

Councillor Daar welcomed the paper and said that it would be helpful in bridging the gap between developers and residents.

Councillor Goldspink spoke in her role as a Bishop's Stortford Town Council planning member and said she welcomed the report as the Town Council planning committee often did not feel heard by the district council.

Councillor Dumont asked how the three resident representatives were selected.

The Head of Planning said that any representative that wanted to address the Forum needed to receive 25 signatures from residents to submit a request and residents would need to coordinate this themselves.

Councillor Glover-Ward said that the Community Forums would be more like a public town hall meeting.

Councillor Redfern thanked the Executive Member for clarification on her questions.

Councillor Crystall referred to page 420 which provided a diagram to explain the process.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED – that (A) the proposal for setting up Community Forums for Strategic Sites as outlined in Appendix A be agreed; and

(B) the proposal for establishing a Development Management Forum as outlined in Appendix B be agreed.

222 HEALTH AND SAFETY – WARD FREMAN POOL

The Executive Member for Wellbeing presented the recommendation about the closure of the Ward Freman pool in Buntingford. She said that shortly after the administration were elected, they were made aware that the Ward Freman pool needed several repairs and there was concern about the filtration system and the tiles on the pool. There had been increased testing of the water quality at the pool and the council were recently informed that the risk was too great to leave the pool open after December 2023.

The Executive Member for Wellbeing said that the costs of repairs were high and questions had been asked whether the filtration system could be repaired.

She said that the advice she had received said that this would require a complete replacement of the filtration system which would require the pool to be drained and there were concerns about the sides of the pool potentially collapsing without the pressure of the water.

The Executive Member for Wellbeing said she had visited Buntingford to present the problems with the pool and to gather feedback from residents. She said that there was a petition gathering signatures from residents to keep the pool open which currently had about 1,000 signatures. She said, on behalf of residents, that she felt angry and disappointed that pool had not been maintained by both the Conservative administrations of East Herts Council and Herts County Council. She added that a lack of repairs under the Conservative administrations meant much high costs now and money had been spent on a large car park in Bishop's Stortford and new leisure centres in the larger towns with the smaller towns missing out.

The Executive Member for Wellbeing said this had put the new administration in an incredibly challenging and unwanted position to try and fund the upgrades to the pool. She said they were determined to find a solution to the funding issues and said that the residents of Buntingford felt strongly about this matter. She said despite the current situation, she had had amazing offers of help from the residents of Buntingford and would use the next few months to explore funding options with Herts County Council and other partners to help resolve the issue.

Councillor Hopewell proposed that the recommendation in the report be supported. Councillor Goldspink seconded the proposal.

Councillor Brittain said the closure of the pool was a total blow to Buntingford and he echoed what the Executive Member for Wellbeing had said. He thanked the residents of Buntingford who came to the presentations and shared good ideas and it was heartening to see the community coming together to offer help and support. He said he wanted to assure residents that the administration will continue to work with residents to find a solution and hoped that the pool would reopen soon.

Councillor Goldspink said she supported the recommendation but was dismayed and angry at the situation. She supported the recommendation in order to keep residents safe and wondered if there was any merit in sending a letter to Herts County Council asking them to step up and provide the 40% of costs that they were supposed to do originally.

Councillor Crystall said that was a good point and said he would discuss with the Executive Member and officers.

Councillor Glover-Ward said that she knew Councillors Hopewell and Brittain, officers, and Everyone Active had worked hard to explore options to try and keep the pool open. She said it had become evident that that was not possible. She said that the Ware Lido had recently been refurbished including replacing the tank and suggested that it might be worth discussing with

the company that undertook the works to see if they could help with Ward Freman.

Councillor Crystall thanked officers who had worked hard over the last few weeks to get information from the County Council.

Councillor Hopewell echoed Councillor Crystall's comments and thanked officers for dealing with her questions. She said she was also thankful for the residents who had stepped up and were keen to see what they could do to save the community asset.

Councillor Dumont said that swimming was very important in his family and said that the swimming pool was a key resource for the residents of Buntingford. He made the point that the Executive Members had not been elected to close swimming pools and stood for the exact opposite. He said they had been presented with one option to close the pool for health and safety reasons. He said that residents looked to the council to provide services and the current administration were having to firefight inherited problems. He said there was one positive from the situation and that was for the council to promote health and wellbeing and make it a priority to get people swimming. He asked the Executive Member for Wellbeing to work with him to review the council's leisure strategy to promote health and wellbeing.

Councillor Bull said he used to swim five days a week and said it would be a sad day when the pool closed. He said Buntingford residents would have to travel 13 miles to the nearest pool and hoped that a solution

could be found to save the pool.

Councillor Goldspink asked the Head of Strategic Finance and Property to provide advice about meeting some of the costs required.

The Head of Strategic Finance and Property said that he would be able to provide advice to the Executive at their meeting on 21 December 2023 where they would be presented with the budget report.

Councillor Dumont said the reality was that the money was not there.

Councillor Crystall thanked Executive Members for talking to residents and looking towards next steps to ensure the pool was not lost even if the council could not afford to provide the money.

Councillor Daar said this was a good practical example of a listening council and how the administration wanted to develop moving forward.

The motion to support the recommendation having been proposed and seconded was put to the meeting and upon a vote being taken, was declared CARRIED.

RESOLVED - To close the pool at the end of the school term in December while further investigations can be undertaken as to potential solutions to remedy the health and safety concerns.

223 URGENT BUSINESS

There was no urgent business.

The meeting closed at 8.20 pm

Chairman

Date

Agenda Item 5

East Herts Council Report

Executive

Date of meeting: 21 December 2023

Report by: Councillor Carl Brittain, Executive Member for Financial Sustainability

Report title: Budget 2024/25 and Medium Term Financial Plan 2024 – 2034

Ward(s) affected: All

Summary – This report sets out the revised Medium Term Financial Plan (MTFP) and options to balance the budget in 2024/25 and 2025/26. The council’s financial position will remain uncertain until the Local Government Finance Settlement is published. The date for the Settlement has not been formally announced although the afternoon of 21st December seems the most likely date for the Draft Settlement to be announced. Since the current MTFP was approved by Council on 1 March 2023, the financial situation facing local authorities has worsened, with inflation, particularly the pay award and major contract inflation, exceeding the provisions in the budget for the second year running. The council has also been subject to continuing real terms reductions in resources from Government and council tax increases have also been constrained and only been allowed at below inflation levels. This revised MTFP presents Members with difficult decisions to take to ensure the council can meet its financial commitments and remain financially sustainable. Budget proposals have been prepared so that services to vulnerable residents are protected.

RECOMMENDATIONS FOR EXECUTIVE:

- a)** Agree that the proposed budget should make use of the flexibility from Government to increase Council Tax by 2.99%, which will increase Council Tax revenue by £366k a year and will result in a Band D Council Tax increase of £5.65 to £195.52 per year;
- b)** Request Audit & Governance Committee to consider the savings proposals and advise Executive of any significant issues they believe may arise;
- c)** Agree to present proposed savings requirements, that will need to be delivered to balance the budget in the medium term, the delivery profile of which without any smoothing is as follows:

2024/25 £1.179 million
2025/26 £5.003 million
2026/27 £0
2027/28 £0.534 million;

- d)** Agree to propose the use of the General Reserve and the Interest Equalisation Reserve in order to smooth the delivery of the substantial proposed savings targets over the Medium Term Financial Plan;
- e)** Agree to propose an amended Capital Programme so as to reduce revenue costs of Minimum Revenue Provision and interest by £1,514k per annum on current interest rates, a total saving of £7.442 million over the MTFP period. Expenditure will be prioritised for:
 - i. essential property maintenance to meet statutory requirements or to prevent loss or damage to neighbouring properties;
 - ii. investment in ICT to continue but that the budget carry forward that has not been used for two years is deleted;

- iii. invest to save initiatives where the business case indicates that the cost of the investment will be recovered in under 10 years;
 - iv. to allow pausing of construction of the Arts Centre at Old River Lane until such time as debt levels have fallen sufficiently to make the revenue impacts of new borrowing affordable while at the same time undertaking landscaping works on the arts centre site so that it is an attractive site rather than an undeveloped area blighting the retail and commercial units in the City Heart scheme;
 - v. provide up to £170k for essential maintenance works for the URC Church Hall in Bishop's Stortford;
 - vi. completion of Hertford Theatre, at as low a cost as possible, so that the entire venue is opened and run on a strictly commercial basis to maximise income; and
 - vii. investment in depot works and waste containers for the new waste and recycling contract.
- f) Delegate to the Head of Strategic Finance & Property, in consultation with the Executive Member for Financial Sustainability, the authority to amend the proposed budget and Medium-Term Financial Plan to be put to the Audit & Governance Committee on 30 January 2024 in order to reflect the Local Government Finance Settlement and other emerging information, so that the committee can consider the most complete and up to date information.

1.0 Proposal(s)

- 1.1 The current Medium Term Financial Plan (MTFP) approved by Council in March 2023 has been updated to reflect current inflation impacts and the announced well below inflation increase in local government resources.

- 1.2 The financial situation facing local authorities has worsened over the last year with inflation, particularly the pay award and major contract inflation, exceeding the provisions in the budget for the second year running. The council has also been subject to continuing real terms reductions in resources from Government and council tax increases have also been constrained and only been allowed at below inflation levels.

