

EAST HERTS COUNCIL

EXECUTIVE - 11 DECEMBER 2018

REPORT BY JOINT OVERVIEW AND PERFORMANCE AUDIT AND
GOVERNANCE SCRUTINY COMMITTEES CHAIRMAN

JOINT OVERVIEW AND PERFORMANCE, AUDIT AND GOVERNANCE
SCRUTINY COMMITTEE UPDATE

WARD(S) AFFECTED: All

Purpose/Summary of Report

- This report summarises the discussions and recommendations made by the joint meeting of the Overview and Performance Audit and Governance Scrutiny Committee meeting on 20 November 2018.

RECOMMENDATION:

(A)	That Executive notes the discussions and recommendations of the joint OSC and PAGSC contained in the report.
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1.0 Background

1.1 The Overview and the Performance Audit and Governance Scrutiny Committees, in a joint meeting on the 20 November 2018, considered the following items:

- Medium Term Financial Plan, Budget Report and Service Plans 2019/10; and
- Progress Report on the Old River Lane Development.

A summary of their discussions and recommendations is set

out below.

2.0 Medium Term Financial Plan, Budget Report and Service Plans 2019/10

2.1 Isabel Brittain, Head of Strategic Finance provided a summary of the report which sets out and updates:

- Draft Service Plans for 2019/20;
- The Medium Term Financial Plan 2019/20 – 2022/23;
- The 2019/20 to 2022/23 Capital Programme; and
- Proposals for a 2.5% uplift to the 2019/20 Schedule of Charges.

2.2 It was noted that proposals should be considered within the national context of continued financial uncertainty and risk for local government.

2.3 The following issues were discussed:

2.3.1 The pragmatic approach to service's budgets that took account of wage realignments and the NJC pay review increments but assumed zero inflation in the cost of goods and services;

2.3.2 The relatively healthy state of the pensions reserve and likely impact on future contributions;

2.3.3 The correlation between the decline in the Revenue Support Grant and in the increase in the New Homes Bonus;

2.3.4 Inclusion of Fanshawe Pool in the Leisure Facilities Capital Programme;

2.3.5 Clarity of some performance measures: E-Taxis, fly-tipping, Herts and Ware Business Improvement District, Economic Planning Objectives;

2.3.6 The merits of the Council's Green Travel plan and associated modal shift ambitions.

The joint committee endorsed the Executive to recommend the following for approval by Council:

- A The draft service plans for 2019/20;
- B That the East Herts share of Council Tax be increased by £5 for 2019/20;
- C The updated position on the Medium Term Financial Plan and Budget for 2019/20 including the budget pressures and risks;
- D The new savings in 2019/20 as shown in Table 9;
- E Implementation of the Capital Programme as set out in Essential Reference Paper 'B'; and
- F A 2.5% uplift to the schedule of charges for 2019/20.

3.0 Old River Lane Development

3.1 The Chief Executive provided an overview of the project, its progress to date and the associated decision timeline.

3.2 The Chief Executive then presented the report which included the key milestones reached or required with respect to:

- A draft Heads of Terms to be signed with the development partner for ORL and an update on the process of selection (through the competitive dialogue route);
- A final brief and estimated budget for the Arts and Entertainment Centre;

- The estimated budget and final business cases for the Multi Storey Car Park and attached residential and commercial units at Northgate End and an update on the procurement of the design team, surveys and investigations; and
- The land required that is currently in the ownership of Hertfordshire County Council and Bishop's Stortford Town Council.

3.3 Discussions centred on the following:

- 3.3.1 The fact that running costs, capital investment etc are estimated and are dependent on the final investment by EHC, HCC, BSTC, and the winning developers design and bid. The Chief Executive confirmed that these details will become clearer over the next few months and will be in place for the final Council decision in March 2019;
- 3.3.2 The retention of the green space in the north east of the site for recreational purposes;
- 3.3.3 Concern about whether two pieces of land to be purchased have effectively become ransom strips. The council's property advisor noted that given the nature of the development being one that is in the public benefit of the whole of Bishop's Stortford, and the fact that the two pieces of land are both in public ownership, it is anticipated that all parties will work together to deliver fair value for any land in order to enable the delivery of the project.
- 3.3.4 The potential delay that could be caused by the Judicial review and the mitigation measures being undertaken to remove the risks posed by this process. The Chief Executive noted that in order to save time the proposed strategy is to request that the High Court quashes the original planning permission and that a variation to the planning application is submitted which should be considered by Development Management

Committee in January 2019 ;

- 3.3.5 The low expectations for financial return on the councils investment given the project's main ambitions are socio-economic improvements for Bishop Stortford;
 - 3.3.6 The legal status of the draft Heads of Terms document, where clarification was given that while not legally binding, the Heads of Terms sets out the broad terms of the agreement between the Council and the final developer which will form the basis of a legally binding document known as the 'Development Agreement'. It was agreed that the council's Legal Services manager will provide clarification to this effect;
 - 3.3.7 The default and termination terms that will need to be clarified. Officers confirmed that there will be a significant amount of detail to add to the final Development Agreement, such as these terms; and
 - 3.3.8 That a members briefing would be welcome providing clarification on these issues before full council.
- 3.4 The Joint Overview and Performance, Audit and Governance Scrutiny Committee brings to the Executive's attention that the committee:
- A Noted the update on the competitive dialogue procurement which is currently underway for a development partner at Old River Lane (Section 2.0);
 - B Scrutinised the latest brief for the Arts and Entertainment Centre (ERP B), the estimated budget for the centre and the likely funding partners, and forwards any comments to the Executive (Section 3.0);
 - C Scrutinised the draft Heads of Terms for the Development Agreement on the ORL main site (Exempt ERP C) ;

- D Scrutinised the final business case for the Multi Storey Car Park and adjoining residential/commercial units at Northgate End (Exempt ERP D), known as the 'Northgate End Developments', the estimated capital allocation for the build costs of these developments and the proposal to procure a contractor (Section 5.0);

- E Noted that the commencement of construction of the Northgate End Development is conditional upon the following:
 - i. Removal of the challenge to the planning permission granted in July 2018 or a new permission being granted (currently subject to judicial review);
 - ii. Capital funding being allocated by Council on 19 December 2018; and
 - iii. The final Heads of Terms for the main ORL site being approved by Council on 5 March 2019 and subsequently signed by the Council and Developer; and

- F Noted the land assembly requirements relating to land owned by Hertfordshire County Council and Bishop's Stortford Town Council. (Section 6.0)

4.0 Meeting of the Performance, Audit and Governance Scrutiny Committee

- 4.1 Following the Joint Meeting the Performance, Audit and Governance Scrutiny Committee held a short formal meeting to sign off the minutes of their meeting on 4 September 2018 and agree their work programme going forward.

- 4.2 There were no recommendations for Executive arising from this meeting.

Background Papers

None

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