

Away day

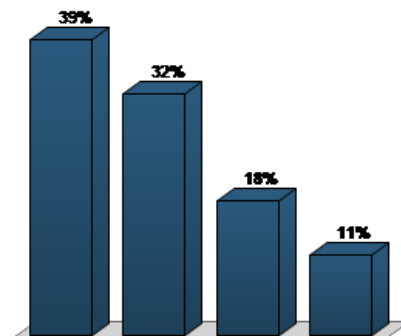
In May a member away-day was conducted to discuss aspects of sustainability and gauge a policy steer.

A series of questions were posed to members about methods of conducting projects to improve the district over and above our current spending commitments.

Below shows member responses at the beginning of the session:

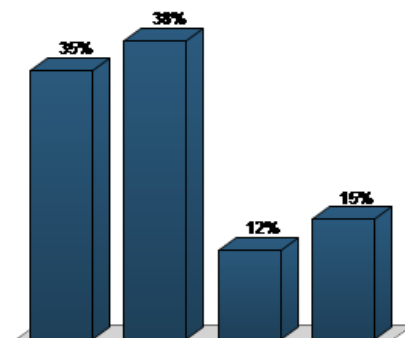
1. Increase council tax more than 2% (Multiple Choice)

	Responses	
	Percent	Count
No, not at all	39.29%	11
Would consider	32.14%	9
Comfortable	17.86%	5
Very Comfortable	10.71%	3
Totals	100%	28



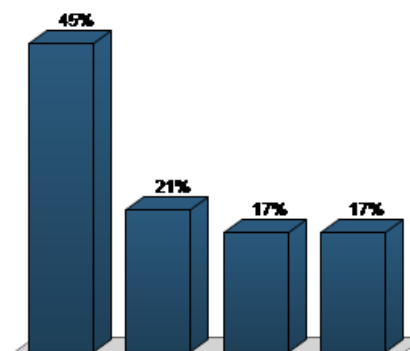
2. Increase fees/charges by more than inflation (Multiple Choice)

	Responses	
	Percent	Count
No, not at all	34.62%	9
Would consider	38.46%	10
Comfortable	11.54%	3
Very Comfortable	15.38%	4
Totals	100%	26



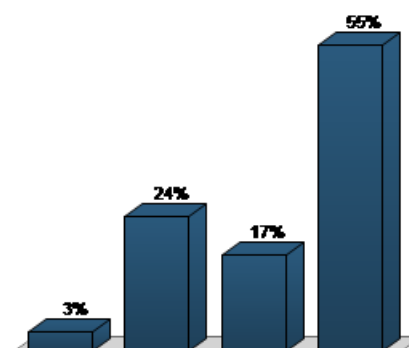
3. Cut non-statutory services and extras (e.g. Health and well-being agenda) (Multiple Choice)

	Responses	
	Percent	Count
No, not at all	44.83%	13
Would cconsider	20.69%	6
Comfortable	17.24%	5
Very Comfortable	17.24%	5
Totals	100%	29



4. Consider commerical innovation initiatives (Multiple Choice)

	Responses	
	Percent	Count
No, not at all	3.45%	1
Would cconsider	24.14%	7
Comfortable	17.24%	5
Very Comfortable	55.17%	16
Totals	100%	29



Members then broke into groups to conduct SWOT analyses of various case studies of initiatives other councils had undertaken under their sustainability agendas. The first session was prearranged groups and the second was optional, so that members could pursue analysis of initiatives they found most interesting.

Case Study A: Crowd-funding

Crowdfunding can have two major applications in terms of civic funding for the council

- Identification: Encourage community groups to use the platform to promote projects, making it easier to identify those which we would like to support
- Top-up: when our ambitions exceed our resources for certain projects, use this platform to look for extra funding in the local civil and business community
- Self-service: promote the platform to groups to raise money for projects entirely independent of the council

Spacehive.com is a crowdfunding platform designed for projects that enhance our shared civic life, be that sprucing up a local park, holding a community event, or repurposing a disused building.”

Spacehive allowed the Friends of Victoria Playing Field (FVPP) to partner with the District Council.