Budget pressure mitigation that has been built into the proposed MTFP update

- 1.3 Officers have identified several mitigating measures which have been built into the proposed revised financial forecast – in summary:
- 1.3.1 the increase in planning application fees has been fed into the resource model;
 - 1.3.2 higher treasury income from higher interest rates has been factored in;
 - 1.3.3 the previous assumption of government funding declining in real terms has been replaced with the announced 3% increase in 2024/25 and an increase of 2% in 2025/26 followed by a cash freeze thereafter. That said, following the Autumn Statement which signalled a return to austerity, this assumption may be too optimistic. The impact of a 35% reduction in funding spread over the four years from 2025/26 has been modelled and the impact of this is included in the Risk section;
 - 1.3.4 the proposal that the Arts Centre element of the Old River Lane urban renewal scheme is postponed until the borrowing to construct the building becomes affordable. In the interim, it is proposed that a civic square would be constructed with services for the new arts centre provided in one corner of the square to promote the overall

CityHeart scheme. Capital expenditure on the Old River Lane Scheme contains capitalised salaries of officers managing and monitoring delivery of the scheme of £500k per year, split between the main CityHeart development and the Arts Centre site; and

- 1.3.5 at least £6 million of capital receipts are generated and are used to reduce the capital financing requirement and pay down external debt while enabling the capital investment priorities in the proposed MTFP to be delivered. Debt financing is held as a corporate cost in accordance with the accounting code of practice so this will reduce the corporate level of debt. Officers have identified another £4.6 million of potential asset sales and it is proposed that those receipts are used to finance the capital programme avoiding £392,533 per year in borrowing costs.

Assumptions within the MTFP following mitigation

- 1.4 The revised MTFP position is shown in Appendix A. Several key assumptions have been made in refreshing the MTFP and these are detailed in the following paragraphs.
- 1.5 The proposed MTFP takes into account the costs of the 2023/24 pay settlement which was more than the budget provision as well as the effects of inflation.
- 1.6 The Council Tax Base due to be set at Council in December is currently estimated to improve on the current MTFP assumptions and is 64,809.9. The assumptions provide for a prudent level of increase in the tax base overall whilst avoiding a potential Collection Fund deficit in 2024/25. Should the estimate of new properties fail to materialise or there is an upswing in Working Age Local Council Tax Support claims then this will result in a Collection Fund deficit which will be apportioned between East Herts, the County Council and the

- Police and Crime Commissioner according to the statutory calculation based on Council Tax Precepts and Demands. The growth assumptions in the tax base calculation have been set prudently to avoid optimism bias at 500 new properties per year.
- 1.7 The current planning assumptions on Retained Business Rates, Revenue Support Grant (RSG) and other grants is the expected roll forward and 3% increase already announced by ministers. Due to the difficulty of accurately predicting the make-up of the various funding streams before the provisional local government finance settlement the increase has been added to the General Government Grants line in the MTFP.
 - 1.8 An estimate of new burdens funding for the introduction of food waste collections has been made at £10 per property. The actual new burdens funding is expected to be announced sometime in December 2023.
 - 1.7 The cash contribution to pay off the past service deficit arising in the pension fund is as per the just completed triennial revaluation of the fund. For budgetary purposes this figure is rolled forward over the life of the MTFP but will in reality be reset in 3 years' time at the next triennial revaluation.
 - 1.8 Pay inflation, in line with inflation forecasts has been set at 5% in 2024/25 but remaining at 2% in future years. Contract inflation has been set at 4% in 2024/25 and 2% thereafter.
 - 1.9 The result is a deficit on the General Fund of £1.179 million. A number of savings proposals to bridge this gap have been developed with Leadership Team but are currently £115k short of the target in 2024/25 but increase to over £3 million in the next 3 years as some of the the proposals take time to implement. The majority of savings will be carried out by officers under existing delegations and involve areas such as reprocurring cheaper merchant acquiring fees on card payments,

restructure of senior management, maximising housing benefit payments in hostels and undertaking a service review of the Shared Revenue and Benefits Service. Once the draft financial settlement and new burdens funding is published there will be more certainty as to the total savings requirement.

- 1.10 The current capital programme has effectively used up the borrowing headroom that the revenue account is able to sustainably resource in the medium term and it is vital that the capital programme is tightly controlled and that any additions should not increase revenue costs. Newly emerging policies and strategies should be framed in the light of capital resources being scarce.
- 1.11 Members will be aware by now that there may be a need to borrow for capital investment but that this should only be where doing so yields savings over and above the costs of that borrowing. There is absolutely no further capacity for significant additional borrowing for new projects that do not make a positive return in the medium term. An example of an invest to save bid is where the council may purchase refuse vehicles at the start of the new contract where we can demonstrate that the saving covers the borrowing costs and makes a further saving by doing so. Officers have also identified a further £4.6 million of assets to be sold which would be used to finance the capital programme and save a further £393k in new borrowing costs.
- 1.12 The Transforming East Herts Programme is designed to modernise the council and deliver services that are digital by default ensuring end to end services are available 24/7 on the web. To be clear, there will still be a customer contact centre with members of staff on the telephone for those residents who cannot use digital services and/or need a customer contact agent to deal with complex queries. The speed at which services

are made digital is likely to be increased from April 2024 when the new card payment system goes live, the current system cannot take on new payment funds and is also not compliant with industry standards. Officers are looking at how best to increase the roll out of digitisation and the removal of manual processes.

- 1.13 There is one possible significant source of additional revenue not included in the MTFP due to the fundamental uncertainty of the amounts and timing. This is the extended producer responsibility regime. This has been delayed by DEFRA until 2025/26 but under this scheme the producers of cardboard packaging would be required to pay for the waste they introduced into the waste stream and so cash payments would be made to the council based on tonnages collected.

Revenue savings requirement

- 1.14 The above mitigations and assumptions result in the following savings requirements, before any potential smoothing of the delivery of the reductions:

	2024/25	2025/26	2026/27	2027/28	2028/29
Savings Target	£000	£000	£000	£000	£000
2024/25	183	183	183	183	183
2025/26		3,368	3,368	3,368	3,368
2026/27			0	0	0
2027/28				305	305
2028/29					304
	<u>183</u>	<u>3,551</u>	<u>3,551</u>	<u>3,855</u>	<u>4,159</u>

- 1.15 The Leadership Team has been working on proposals to close the budget gap for 2024/25 and savings of £996k will be

implemented by the Leadership Team under existing officer delegations. Further work is continuing on savings proposals and once completed will be considered by the Executive Member for Financial Sustainability and the Head of Strategic Finance and Property acting under delegated authority sought by this report, and presented to the Audit & Governance Committee for scrutiny.

2.0 Background

- 2.1 Significant uncertainty continues to dominate the context within which the council is working towards delivering a balanced budget over the medium term. The financial outlook remains unclear with a further one-year financial settlement anticipated for 2024/25 and, officers anticipate, in 2025/26 as either a new incoming government will not have had time to consider reform to the system or if the general election is held on the last possible day then the draft settlement will be issued by the outgoing government and the incoming government will have no time to do anything other than confirm that draft settlement. There is uncertainty whether key reforms to the financing of local government will be progressed and in particular any change from the current business rates system to a different form of property taxation for non-domestic properties. No party has declared a position on changing Council Tax which is not fit for purpose having never been subject to revaluation.
- 2.2 The council's business and financial planning is underpinned by the Corporate Plan and its priorities, which provide a clear focus for decisions about spending and savings and direct activity across the Council. The new Corporate Plan will be presented alongside the budget for consideration by Council on 28 February 2024.

2.3 Officers will continue to explore options to put to members to further reduce net cost to meet the savings targets. Given the financial position, which all the districts and boroughs in Hertfordshire are also facing, East Herts Council can no longer seek to protect the service offer to residents and hard decisions are required for this budget and future budgets.

3.0 Reason(s)

3.1 Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the council to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by government grant, Business Rates and Council Tax.

4.0 Options

4.1 Given the financial outlook there are limited options available to ensure a balanced budget. Any growth will need to be balanced by reductions elsewhere.

4.2 Members may propose a lower rate of Council Tax but this will result in compound revenue foregone from Council Tax which will be lost in perpetuity. This option, given the risks and uncertainty over the local government finance system, could lead to technical insolvency being reached years earlier under the 35% grant reduction scenario – see the risks section.

5.0 Risks

5.1 Significant uncertainty continues to dominate the context within which we are working towards delivering a balanced budget over the medium term. The financial outlook remains unclear with a further one-year financial settlement for 2024/25 and key reforms to the local government finance system now awaiting the result of the general election. The Autumn Statement

spending totals for the next few years implies real terms reductions for local government funding. The Labour Party has committed to keeping to the spending totals announced in the Autumn Statement so we must assume that if either the Conservatives or Labour win the next general election that government funding will not rise.

- 5.2 The MTFP is based on a cash freeze in government grants which would produce a real terms reduction in each year. We have assumed that this is the path government will take because the scenario of a repeat of funding reductions seen after 2010, the austerity period, will not be implemented as it would likely lead to the majority of local authorities becoming technically insolvent.
- 5.3 Officers have modelled an austerity 2 scenario of a 35% reduction in local government funding spread over 4 years from 2025/26 and the savings requirement would increase by £1.6 million in 2025/26 and imply spending on services being reduced to £13.8 million. Given that the spending on outsourced services will be c. £8.5 million and the ICT Shared Service spend will be c.2.9 million, that leaves £2.4 million to spend on directly provided services. Based on that figure it is difficult to envisage how services could be reconfigured within that resource envelope to deliver statutory service levels.
- 5.4 The adequacy of the General Fund balance to meet unexpected expenditure will be considered by the Head of Strategic Finance and Property and be reported to Council as part of his report under Section 25 Local Government Act 2003 on the robustness of the estimates made in drawing up the budget and the adequacy of the proposed level of reserves. However, the council has historically had relatively low levels of reserves, as a result of the Large Scale Voluntary Transfer of council housing

receipt from 2001, which created a negative Capital Financing Requirement of -£65 million which meant that capital expenditure could be incurred without any need to make Minimum Revenue Provision or set aside interest at the prevailing treasury rate. That negative Capital Financing Requirement has been used to support the capital programme in the last council and there is now a positive Capital Financing Requirement. The current earmarked reserve levels will be reduced in 2023/24 with the use of £3 million to fund Hertford Theatre. However, this will be repaid within 10 years as result of the capital receipts being applied to reduce debt levels and Hertford Theatre being put onto a commercial operating basis. The council will need to consider, if government funding or council tax referenda principles change to permit larger increases, whether the additional income is prioritised to build reserves levels up or is expended on services or to support new borrowing in the capital programme. As it stands, any large scale financial shock to the funding system could not be mitigated

6.0 Implications/Consultations

- 6.1 The council is required to consult with Business Ratepayers under s.34 Local Government Finance Act 1988.
- 6.2 Consultation with the public will involve asking about perceptions of value for money and the importance of services to them but not specifics of the budget proposals due to the technical nature of the budget papers and resource pressures within the council.

Community Safety

The budget underpins delivery of the Council's policies and priorities in relation to community safety.

Data Protection

No

Equalities

The Council has a statutory duty under the Equalities Act 2010, in particular s149. This includes the requirements on the Council to have due regard to the need to eliminate discrimination and harassment, to advance equality of opportunity, to foster good relations and to remove or minimise disadvantages suffered by persons who share protected characteristics.

Compliance with these duties in the Equalities Act does permit the Council to treat some persons more favourably than others, but only to the extent that such conduct is not otherwise prohibited.

In setting the budget, decisions on some matters may be particularly relevant to the discharge of this duty, particularly fees and charges concessions and an equalities impact assessment will be undertaken to assess and ensure compliance with this duty.

Environmental Sustainability

The budget underpins policies and priorities in relation to the environmental and sustainability areas.

Financial

These are contained in the main body of the report.

Health and Safety

No

Human Resources

The budget will provide a provision for a pay award of up to 3% but the actual award is subject to national NJC negotiations. This provision is set in the light of forward inflation estimates for September 2021 in the Bank of England Monetary Policy Report August 2021.

Human Rights

No

Legal

Council is required to set a balanced budget each year. The Local Government Finance Act 1992 (as amended by the Localism Act 2011) requires the council to estimate revenue expenditure and income for the forthcoming year from all sources, together with government grant and contributions from reserves, in order to determine a basic Council Tax Requirement.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates and adequacy of reserves to the Council when it is considering the budget.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year. The issuing of a Section 114 report requires the Full Council to meet within 21 days to consider the report and during that period the Council is prohibited from entering into new agreements involving the incurring of expenditure.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix A – Budget and Medium-Term Financial Plan

Appendix B - Capital Programme

Contact Member

Cllr Carl Brittain

carl.brittain@eastherts.gov.uk

Contact Officer

Steven Linnett, Head of Strategic Finance and
Property

01279 502050

Steven.Linnett@eastherts.gov.uk

Report Author

Steven Linnett, Head of Strategic Finance and
Property



General Fund Revenue Budget and Medium Term Financial Plan 2024/25 to 2034/35

2023/24	Cost of Services	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
349	Chief Executive	362	373	385	397	399	401	403	405	407	409
1,519	Communications, Strategy & Policy	1,626	1,683	1,731	1,780	1,836	1,894	1,954	2,016	2,080	2,146
2,193	Housing and Health	2,400	2,511	2,604	2,702	2,804	2,910	3,020	3,134	3,252	3,374
2,803	Operations	2,218	2,635	2,639	2,627	2,618	1,338	1,293	1,250	1,208	1,167
2,209	Planning & Building Control	2,345	2,429	2,504	2,581	2,634	2,688	2,743	2,799	2,856	2,914
960	Shared Revenues & Benefits Service	995	1,056	1,110	1,165	1,201	1,238	1,276	1,315	1,355	1,396
2,291	IT Shared Service	2,822	2,938	2,720	2,822	2,928	3,038	3,152	3,270	3,392	3,519
1,506	Legal & Democratic Services	1,597	1,651	1,700	1,750	1,786	1,823	1,861	1,900	1,940	1,981
570	Human Resources & Org Development	595	617	634	651	680	710	741	773	806	840
2,147	Strategic Finance & Property	2,567	2,867	3,149	3,429	3,551	3,677	3,807	3,942	4,082	4,227
546	Centrally Managed Costs	846	1,156	1,476	1,806	2,146	2,550	3,030	3,600	4,277	5,081
(150)	Revenue Costs Capitalised	(150)	(150)	(150)	(70)	(70)	(70)	(70)	(70)	(70)	(70)
238	Capital Expenditure Charged to a Revenue Account	3,238	550	550	650	650	650	650	650	650	650
17,181	Net Cost of Services	21,461	20,316	21,052	22,290	23,163	22,847	23,860	24,984	26,235	27,634
2023/24	Corporate Budgets	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Fees and Charges Annual Review	(50)	(100)	(150)	(200)	(250)	(300)	(350)	(400)	(450)	(500)
557	Minimum Revenue Provision	1,032	1,622	1,654	1,653	1,653	1,653	1,653	1,653	1,653	1,653
979	Interest Payable on Loans	2,955	3,026	2,558	2,469	2,381	2,292	2,204	2,116	2,027	1,941
(1,000)	Investment Income	(1,200)	(1,200)	(900)	(900)	(800)	(800)	(800)	(800)	(800)	(800)
637	Pension Fund Deficit Contribution	637	637	637	637	637	637	637	637	637	637
1,173	Total Corporate Budgets	3,374	3,985	3,799	3,659	3,621	3,482	3,344	3,206	3,067	2,931
	Savings implemented under existing delegations	(996)	(1,452)	(1,681)	(1,681)	(1,681)	(1,681)	(1,681)	(1,681)	(1,681)	(1,681)
0	Agreed savings proposals										
18,354	Total Costs	23,839	22,849	23,170	24,268	25,103	24,648	25,523	26,509	27,621	28,884

2023/24	Government Funding & Council Tax	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
(3,444)	Retained Business Rates - Business Rates	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)
(1,169)	Retained Business Rates - Section 31 Grants	(1,361)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)	(1,516)
(931)	New Homes Bonus Grant	(250)	(250)								
(111)	Revenue Support Grant	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)	(111)
(1,250)	General Government Grants	(2,449)	(1,608)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)	(1,716)
	New Burdens Funding - food waste collection	(650)									
(12,113)	Council Tax Demand on the Collection Fund	(12,652)	(13,130)	(13,625)	(14,137)	(14,668)	(15,218)	(15,788)	(16,379)	(16,991)	(17,624)
1,583	Collection Fund (Surplus)/Deficit	(500)									
(17,435)	Total Government Funding & Council Tax	(20,906)	(19,548)	(19,901)	(20,413)	(20,944)	(21,494)	(22,064)	(22,655)	(23,267)	(23,900)
919	Net Budget before Reserves movements	2,933	3,301	3,269	3,855	4,159	3,154	3,459	3,854	4,354	4,984
2023/24	Contributions to/(from) Reserves	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
589	Contributions to Earmarked Reserves	250	250								
(1,508)	Contributions (from) Earmarked Reserves	(3,000)									
	Contributions to General Fund										
	Contributions (from) General Fund										
(919)	Total Contributions to/(from) Reserves	(2,750)	250	0	0	0	0	0	0	0	0
0	Net Budget Position	183	3,551	3,269	3,855	4,159	3,154	3,459	3,854	4,354	4,984

Savings Target

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2024/25	183	183	183	183	183	183	183	183	183	183
2025/26		3,368	3,368	3,368	3,368	3,368	3,368	3,368	3,368	3,368
2026/27			0	0	0	0	0	0	0	0
2027/28				305	305	305	305	305	305	305
2028/29					304	304	304	304	304	304
2029/30						0	0	0	0	0
2030/31							0	0	0	0
2031/32								0	0	0
2032/33									195	195
2033/34										630
	183	3,551	3,551	3,855	4,159	4,159	4,159	4,159	4,354	4,984