Council funds are limited so while they pay for equipment for the younger children the Friends of FVPPF took to Spacehive.com to top up funding for the project to provide equipment for a wider range of ages

- Initial work budgeted at £72,000.
- Raised £68,791 in donations from local people and businesses,
 - £18,000 used for initial works the rest for future development and maintenance.
- Council provided £44,000 S106 plus £10,000 from two locality budgets.

The first group's results:

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Low risk • Community engagement • Voluntary • Reduction in Council Tax? • Could hold in-house • Control • Local • Across all age ranges • Marketing / Working with town Councils 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Might find popular but not crucial • Mainly digital • Not good currently at responding to 'bad press' • Could be a one off contribution
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Raise profile • Tell a story • Council Tax reduction • Raised profile • Do more with existing assets such as Hertford Theatre / Inspiring • Engagement with others money / Hosts and POV holder • Grant opportunities could sell expertise 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Controlling – unsuitable • Expectations raised but not fulfilled • Not getting the message right • Bad marketing

The second group reported:

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Support and promotion of other 3rd sector • Ability to indicate wants and desires • 5106 • Council has relatively high profile • Can guarantee where the money goes 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Extra work to absorb • Conflicting loyalties
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Hertford Theatre • Shows we are a caring Council wanting to support community projects • Council wide (East Herts) projects 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Volunteers – everyone is at it • Potential costs to Council • Lack of engagement (businesses) • Political element (Cons Council)

Case Study B: Community Benefit Lottery

- Online lottery aimed at raising money for community groups
- The Gambling Act 2005 is the primary legislation, which permits various types of gambling including all types of lottery with varying degrees of control dependent upon the size of the lottery being operated. In basic terms a lottery is a kind of gambling that has three essential elements:
 - Payment is required to participate
 - One or more prizes are awarded
 - These prizes are awarded by chance.
- A local authority lottery is a lottery promoted by local authorities themselves. Authorities may use the net proceeds of such lotteries for any purpose for which they have the power to incur expenditure.
- Enables groups to raise money themselves without bearing set up costs for community group lottery
- Participants can specify what cause(s) their ticket money goes to

- No direct cost to council to run
- The gambling commission permits local authorities to license lotteries for the purposes of raises funds for local causes under the following conditions¹:
 - Local authority lotteries must apply a minimum of 20% of the gross proceeds of each lottery for any purpose for which it has power to incur expenditure.
 - Up to a maximum of 80% of the gross proceeds of each lottery may be divided between prizes and the expenses of the lottery.
 - The maximum value of tickets that can be sold in a single lottery is £4 million.
 - The maximum aggregate value of lottery tickets that can be sold in any calendar year is £10 million.
 - The maximum prize in a single lottery is £25,000 or 10% of the proceeds (gross ticket sales), whichever is greater.
 - Rollovers are permitted provided the maximum single prize limit is not breached
- Lottery facts
 - As of 2011 Hertford and Stortford constituency was ranked 511th out of 650 in terms of Big Lottery Fund spend nationwide.
 - Only 28p in the pound spent on national lottery makes its way back to the community
 - Community Benefit model sees 58p in the pound go to community groups

The first group's results:

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none">• Choices• It's people's choice with regards to what charity to support	<ul style="list-style-type: none">• Moral argument:<ul style="list-style-type: none">○ Should the council endorse a form of gambling?○ Gambling impacts the vulnerable○ Stealth tax on the poor• Counter point: this is a matter of personal choice

¹ <http://www.gamblingcommission.gov.uk/Licensing-authorities/Information-for-licensing-authorities/Local-authority-lotteries.aspx>

<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Council tax no longer funding grants • Help local people • Community support 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Space in the market place • Market saturated? • How to sell it to the public
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Group B's suggestion: Do some study and survey the market. A Community benefit lottery business case is being developed that will include the results of this.