APPROVED SCHEMES	Schemes expenditure to 31/03/22 £000	2022/23 Unaudited Outturn £000	2023/24 Forecast Outturn £000	2024/25 Original Budget £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000	2029/30 Estimate £000	2030/31 Estimate £000	2031/32 Estimate £(000)	2032/33 Estimate £(000)	2033/34 Estimate £(000)	Total (£000)
Revenue Expenditure Funded as Capital Under Statute (REFCUS)														
Community Capital Grants		0	48	50	50	50	50	50	50	50	50	50	50	548
Rivers and Watercourse Maintenance		48	400	-	-	-	-	-	-	-	-	-	-	448
Land Management Asset Register & Associated Works		50	50	-	-	-	-	-	-	-	-	-	-	100
Total REFCUS		98	498	50	50	50	50	50	50	50	50	50	50	1,096
TOTAL CAPITAL EXPENDITURE	56,514	15,430	31,322	7,307	1,452	2,326	900	900	900	900	900	900	900	120,101
FUNDED BY:														
Borrowing (Internal)				-	-	-	-	-	-	-	-	-	-	-
Borrowing (External)		(11,743)	(24,222)	(1,364)	-	-	-	-	-	-	-	-	-	(37,329)
Capital Receipts		(1,427)	(306)	(5,310)	(902)	(1,776)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(11,471)
Capital Grants Applied		(2,207)	(3,506)	(83)	-	-	-	-	-	-	-	-	-	(5,796)
Capital Expenditure Charged to a Revenue Account		(53)	(3,288)	(550)	(550)	(550)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(9,541)
TOTAL CAPITAL PROGRAMME FUNDING	(56,514)	(15,430)	(31,322)	(7,307)	(1,452)	(2,326)	(900)	(900)	(900)	(900)	(900)	(900)	(900)	(64,137)

APPROVED BUT NOT YET COMMITTED													
Schemes approved not yet committed													
Transformation Programme			2,500	2,500									5,000
Home Improvement Loans			140	140	140	140	140	140	140	140	140	140	1,400
Historic Building Loans			20	20	20	20	20	20	20	20	20	20	200
Capital Contingency - Major Projects			1,500	-	-								1,500
TOTAL APPROVED BUT NOT YET COMMITTED	0	0	4,160	2,660	160	8,100							
Funded by:													
Borrowing			(1,500)	-									(1,500)
Capital Receipts			-	-	-								-
Capital Grants Applied			-	-	-								-
Use of Earmarked Reserves			(2,500)	(2,500)									(5,000)
Capital Expenditure Charged to a Revenue Account			-	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(1,600)
TOTAL APPROVED BUT NOT YET COMMITTED	0	0	(4,160)	(2,660)	(160)	(8,100)							

NOTE:
Schemes Approved but not yet Committed are those schemes where past experience has indicated there are traditionally underspends or there are specific issues with a scheme proceeding that is outside the control of the Council. Approval by Council provides protection for the budgeted scheme for the year(s) indicated. Schemes are Committed by the Head of Strategic Finance in consultation with the Executive Member for Financial Sustainability. Virements are forbidden from these budgets without the authority of Council to prevent these budgets being committed to cover overspends or for immediate transfer to new schemes that do not have Council approval.

East Herts Council Report

Executive

Date of meeting: 21 December 2023

Report by: Councillor Tim Hoskin –Executive Member for Environmental Sustainability

Report title: Waste, Recycling and Street Cleansing Contract Service Design

Ward(s) affected: All

Summary – Executive agreed the service design for the new waste, recycling and street cleansing contract on 25 October 2022, along with new aims and principles of the Shared Service, based around delivering services which are both financially and environmentally sustainable.

Officers are currently undergoing a competitive dialogue procurement and are seeking a decision from Executive on further service design options that will be taken forward with the intention of supporting the long-term financial sustainability of the service and the Council.

RECOMMENDATIONS FOR EXECUTIVE

- a) That the Executive agrees that the service changes described in 3.2 c) of the report relating to the three-weekly collection of separated paper and cardboard predominantly in bins and the three weekly collection of the remaining dry mixed recycling (A 3,3,3 cycle as described in Appendix 3) be implemented as part of the new waste recycling and street cleansing contract which commences in 2025, the implementation date confirmation shall

be delegated to the Head of Operations in consultation with Project Board, but shall be within four months of contract commencement.

- b) That the Executive agrees that in the event that the Council is required to make a decision to provide fortnightly collection of residual waste that the dry recycling service shall be fully commingled.
- c) That the Executive agrees to the service changes described in 3.2 d) of the report relating to the removal of the requirement for a continuous street cleansing presence in town centres and moving the back to standard time to 9am be implemented as part of the new waste recycling and street cleansing contract in 2025.
- d) That the Executive agrees to the service changes described in 3.2 e) relating to a removal of approximately 30% of litter bins from predominantly outside the town centres be implemented as part of the new waste recycling and street cleansing contract in 2025.
- e) That the Executive agrees to the service changes described in 3.2 f) relating to a change to an input specification for high-speed road cleansing to once per year be implemented as part of the new waste recycling and street cleansing contract in 2025.
- f) That the Executive agrees to the service changes described in 3.2 h) relating to an extension of the bin delivery/repair Service Level Agreement (SLA) from 5 days to 9 days being implemented as part of the new waste recycling and street cleansing contract in 2025.

- g) That the Executive agrees to the service changes described in 3.2 i) relating to an extension of the missed bin rectification SLA from 5pm the next working day to 72 hours except for missed whole streets which will remain 5pm the next working day, being implemented as part of the new waste recycling and street cleansing contract in 2025.
- h) That the Executive agrees to the service changes described in 3.2 j) relating to a change in street cleansing SLAs being implemented as part of the new waste recycling and street cleansing contract in 2025.
- i) That the Executive agrees to the service changes described in 3.2 k) relating to reducing the number of items collected as part of bulky waste services from six to three being implemented as part of the new waste recycling and street cleansing contract in 2025.

1.0 Proposal(s)

- 1.1 That the service changes described in 3.2 c) of the report and described in 3.25 to 3.35 and Appendix 3 of the report relating to the three-weekly collection of separated paper and cardboard predominantly in bins and the three weekly collection of the remaining dry mixed recycling (A 3,3,3 cycle) be implemented as part of the new waste recycling and street cleansing contract which commences in 2025.
- 1.2 That in the event that the Council is required to make a decision to provide fortnightly collection of residual waste that the dry recycling service shall be fully commingled as described in 3.24 due to the likely continued decline in paper tonnage.

- 1.3 That the service changes described in 3.2 d) of the report relating to the removal of the requirement for a continuous street cleansing presence in town centres and moving the back to standard time to 9am be implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.4 That the service changes described in 3.2 e) and 3.16 to 3.19 of this report relating to a removal of approximately 30% of litter bins from predominantly outside the town centres be implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.5 That the service changes described in 3.2 f) and 3.20 to 3.21 of this report relating to a change to an input specification for high-speed road cleansing to once per year be implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.6 That the service changes described in 3.2 h) and 3.36 of the report relating to an extension of the bin delivery/repair Service Level Agreement (SLA) from 5 days to 9 days being implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.7 That the service changes described in 3.2 i) and 3.36 of the report relating to an extension of the missed bin rectification SLA from 5pm the next working day to 72 hours except for missed whole streets which will remain 5pm the next working day, being implemented as part of the new waste recycling and street cleansing contract in 2025.

- 1.8 That the service changes described in 3.2 j) and 3.12 to 3.14 of the report relating to a change in street cleansing SLAs being implemented as part of the new waste recycling and street cleansing contract in 2025.
- 1.9 That the service changes described in 3.2 k) and 3.37 of the report relating to reducing the number of items collected as part of bulky waste services from six to three being implemented as part of the new waste recycling and street cleansing contract in 2025.

2.0 Background

- 2.1. East Herts Council (EHC) and North Herts Council (NHC) entered into a Shared Service arrangement in 2017 and a joint contract was let which commenced in May 2018.
- 2.2. The service comprises a 'client' management structure located at the Buntingford Depot and two operational hubs comprising separate contractor management teams and separate contractor workforces for East and North Herts Councils.
- 2.3. The current service covers the requirements for the collection of waste and recycling from approximately 124,000 households and over 1,920 commercial customers as well as street cleansing services across East and North Hertfordshire.
- 2.4. In 2014, the Councils agreed to progress from a Strategic Outline Case to an Outline Business Case for the shared service specifically exploring potential additional savings in joint contracts, savings in client overheads including depot costs, governance and management proposals and jointly agreed policies to form the basis of a joint specification.

- 2.5. Prior to the formation of the shared service client team in December 2017, both Councils made unilateral decisions on the service offering to residents for waste, recycling and street cleansing services which formed the basis of the joint contract with Urbaser.
- 2.6. The independent decision making at each authority led to different decisions being made by North Herts Council and East Herts Council regarding the provision of services to residents.
- 2.7. At their respective Executive/Cabinet meetings on 19 April 2022 and 22 March 2022, new aim and principles for the shared service were agreed, focusing on efficient services which are environmentally and financially sustainable. The aim and principles are attached in Appendix 1.
- 2.8. At the respective Executive/Cabinet meetings on 25 October 2022 the service design for the new waste, recycling and street cleansing contract was agreed and minor changes to the specification were delegated to the Service Director of Place for NHC and Head of Operations for EHC, in consultation with Project Board.
- 2.9. On 21 October 2023 the government published its response to its consultation on the resources and waste strategy and resulting in proposed legislative and statutory guidance changes. Officers are in the process of reviewing the information and will be responding to a further consultation on the statutory guidance aimed at supporting the governments 'simpler recycling' proposals.

- 2.10. Some elements of the governments legislative and statutory guidance changes are not aligned with the current contract specification but at this stage there is insufficient clarity to make any further formal decisions. It is expected that further decisions will be required in mid 2024 once more detail is known.
- 2.11. Officers will work with consultants Eunomia and legal representatives Sharpe Pritchard to ensure that the procurement exercise can progress, as far as is reasonable practicable, on its current timeline and provide sufficient opportunities for any necessary changes required to the specification.
- 2.12 The initial tenders that were received identified that significant cost increases are likely from the waste, recycling and street cleansing services in the next contract. The competitive dialogue procurement process allows the Council to explore service design options which may present benefits to the Council.
- 2.13 Officers have considered the initial offers from bidders and discussed opportunities for specification changes with them, which are aligned with the Council's aims for high performance, but that will reduce the costs to the Council with minimal impacts on perceived performance.

3.0 Reason(s)

- 3.1. The initial tenders for the new contract have identified that the costs of a new contract will be significantly over budget and anticipated inflationary cost rises. Officers have therefore been in dialogue with bidders to explore options regarding changes to

the specification requirements, which may bring forward savings against their final bid prices.

3.2. Officers therefore considered alternative service design options in consultation with project board. The options considered included a variety of changes to the specification, most notably:

- a) A change from source separated paper to fully commingled dry mixed recycling
- b) The monthly (four weekly) collection of separated paper
- c) The three-weekly collection of separated paper and cardboard predominantly in bins and the three weekly collection of the remaining dry mixed recycling (A 3,3,3 cycle as described in Appendix 3)
- d) A removal of the continuous street cleansing presence in town centres and back to standard by 9am (including SLA changes identified in 'j' below).
- e) A removal of approximately 30% of litter bins from predominantly outside the town centres
- f) A change to an input* specification for high-speed road cleansing to once per year
- g) Removal of additional seasonal leaf fall clearance. (NHC Only)
- h) An extension of the bin delivery/repair SLA to from 5 days to 9 days.
- i) An extension of missed bin rectification SLA from 5pm the next working day to 72 hours with the exception of missed whole streets which will remain 5pm the next working day.
- j) A change in all of the following street cleansing SLAs

Type	Current Specification	Proposed
1 Cubic Metre fly tipping	2 working days	5 working days
10 Cubic Metre fly tipping	10 working days	10 working days or by agreement

		with the Supervising Officer
Grade B - Medium intensity Retail	6 hours	Remove rectification requirement for grade B.
Grade B - High Intensity Retail	3 hours	5 hours
Grade C - Medium Intensity Housing	48 hours	3 working days
Grade D - Medium Intensity Housing	24 hours	48 hours
Grade C - Low Intensity Housing	3 working days	5 working days
Grade D - Low Intensity Housing	48 hours	3 working days

k) To reduce the number of items collected as part of bulky waste services from six to three.

** In an 'input' specification the Council prescribes the frequency of cleansing which may or may not meet the needs of an area but limits the resource requirements and cost liabilities of the contractor. In an 'output' specification which is as currently drafted the contractor must ensure that cleansing standards are maintained regardless of the resource requirements and the full cost liability sits with the contractor. This liability and risk can lead to increased costs when the operational costs are high due to complexities in the operational resources needed and the extent of the work needed is unclear.*

3.3. A final decision is needed in order to progress with the procurement and not delay the mobilisation of the contract. Due to extremely tight timescales, it will not be possible to bring a

further report to Executive and Cabinet without delaying the procurement by a further three months. This would reduce the mobilisation time from approximately 13 months to around 10 months and impact on the successful mobilisation of the contract, including but not limited to the ability to procure new vehicles in time for contract commencement and sufficiently check data for new waste management IT systems and set up IT integrations.

3.4 See Part 2 Appendix 2 to this Report

3.5 See Part 2 Appendix 2 to this Report

3.6 See Part 2 Appendix 2 to this Report

Street Cleansing Proposals

3.7 During the week beginning 6th November officers met with bidders in dialogue to explore the affordability concerns of the Council and discuss the proposals described in 3.2 of this report to determine the benefits and disbenefits of the respective specification changes.

3.8 In the majority of areas the focus of officers has been to reduce the impact on the performance of the contract and the consequential appearance of the street scape by allowing more flexibility in operations from bidders.

3.9 Bidders have identified that by combining some of the elements in 3.2 they are able to use staff and vehicle resources more flexibly to deliver cost savings with minimal impacts on the appearance of streets.

3.10 For item 3.2 d) the removal of the continuous presence requirement does not necessarily mean there will be no continuous presence offered by bidders it merely means that

bidders can independently determine the necessary resource needed to deliver the standards required by the contract. The standards themselves have not changed.

- 3.11 For 3.2 d) the additional hour in the morning to bring town centres up to standard means that fewer early morning resources are required, and this also allows for the street cleansing standards required between 0900 and 1800 to be covered by one shift rather than it being necessary to operate two shifts. Footfall prior to 9am is generally lower than at other times of the day and dialogue with bidders has indicated that schedules would likely be built to tackle those areas with an extensive night time economy and early morning trading first but there are some risks of residents noticing a little more litter on their way to work.
- 3.12 In addition in 3.2 j) it is proposed to increase the Service Level Agreement (SLA) also known as the rectification time period from 3 hours for very low levels of litter (Grade B) in town centres to 5 hours. This again gives bidders the flexibility and the ability to best determine how to resource the contract and it will not always mean that it takes 5 hours to resolve minor problems as the contract standard remains requiring the standards to be maintained. It is also not proposed to change the response times in town centres for Grade C and D levels of litter and detritus which will be rectified more swiftly. The adjusted response times are still well within the guidance recommendations set out in the Code of Practice on Litter and Refuse (COPLAR).
- 3.13 In 3.2 j) other SLA changes are also proposed, these again allow bidders to have more resource flexibility. For example with fly tipping this gives more flexibility to operate zonally or use subcontractors for larger flytips rather than maintaining in house resources.

- 3.14 The proposed medium intensity SLA changes are not in line with COPLAR recommendations, however this does not mean that it will always take the maximum time for a resolution to a littering problem, nor does it prevent client officers requesting a more swift rectification. It is also important to note that these changes do not affect either parks and open spaces nor the response times necessary to rectify overflowing litter bins, which also vary depending on the area but are a maximum of 24 hours.
- 3.15 In 3.2 g) this proposes the removal of seasonal leaf fall. The predominantly affects NHC as EHC removed this requirement prior to the current contract. Any change in the provision of seasonal leaf fall management will be accompanied by other specification drafting to ensure that footpaths or roads which may become hazardous from slippery leaves or roads which are flood prone are effectively managed.
- 3.16 In 3.2 e) it is proposed to reduce the number of litter bins across the two districts by approximately 30%. This would equate to approximately 400 litter bins. This reduction would focus on street locations where there are two or more litterbins within close proximity and litter bins which have minimal use and would be supported by the new waste communications post who will be responsible for promoting the traditional 'take your litter home' messages. Officers are in the process of reviewing recent audit work to determine the locations most suited to removal.
- 3.17 It should be accepted that the removal of litter bins may have an impact in some streets, however some studies also show that litter bins can actually attract more litter than would otherwise be present.
- 3.18 It is not possible to sufficiently reduce contract resources and therefore contract costs associated with litter bins without a commitment to reducing litter bin numbers significantly.

Officers will use guidance from WRAPs Binfrastucture report to determine the most suitable locations for bins and this will remove the current differences across parishes and wards which have evolved and persisted through historical arrangements. In addition, the contract standards will remain for litter and the remaining litter bins.

- 3.19 Once officers are clear which litter bins are most suited to removal that Councillors be consulted to take account of local knowledge and help determine the final siting of remaining bins. The total number of bins in each area will be in line with the requirement to reduce the numbers across the district by 30%. Any changes will not affect bins in parks and open spaces.
- 3.20 Item 3.2 f) relates predominantly to dual carriageways but also some high-speed single carriageway roads where lane closures are required in order to undertake litter picking works safely. This work is extremely costly to the Council, whether provided in the contract or separately and we will require that where possible contractors will work together jointly to work on the road network both reducing impacts on road users and reducing costs to the taxpayer. Any change to this element of the specification would put the onus for meeting our statutory duties with the Council rather than our contractor. There are risks that public expectations and needs are in excess of the contractual requirements and consequently budgets and it would be necessary for councillors to accept that the high-speed roads may have periods where increased quantities of litter are visible. Officers will undertake regular assessments of the road network to determine if further work is needed between the scheduled cleanses.
- 3.21 It is not proposed to change the requirements for managing litter and litterbins in the laybys on high-speed roads.

Waste Management

- 3.22 Officers have explored with bidders three alternative service design solutions for waste and recycling collections identified in 3.2 a), b) and c), to determine if more financially sustainable alternatives exist. All three options explored will deliver collection contract cost savings.
- 3.23 The three options identified also impact on material sales and Material Recovery Facility (MRF) contracts. Paper entering the fully commingled stream has significantly less value (sometimes a significant cost) over paper collected separately in the current kerbside boxes. This is due to processing costs which are paid 'per tonne' for material sent to an MRF. The Part 2 Appendix 2 shows recent published domestic mill paper price indices. These are examples and are not based on our current contract prices which traditionally perform well due to high quality materials with low contamination.
- 3.24 The fully commingled option in 3.2 a) is a relatively simple solution for residents, however, will mean there are no bin collections on some weeks, only food waste caddy collections. It also presents risks around the achievability of savings due to the significant impact on the cost of processing paper through an MRF. It is likely however that paper capture will continue to reduce year on year due to consumer trends and more digital media. This could of course also increase the value of good quality source separated paper.
- 3.25 During the Executive report on 25th October 2022 a service solution in the event of a mandate for separate fibre was explored. Although the governments Simpler Recycling model has not mandated separate fibre officers have explored this model further as a cost saving option.
- 3.26 The service solution identified in 3.2 c) would mean residents would receive a weekly collection of food waste and a three

weekly collection of other recycling waste streams alongside the already agreed three weekly collection of residual waste. E.g.