The second group reported:

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Not a lot of administration • Trustworthy- run by council • D/D – restricts opportunity • Prize money 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Encourages gambling <ul style="list-style-type: none"> ○ If an area of high poverty preys on the vulnerable • Cost of promotion • Cost of administration – how would you fund • Saturated markets
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Gambling safeguards in place (age restrictions) • Smaller charities could benefit 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Market is saturated • Lost control of money going to causes • Charities -> kickback • Massive PR blunder

Case Study C: Solar Farm Investment

- Built on Council owned site
- Part of drive to commercialise their rural estate
- Contract awarded in Feb 2015
- First electricity generated 2nd Jan 2017
- Original cost ~£10,000,000
 - Increase by £500,000 due to open book order and pound's fall in 2016
- Projected income:
 - £350,000 per year (whilst paying off loan)
 - £1,000,000 per year (once loan paid)
- Payback period: 11.1 years
- Expected to operate for 25 years
- Powers 3,500 homes
- Plan to invest £28million more in renewables that provide a surplus

The first group's results:

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Potential high return rate over the life of the project • This has already been done elsewhere so this is a tried and tested model and others we could learn from • Clear community benefit in terms of environmental sustainability • The original asset (land) is still there at the end of the project • With our growth agenda, this could address the need to power additional homes without placing additional burden on existing energy infrastructure 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Does need significant capital investment with an overall payback just over 10 years (although this is less than half of the total asset life) • Disposal of equipment at the end of their useful life • Long-term liability in terms of payback time
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Could you explore private/public partnership to de-risk initial investment • Potential wider benefit to public through better rates for local people • Local business working on enhanced solar technology so would there be an opportunity to work with them as a pioneer? (Harlow based) • Any opportunities to attract new skills/new jobs through this type of investment? 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Would need to consider total cost especially as we don't necessarily own the right land for this so conditions for this sort of investment • Are there hidden costs (e.g. insurance against obsolescence etc.) • Any additional costs to homes if they want to benefit • Changes in legislation outside of our control (e.g. already seen the removal of green subsidy) • Technology changes e.g. better

<ul style="list-style-type: none"> • Potential for subsidiary business (e.g. sheep grazing etc.) • Smaller scale opportunities in terms of panels on our own buildings 	<p>technology taking over from solar</p> <ul style="list-style-type: none"> • Given our green belt coverage, how easy would it be to find suitable sites • How well known are any long-term implications
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The second group reported:

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • A real interest globally in renewable technology so could be real potential for partners to invest • Potential environmental benefits as well as financial • Any land that is used is still there after the useful life of the project has ended • This could provide competition for national providers especially if we could offer energy to local people • Potential for a high yield rate of return (on current business case as presented) 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Relies on availability of suitable land, which we currently don't have • The length of the payback period, 11 years although this is half of the expected life of the project
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • As this is emerging technology and a lot of investment is happening globally on improving it, are there further bolt-on options that may emerge • There could be opportunities to explore a broader portfolio of renewable technology as it is an emerging market • Could we also look at buildings we own, could we generate our own energy • Potential to structure local energy tariffs • Could we consider our local planning expectations to encourage/insist use of renewable for new developments • If there isn't suitable land in East Herts could we consider land elsewhere and still create community benefits overall 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Technology is advancing at such a pace – need to think carefully about when to enter the market • Reputational risk around where you could place this type of investment • Would need to understand the level of risk in terms of energy prices etc. and whether an 11 year pay back is actually realistic • Potential risks around legislation changes or advice from the Environment Agency

Summary of key points from the Solar Farm Case Study:

- General support for this type of investment if the business case supported it in terms of total costs and payback and consideration of risk
- Consideration would need to be given to working out the right time to enter this type of market, so where technology is rapidly developing choosing when to enter would be crucial
- Support for lower rates of return if wider social benefits could be gained, so for example in this case study around the potential for lower energy prices for local people
- If there was no benefit to the siting of an investment for local people (e.g. if this did not necessarily create local jobs), then less worried about location if the other social benefits could be gained (e.g. lower energy prices)
- Attracted to the broader benefits such as environmental sustainability that may not have a direct financial benefit to either the council or local people but a wider social benefit