Week 1 – Food, Containers & packaging e.g cans, plastics, glass

Week 2 – Food, Cardboard and Paper

Week 3 – Food, Residual waste

3.27 Garden waste would remain fortnightly for those residents who subscribe to the service.

3.28 This expanded extended frequency cycle would help to mitigate the costs of an additional bin collection as fewer rounds are required each week as well as reducing the additional carbon impacts of the introduction of the service as a whole. A more detailed summary of this proposal is provided in Appendix 3.

3.29 The capture of paper and cardboard could drop if these material streams were only collected via a box service. It would therefore be necessary to consider the roll out of wheeled bins, to the majority of the district.

3.30 The proposal is therefore to issue a new bin to all non-terraced houses. With maisonettes and terraced properties being offered an 'opt-in' choice whether they wish to have a bin or just utilise their existing box. The primary consideration for this proposal is that many terraced properties have only small frontages or front directly onto the road with no off street storage. There is an estimated Capital cost of £2,290,000 for providing new bins across the two authorities, based on the provision of 100,000 bins. Property numbers across the authorities are significantly higher than this but we estimate that there are approximately 26,000 flatted properties and 38,000 terraced properties and therefore this number is considered sufficient. Full details of the preferred solution from bidders is still to be discussed at dialogue and therefore there is opportunity for officers to refine the position on the provision of bins. There will also be an

ongoing cost for replacement/repairs and new build properties for the provision of a new bin.

- 3.31 In order to maximise the opportunity from issuing new bins it is proposed that in East Herts a new purple lidded 180L bin be issued which would become the new residual waste bin, with the existing residual waste bin becoming the commingled 'containers and packaging' bin and the existing commingled bin becoming the 'paper and cardboard' bin. (A similar change to that done in North Herts in 2013)
- 3.32 In North Herts a new blue lidded 240L bin would be issued which would become the new 'paper and cardboard bin replacing the box.
- 3.33 During the public consultation held during 2022 on waste services we asked questions regarding bin capacity 48.5% of North Herts residents and 85% of East Herts residents felt their recycling bin was full or overflowing, with 27% feeling they did not have enough recycling capacity. Under the existing system and existing proposed service solution for 2025 residents have a 240L bin and 55L box giving a recycling capacity of 885L over 6 weeks. Under the system proposed in 3.2 c) the capacity over 6 weeks would rise to 960L.
- 3.34 These changes would be supported by the previously agreed, at the 25th October 22 Executive/Cabinet, 'waste communications officer' post. It is however proposed to incorporate another temporary post into the service change directly responsible for 'fixing' issues which arise with containers. This staff member would be issued with a van and would assist with container swaps, delivery of ad hoc missing containers, restickering and resident run throughs to help residents adjusting to the change. Ad hoc deliveries/swaps can be expensive at the start of service changes when operating under a contract and therefore this is likely to be more cost effective than utilising the contract and

allows the contractor to focus on business as usual. It is proposed therefore to include for an additional post for initially 4 months and up to 6 months.

3.35 In addition officers will consider the benefits of utilising a phone app for service related reminders including bin collection days, sufficient details are not available for consideration in this report and therefore if proposed will be brought forward as part of the budget setting proposals in 2024.

3.36 Items 3.2 h) and i) relate to SLA changes to common contacts for the waste and recycling service. This will allow additional flexibility within the contractors resource to operate more zonally and we anticipate that extending the SLA for bin deliveries and repair will allow for more consideration of the repair requirements of the contract, when previously bin deliveries have been considered easier when meeting shorter SLAs. By adjusting the SLAs this will also likely reduce the risk pricing attached to the contract associated with the performance management regime (PMR).

3.37 It is proposed in 3.2 k) to reduce the number of items collected during bulky waste collections from up to six to up to three. This allows bidders to more effectively manage the efficiency of collections by not needing to allow time for tipping after every collection. In addition the Council is at liberty to consider changes to charges at a later date.

4.0 Alternative Options

4.1 Officers have considered the options regarding the service design described in 3.2 a) and b) in the report but these present either increased risks or the potential for increased overall costs when compared to the proposal.

4.2. Making no changes was considered but this would mean the council lost the expected financial benefits from this decision.

4.3 See Part 2 Appendix 2 to this Report

4.4 See Part 2 Appendix 2 to this Report

5.0 Risks

5.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

5.2 On 21 October 2023, DEFRA released details of their proposals in relation to 'simpler recycling' collections. It was positive that there was confirmation that there would be local choice on the extent to which recyclable materials could be commingled, as that reduces the risk in relation to the contract. However, there was an unexpected announcement that there would be a consultation on residual waste collections having to be at least fortnightly in frequency. That is a risk in relation to increased costs for service provision, but also adds complexity and risk into the contract procurement process. Officers are working with consultants Eunomia and legal advisors Sharpe Pritchard to mitigate these risks.

5.3 During dialogue meetings we have asked bidders to estimate the level of cost reductions that may arise from service and specification changes, as included in the part 2 report. These savings are estimates to support decision making but cannot be guaranteed. The final amounts could be lower or higher.

5.4 There is uncertainty over the take-up of a new paper and cardboard bin by terraced and maisonette properties. Therefore, the costs associated with the provision and future replacements of these new bins is uncertain.

5.5 See Part 2.

6.0 Implications/Consultations

- 6.1 Independent workshops were held with a small group of administration Councillors from East Herts Council (EHC) and North Herts Council (NHC) in September 2023 to discuss potential options for changes to the service specification on both waste and recycling and street cleansing. The findings from these workshops were then identified to Project Board on 2 October 2023.
- 6.2 Officers from Hertfordshire County Councils (HCC) Waste Department were consulted and are supportive of the council's aims to reduce residual waste. However, identified that the changes proposed around bulky waste collections may increase the use of recycling centres impacting on their capacity and residual waste captured at local sites. Although the number of items collected at a time will reduce under this proposal the council will not be limiting the number of collections which can be booked. Therefore, there will be a later consideration of the charges levied for this service which may more accurately reflect whether increases in the use of recycling centres may be expected.
- 6.3 Officers from Hertfordshire County Councils Highway Department were consulted and expressed concerns regarding any reduction in street cleansing impacting on damage to the road network and the build up of detritus in gullies. The Council has reassured HCC that the standards of the contract are remaining the same and a new 'winter preparation plan' is required in the contract which will aim to manage detritus in areas which may be prone to flooding.

6.4 Comments from the Overview and Scrutiny committee held on 30th November are contained in Appendix 4.

Community Safety

No

Data Protection

No

Equalities

No

An Equalities Impact Assessment was completed in October 2022 based on the current proposed service specification for the waste contract from 2025. Households producing large quantities of child or adult nappies will be supported by the provision of policies allowing for these properties to remain on fortnightly residual waste collections. A further assessment will need to be carried out depending on the nature of the final service specification options taken forward prior to contract award.

Environmental Sustainability

Overall, to date there are forecasted to be positive environmental impacts from changes to the waste contract for East and North Herts. These come, amongst other things, as a result of proposals to reduce frequency of general refuse collections from fortnightly to three weekly, meaning a reduction in emissions for NHC and a mitigation of emissions for EHC resulting from refuse freighter journeys, and an anticipated increase in resident recycling rates over time. Whilst outside the scope of the decisions being made, it is clear that there would be negative environmental implications if there was a Government decision to require at least fortnightly collection of residual waste.

The proposed introduction of a Waste Awareness Officer will also allow us to run more campaigns and events to support residents to reduce their waste and develop greater understanding of which items are recyclable. This will help residents to adapt to the contract changes which include a proposal to introduce plastic film into the recycling bin.

An environmental impact assessment was carried out in October 2022, based on the current proposed service specification for 2025 onwards. A further assessment will need to be carried out depending on the nature of the final service specification options taken forward prior to contract award.

Financial

Yes –

When the Council set its budget it assumed contract inflation of 4% in 2022/23 and 2.5% in the years after that. Actual contract inflation in 2022/23 will be £294k more than budget and with an estimated contract inflation of 18% next year will be a further spending pressure of £568k. These figures will add immediately to the savings totals the council has to make to balance its budget. Additionally, if council employee pay is settled at the national employer's offer to staff then this will add a further £312k corporate budget pressure in 2022/23 and in future years.

In the council's medium term financial plan a £1million increase is factored in to the waste budget from 2024/25 but inflation will erode this by at least £862k before new requirements of the government's mandated waste strategy are delivered. The proposed design of waste services were anticipated to lead to new pressures of circa £1.3 million as the amount set aside for the new contract will have been eroded by inflation. However information from bidders during the competitive dialogue phase of the procurement have indicated costs will be well in excess of this.

The net effect of inflationary pressures on the total amount of savings the council will need to find over the next 5 years is to increase the target figure to find from £1.6 million to £3.1 million. This is in addition to the £5.054 million in savings already built into the budget. This means that Members will face further hard decisions in order to balance the budget.

The Council's budget and Medium Term Financial Plan has had a core assumption that the new contract would be in line with the current budget plus £1.3 million for the implementation of food waste and inflationary pressures. That was on the basis that:

- There was no better information to go on, especially with unknown Government proposals in relation to consistent collections, Deposit Return Scheme and Extended Producer Responsibility.
- We have already put in place measures in the new contract specification that should help reduce costs (e.g. three weekly collections), but the exact financial impact was unknown.
- In addition to the core assumption, a risk was highlighted that there could be a risk of higher costs with the contract. This risk is what has now happened.

In addition to the contract costs an initial cost for the officer identified in 3.34 of the report has been identified as up to £8k (East Herts share).

In addition to the contract costs there is also the cost of new 180L bins. The cost of the bins themselves will be around £990k, plus there will be delivery costs estimated to be around £140K. The cost of the bins will be treated as capital expenditure. The Council has not previously capitalised bin delivery costs but will review whether this is allowed under accounting guidance.

There will also be an additional annual cost for paper and cardboard bins in relation to new properties and replacements where there are breakages. This is partly off-set by the reduction in costs for the

current boxes. The aim of the new contract is also to repair (rather than replace) more bins, which will also help reduce replacement costs. It is difficult to estimate the costs of replacements, but it is expected that they would start off low and then increase over time. The life of a wheeled bin should be at least 10 years, but replacement or repair is adhoc as required. The estimated costs are up to £4k capital with delivery costs estimated at under £1k for the first two years. Bins for new properties are not included in this total and will be funded through any developer contributions (where available) or growth in the Council Tax base.

As detailed in the risk section, there are uncertainties in relation to the recent announcement from DEFRA regarding frequency of residual waste collections. It is however unlikely that this will be mandated but may form part of statutory guidance. If it were not possible to extend the frequency of residual waste collections, then that would increase contract costs. Those costs could be higher than they would have been if DEFRA do not provide certainty as soon as possible. The availability of New Burdens funding for weekly food collection would help the Council's budget forecasts, but the amount of any funding is unknown and may not be known until later in 2024.

The purchase of new caddies for food waste has already been budgeted for in response to the report to Executive on 25th October 2022.

There are decisions that can be made in relation to waste services that affect the budget position, but do not relate to the contract specification (e.g. levels of fees and charges). These will have to be considered at some stage, but are not within the scope of this report.

Health and Safety

No

Human Resources

There are no direct human resources implications as a result of this report.

Human Rights

No

Legal

Yes – The Executive has authority to decide to proceed with a Competitive Dialogue procurement for the waste & recycling collection and street cleansing contract.

The proposals contained within this report will allow officers to consider alternative service design options within that Competitive Dialogue process in consultation with the Waste Project Board.

See Part 2 Report.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Appendix 1 – Aims and Principles of the Shared Service.

Appendix 2 – See Part 2

Appendix 3 – Summary of Extended Frequency 3,3,3 Service.

Appendix 4 – Comments from Overview and Scrutiny Committee.

[Code of practice on litter and refuse \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

['Binrastructure' - The right bin in the right place | WRAP](#)

Executive 25th October 2022 –

[Waste Service Design Report.pdf \(eastherts.gov.uk\)](#)

Contact Member

Cllr Tim Hoskin

tim.hoskin@eastherts.gov.uk

Contact Officer

James Ellis

James.Ellis@eastherts.gov.uk

Head of Legal and Acting Head of Operations

Report Author

Chloe Hipwood

chloe.hipwood@north-herts.gov.uk

Shared Service Manager – Waste Management

Appendix 1 – Aim and Principles of the Shared Waste Service

Waste Shared Service Aim

Delivering high quality and well performing services which are both financially and environmentally sustainable.

Waste Shared Service Principles

- a. Maintain and/or improve service standards through efficient working.
- b. Achieve service improvements, greater resilience, efficiencies, cost reductions or better performance through service alignment
- c. Deliver service changes aligned with the government's Resources and Waste Strategy which demonstrate a net environmental benefit
- d. Work in partnership with contractors to develop and evolve a carbon management plan identifying how operations can deliver year on year carbon savings and move towards services with net zero carbon emissions.
- e. Improve efficiencies and enhance the offering for chargeable waste and recycling services and explore commercial opportunities
- f. Work in partnership with contractors to explore new opportunities to reduce costs and ensure the delivery of financially sustainable services
- g. Providing residents and customers with improved and enhanced online self-serve opportunities delivering any service changes with this in mind
- h. Work in partnership with contractors to improve and modernise working practices and make our services an attractive place to work
- i. Work with the Herts Waste Partnership and other partners to share knowledge, best practice, reduce waste and embed circular economy principles in service delivery.

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

Document is Restricted

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

Document is Restricted

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

Document is Restricted

Proposal for extended frequency dry recycling collections with separate 'fibre' (paper and cardboard)

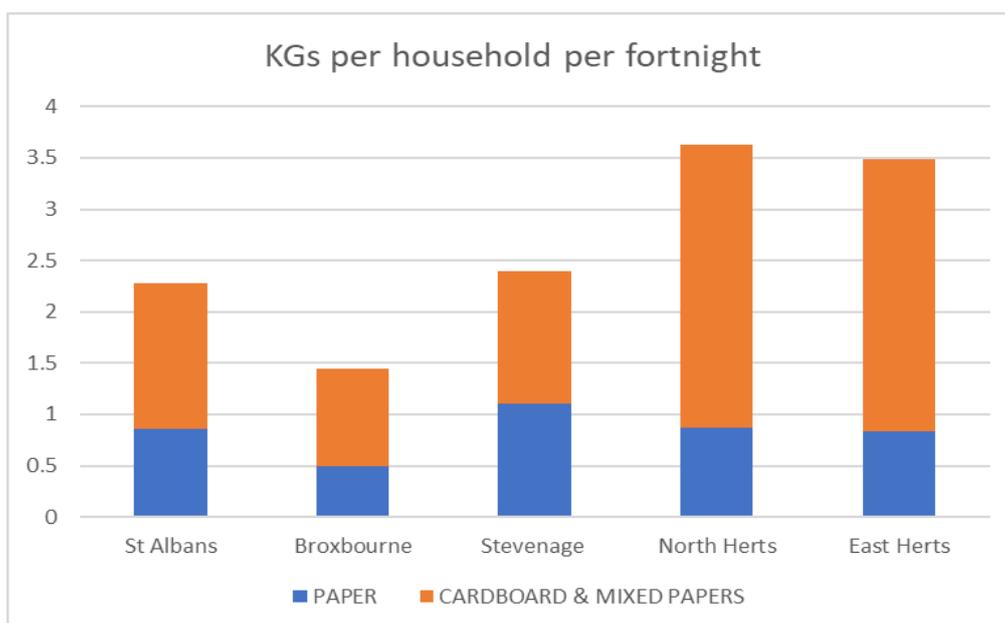
Preferred Proposal

- Introduce weekly food in EH
- Three weekly 180L residual waste
- Three weekly 'Fibre' bin – Paper and Cardboard
- Three weekly 'Containers' bin – plastic bottles pots, tubs, trays, film, aluminium and steel cans, glass
- Total capacity over 6 weeks = 1,458L
- Est. Recycling Rate = 58%-60%+

Capacity for households is reduced slightly from the current provision over a six-weekly cycle in line with waste minimisation principles. However, capacity provision is higher than the primary proposal agreed in the Cabinet/Executive meetings on 25th October 2022 for three weekly residual waste with fortnightly mixed dry recycling and a fortnightly paper box. This is due to the larger 'Fibre' bin size proposed for most households.

Collection costs are anticipated to be lower operating this model, in part due to operating 'standard' body vehicles rather than 'split' body vehicles and collection route optimisation from operating over three weeks rather than two.

Data below taken from the HWP Waste compositional analysis in 2021 shows capture rates for paper and card co-collected in local box services and our current paper only box and bin service (which captures cardboard).



Capture of cardboard/ mixed papers is likely to drop if collected in a box only service. Proposal is therefore for a 240L bin provision for the majority of households.

- **Does it reduce waste?** Yes, from reduced residual bin size and reduced residual emptying cycle. Also food waste reduces when separate food waste collections are introduced.
- **Does it increase recycling?** Yes, greater capacity for recycling in bins. Also food waste captured in EHC.
- **Does it reduce fleet carbon footprint?** Carbon impacts are mitigated, there are reduced fleet movements for a three-weekly cycle and operational efficiencies gained from operating standard body vehicles.
- **Does it reduce collection costs?** Cost are reduced from the service design agreed on 25th October 2022.
- **Are East & North Service aligned?** Yes
- **Is there Capital spend?** Yes, for the provision of new bins to the majority of households.