Case Study D: Investment in Business Park

- Council invested in developing land purchased into a business park just over the boundary in another district.
- An “Invest to Profit” project. The total capital cost will be funded from borrowing without the need for any further capital contribution. Income generated from the completed scheme will cover the borrowing charges to repay the loan with any surplus income retained by the council.
- Developed because the local market could not deliver the facilities due to time for return.
 - The council is able to take a much longer term view and retain the asset till it is projected to provide a net surplus in rents.
- A first phase of development, comprising 2,787sq m (30,000sqft) of high quality, flexible employment space was delivered by the council through Direct Development. The scheme was completed in July 2015.
- Due to the success of this project the council is launching a similar development directly opposite.
- The proposed new development will be similar to phase one comprising c2,787sq m (30,000sqft) of high quality commercial workspace (subject to final designs).
- The scheme will incorporate sustainable technologies to minimise carbon emissions and running costs, potentially including: solar photovoltaic, increased levels of insulation, increased levels of natural daylight and ventilation and highly efficient heating systems.
- The project itself will help facilitate and create new job opportunities. By using Government Best Practice it is estimated that around 80 jobs (1 job per 35sqm) could be supported as a result of this investment.
- The decision to retain the site rather than sell on was based on commercial concerns:

- If the project were to be delivered and sold immediately on Practical Completion there is likely (subject to market values and final tender sum) to be a net cost.
- By taking a longer term, strategic approach and retaining the investment the rental income received over the schemes useful asset life (deemed to be 50 years) together with an estimated end value will result in a positive financial position.
- The driver for the project was economic development but guided by sustainability principles the council decided to retain and let the asset upon completion as this led to a net gain and stable source of income as well as an asset that could be sold later if needed.

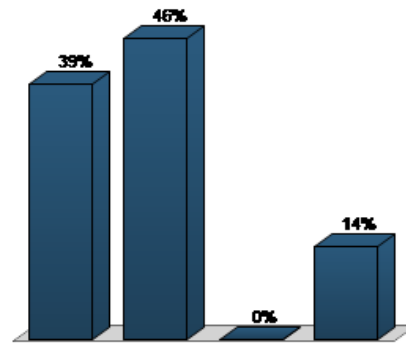
The collated results:

<p><u>Strengths</u></p> <ul style="list-style-type: none"> ● Good idea to generate income ● But would like wider benefits to local area ● Potential to compete/intervene in market ● Access to capital ● Improved economic prosperity/wider social benefit – potentially not realised if out of district ● Making better use of our own assets 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> ● We couldn't do it just on our own – would need a partner ● Need to find right partners ● Need better infrastructure ● Reputational/brand damage if it doesn't work ● Risks (financial) ● Lack of expertise and capacity ● Short term liability
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> ● Potential to target sectors ● GELO/Green infrastructure ● Jobs creation ● Need to ensure the space is flexible/modern units ● Compliment the market ● Joint ventures/Partnership approach – a big step to get to this ● Develop our own assets further ● Work with a potential partner ● Local employment ● Good infrastructure (e.g. utilities/broadband/transport) – needs more investment ● 24/7 community use ● Income generated long-term ● Cluster/target sectors ● Ability to develop our own expertise ● Forward thinking 	<p><u>Threats</u></p> <ul style="list-style-type: none"> ● Changing market for use ● Ability to future proof in terms of market, capital, sustainable infrastructure

Members were then asked the same questions on sustainability solutions as before the SWOT sessions.

1. Increase council tax more than 2% (Multiple Choice)

	Responses	
	Percent	Count
No, not at all	39.29%	11
Would consider	46.43%	13
Comfortable	0%	0
Very Comfortable	14.29%	4
Totals	100%	28



The changes from the first session are:

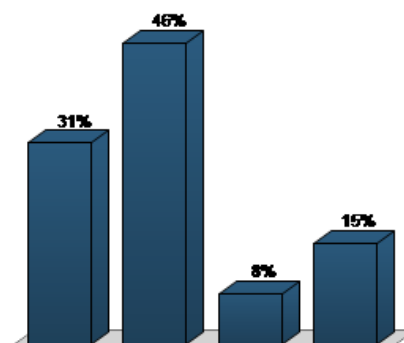
Changes:		
	Percent	Count
No, not at all	0.00%	0
Would consider	14.29%	4
Comfortable	-18%	-5
Very Comfortable	3.58%	1
	0%	0

Since the first session views diverged with a small increase in those who were very comfortable with further increases in council tax, but a large increase in would consider following a drop in those that were comfortable. The overall trend is a fall in how comfortable the members are with a further increase in council tax.