Appendix 4 - Minutes from Overview and Scrutiny Committee – 30th November 2023

Item ID	29695
Item Title	Waste Recycling and Street Cleansing Contract Service Design
Summary	<p>The Executive Member for Environmental Sustainability submitted a report reminding Members that the Executive had agreed the service design for the new waste, recycling and street cleansing contract on 25 October 2022, along with new aims and principles of the Shared Service which were based around delivering services which were both financially and environmentally sustainable.</p> <p>The Executive Member talked about the high profile of the Waste, Recycling and Street Cleansing Service which impacted on residents every week. He said that the service contract represented the largest spend each financial year. He also said that the contract impacted on the council’s ability to achieve carbon reduction and sustainability aims for the district.</p> <p>The Executive Member touched on the critical elements of the contract and said that Officers had worked with Members at East Herts and North Herts during the summer of 2022 to design services which would meet financial and environmental sustainability objectives.</p> <p>The Executive Member talked about the affordability issues that had been identified during the initial tenders that had been</p>

received. He said that a competitive dialogue procurement process was currently ongoing, and this had allowed Officers to explore service design options which may present benefits to the council.

The Executive Member said that Officers were seeking a decision from discussions this evening in respect of service design options that would be taken forward with the intention of supporting the long-term financial sustainability of the service and the council.

The Executive Member set out the context in which this process was taking place. He referred in particular to the publication on 21 October 2023 of the government's response to its consultation on the resources and waste strategy. He said that this had resulted in proposed legislative and statutory guidance changes and Officers were in the process of reviewing the information and had already and would continue to respond to further consultation and statutory guidance.

The Executive Member said that further clarity and detail would be known in mid-2024 and further decisions would be required once this detail was known. He said that this report contained a wealth of detail for Members to consider. He concluded that the proposals result from a competitive dialogue between officers and various bidders and represented an

opportunity to support the long-term financial sustainability of the new contract.

The Chairman asked about the mobilisation date for the new contract. The Shared Waste Services Manager said that this was May 2025. She confirmed that the life of the vehicles varied, and it was becoming apparent that electric vehicles had a somewhat longer life of 10 years. Members were advised that depreciation of vehicles was being planned on the basis of 8 years and small sweepers had a 4-year life.

Councillor McAndrew asked if the Executive Member or the Shared Waste Services Manager could give Members an understanding of when the contract went out to soft tender in the public domain. He asked about the independent workshops that had been held with a small group of administration Councillors. He expressed a number of concerns about the timeframe and that the decision making could not be held back.

The Shared Waste Services Manager said that this report was not the same paper that been submitted to North Herts Overview and Scrutiny. She said that the report to the North Herts cabinet (Executive) was not considered, and extra Overview and Scrutiny meetings had now been arranged at both East Herts and the equivalent at North Herts as well.

Councillor Buckmaster referred to inflationary pressures resulting from COVID-19 and the conflict in Ukraine. He said that planned capacity seemed to work as separating card and paper from other dry recycling can extend the collection time. He referred to the issue of the significant footprint of 4 wheeled bins and a food bin and many households would not have the space for this. He also referred to a potentially confusing collection cycle and said that this matter must go out to consultation due to the significant level of expenditure. He emphasised the importance of engaging and listening and referred to DEFRA guidelines regarding collection frequencies.

Councillor Buckmaster emphasised the need for additional street cleansing in areas that were known to be prone to flooding. He said that a lot of the material in the gullies had come off the roads and all local authorities had a role to play.

Councillor Andrews said that it was important that the matter of household footprint for bin storage was considered and in particular those residents who lived in Victorian and Edwardian or older properties that opened straight onto the street. He commented that centralised waste was not being encouraged in new developments.

Councillor Boylan asked for some clarity in the interests of transparency in terms of the workshops that were held. He asked who represented the council in formulating these proposals. The Executive Member said that the workshops were attended by himself, the Head of Legal and Democratic Services, the Head of Strategic Finance and Property, the Shared Waste Services Manager and the Executive Member for Financial Sustainability.

There was a general discussion in respect of the impact of the Waste, Recycling and Street Cleansing Service Design proposals on residents and the role of scrutiny in that process and the consultation process with residents.

Councillor Carter referred to the difficulties faced by a resident living in a maisonette in terms of the difficulties of disposing of recycling. She commented on the removal of public recycling bins and the possible use of bags instead of boxes of recycling. She asked whether consideration should be given to encouraging more communal recycling for residents living in maisonettes and flats.

The Executive Member referred to the difficulties of maximising recycling and maintaining the quality of recycling as the value fell right down for co-mingled recycling. He said the council could end up paying for co-mingled materials to be

recycled and by the most practical way forward was to have separate bins.

Councillor Jacobs asked and was given an answer on what research had been done regarding service design options in respect of the proposed smaller bins for residual waste. Councillor Andrews made a point regarding reductions in the amount of paper being recycled. The Executive Member said that the full fibre bin would cater for paper recycling and the increasing amount of cardboard recycling.

The Shared Waste Services Manager said that it was expected that the amount that needs to be disposed of as residual waste would continue to reduce. She said that North Herts had been using 180 litre wheeled bins since 2013 without any issue. Members were advised of research carried out into environmentally sustainable solutions.

Councillor Buckmaster said that 20% percent of residual waste was food and some of this was wasted food that could have otherwise been used. He said that he was supportive of a three-weekly collection of residual waste due to the extra capacity resulting from campaigns to reduce food waste and the alternative food waste bin.

Following a query from Councillor Jacobs, the Shared Waste Services Manager explained in detail how the new Waste,

Recycling and Street Cleansing Service would operate in terms of the bins and collections for residential properties.

The Shared Waste Service Manager clarified that there would be a capital cost incurred in providing new 180 litre bins across the district. She said that the figures presented to Members included a potential identified operational saving and there was also data presented in respect of additional contractual impacts.

Following a comment from Councillor Williams, the Executive Member talked about the removal of food waste having a positive effect in that the waste would not rot away in landfill and releasing methane which could instead be used in a controlled environment to produce power.

Councillor Carter asked about the possibility of trialling the issuing of sacks to residents of flats instead of blue boxes. The Shared Waste Services Manager said that Officers could take that feedback away for consideration. She reminded Members that the Council did offer assisted waste collection services and residents were able to apply for that support.

Councillor Clements made a point about a possible missed opportunity in terms of a number of options for a wider input into the contract service design. The Executive Member clarified the role that he had

undertaken along with the Executive Member for Financial Sustainability, assisted by the attendance of the Head of Legal and Democratic Services and the Head of Strategic Finance and Property.

Councillor Clements referred to the significant impact of removing approximately 30% of litter bins from predominantly outside the town centres when compared to some of the service level agreement (SLA) changes. He also asked where the final decision would be made as to whether the contract was acceptable.

The Shared Waste Services Manager confirmed that it would be the Executive that would make the decision on 21 December 2023. She explained that the final specification would be finalised following dialogue to secure the best financially and environmentally sustainable position.

The Head of Legal and Democratic Services explained in more detail the impartial scoring system used to select potential bidders for the contract. The Shared Waste Services Manager explained that the scoring system had been developed in consultation with a consultant and legal representatives for the council. She said that there had been oversight from the project board.

Councillor Nicholls commented on the importance of behaviour and asked if there

was a budget in place for marketing. She expressed a concern about a 30% reduction in litter bins outside of town centres.

Councillor Boylan commented on the need for conversations with parish councils so that they could be worked with before litter bins were removed outside of town centres. He commented on the importance of behaviour change and referred to the mess that was encountered first thing on a town centre morning.

The Executive Member said that some science would be applied in respect of where bins were not being used. The Waste Shared Services Manager said that the contractual standards had not changed in respect of street cleansing and that Members and/or parish councillors would have an opportunity to be involved in the work to review litter bin provision.

Councillor Boylan commented on whether reducing the number of items collected as part of bulky waste services from six to three could possibly present the council with a fly tipping issue. The Shared Waste Services Manager said that reducing the amount to three meant that more could be fitted onto a vehicle for collections and the majority of residents were using three or fewer items for collections.

Councillor McAndrew talked about the problems of street cleansing and drainage

problems caused by leaves and detritus blocking drains. The Executive Member said that the contract included provision for flood alleviation and there was provision for the policing of known flooding hotspots.

The Shared Waste Services Manager said that there would be no reduction in the standard or frequency of road sweeping and clearing activities in respect of leaf fall and detritus. A number of comments were made in respect of the need for behaviour change regarding litter.

The Head of Legal and Democratic Services drew the attention of Members to paragraph 3.14 regarding references to medium intensity changes to service level agreement not being in line with COPLAR. He talked about government guidance around residual waste and the cleanliness of streets.

Councillor McAndrew said that he felt that this decision should be taken at Council by all Members in the context of the holistic East Herts budget. He also asked about the option of calling in the decision.

The Head of Legal and Democratic Services said that this matter was an Executive Decision on the basis that decision making was taken at the lowest possible level of governance. He referred to the tight timescales and said that an Executive decision could always be called in but one

of the purposes of the issue being taken to Overview and Scrutiny was to eliminate the need for call in.

Councillor Buckmaster proposed and Councillor McAndrew seconded, a motion that Overview and Scrutiny Committee consider that the decision in respect of the Waste, Recycling and Street Cleansing Contract Service Design should be made by Council, on the basis that a decision would be made by all Councillors in the holistic context of the East Herts budget.

After being put to the meeting and a vote taken, the motion was declared LOST.

Councillor Nicholls proposed and Councillor Watson seconded, a motion that the comments of the Overview and Scrutiny Committee be passed onto the Executive in respect of the proposals outlined in the report.

After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that the comments of the Overview and Scrutiny Committee be passed onto the Executive in respect of the proposals outlined in the report.