The overall support for this is very low with those that might consider it and those that would never consider it having a combined total of 85.72%.

2. Increase fees/charges by more than inflation (Multiple Choice)

	Responses	
	Percent	Count
No, not at all	30.77%	8
Would consider	46.15%	12
Comfortable	7.69%	2
Very Comfortable	15.38%	4
Totals	100%	26



The changes from the first session are:

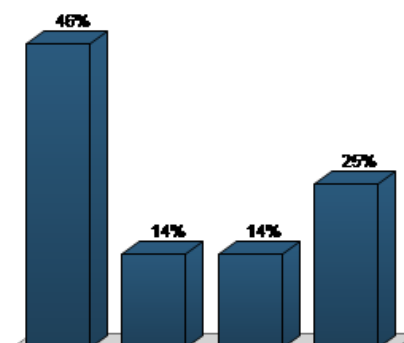
	Change	
	Percent	Count
No, not at all	-3.85%	-1
Would consider	7.69%	2
Comfortable	-4%	-1
Very Comfortable	0.00%	0
	0%	0

Both those comfortable and those that would never consider increasing fees and charges by more than inflation saw very slight falls consolidating in would consider.

The overall support for this is very low with those that might consider it and those that would never consider it having a combined total of 76.92%.

3. Cut non-statutory services and extras (e.g. Health and well-being agenda) (Multiple Choice)

	Responses	
	Percent	Count
No, not at all	46.43%	13
Would consider	14.29%	4
Comfortable	14.29%	4
Very Comfortable	25%	7
Totals	100%	28



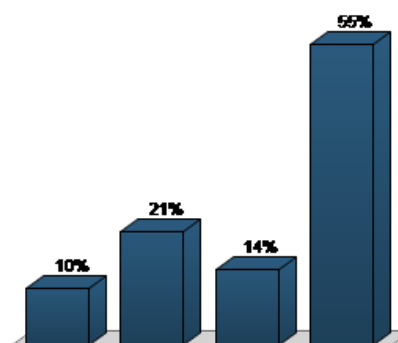
The changes from the first session are:

Change		
	Percent	Count
No, not at all	1.60%	0
Would consider	-6.40%	-2
Comfortable	-3%	-1
Very Comfortable	7.76%	2
	0%	-1

There was a slight increase in support for cuts with members moving from comfortable and would consider to very comfortable. However 46.43% don't believe we should do this and the combined total for the Nos and the ones who would consider but aren't comfortable is 60.72%

4. Consider commercial innovation initiatives (Multiple Choice)

Responses		
	Percent	Count
No, not at all	10.34%	3
Would consider	20.69%	6
Comfortable	13.79%	4
Very Comfortable	55.17%	16
Totals	100%	29



The changes from the first session are:

Change		
	Percent	Count
No, not at all	6.89%	2
Would consider	-3.45%	-1
Comfortable	-3%	-1
Very Comfortable	0.00%	0
	0%	0

Commercial innovation initiatives did not see an increase in support indeed there was a slight trend of support falling away. However those that were very comfortable with this option remained high at 55.17%, remaining the only option that had over 50% fully supportive. Supplemented by those who did not necessarily fully embrace it but were

comfortable for a combined total of positive support of 68.96%, this option is the most popular with members present.

Conclusion

Overall the main takeaway from the event was that members were supportive but cautious about adopting a sustainability policy with regard to the council's finances. Members felt that more work needs to be done to develop our understanding of the policy area and establish a council position on it.

Following member recommendations a combined member/officer task and finish policy group has since been established to explore this topic and potentially trial initiatives.