

Public Document Pack



EXECUTIVE

Date: Wednesday, 18 November 2020

Time: 2.00pm

Location: Virtual (via Zoom)

Contact: Ian Gourlay (01438) 242703

committees@stevenage.gov.uk

Members: Councillors: S Taylor OBE CC (Chair), Mrs J Lloyd (Vice-Chair), L Briscoe, R Broom, J Gardner, R Henry, J Hollywell and J Thomas.

AGENDA

PART I

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 6 OCTOBER 2020

To approve as a correct record the Minutes of the meeting of the Executive held on 6 October 2020 for signature by the Chair.

Pages 5 – 12

3. MINUTES OF OVERVIEW & SCRUTINY COMMITTEE AND SELECT COMMITTEES

To note the following Minutes of meetings of the Overview & Scrutiny and Select Committees –

Environment & Economy Select Committee – 22 September 2020

Overview & Scrutiny Committee – 23 September 2020

Overview & Scrutiny Committee – 13 October 2020

Community Select Committee – 21 October 2020

Pages 13 – 28

4. COVID-19 UPDATE

To consider a verbal update / presentation on the Covid-19 pandemic.

5. BIODIVERSITY SUPPLEMENTARY PLANNING DOCUMENT (SPD): PUBLIC CONSULTATION

To consider and approve the draft Biodiversity Supplementary Planning Document (SPD) for public consultation.

Pages 29 – 90

6. DEVELOPER CONTRIBUTIONS SUPPLEMENTARY PLANNING DOCUMENT (SPD): PUBLIC CONSULTATION

To consider and approve the draft Developer Contributions Supplementary Planning Document (SPD) for public consultation.
Pages 91 – 132

7. HERTFORDSHIRE GROWTH BOARD - PROPOSED FUTURE GOVERNANCE ARRANGEMENTS

To consider and establish the Hertfordshire Growth Board and Hertfordshire Growth Board Scrutiny Committee as formal joint committees under the Local Government Act 1972 and Local Government Act 2000.
Pages 133 – 170

8. MID YEAR REVIEW OF 2020/21 TREASURY MANAGEMENT STRATEGY

To consider the 2020/21 Mid Year Treasury Management Strategy Review.
Pages 171 – 196

9. HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY UPDATE (2020/21 -2024/25)

To consider the Housing Revenue Account Medium Term Financial Strategy Update (2020/21 – 2024/25).
Pages 197 – 234

10. SECOND QUARTER REVENUE MONITORING REPORT 2020/21 - GENERAL FUND

To consider the Second Quarter General Fund Revenue Monitoring Report 2020/21.
Pages 235 – 244

11. SECOND QUARTER GENERAL FUND CAPITAL MONITORING REPORT 2020/21

To consider the Second Quarter General Fund Capital Monitoring Report 2020/21.
Pages 245 – 260

12. URGENT PART I BUSINESS

To consider any Part I business accepted by the Chair as urgent.

13. EXCLUSION OF PRESS AND PUBLIC

To consider the following motions –

1. That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as

described in Paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

14. NEW STATION NORTH MULTI-STOREY CAR PARK

To consider a Part II report seeking approval to progress proposals for a new Multi-Storey Car Park to be built on the existing Station North surface car park.
Pages 261 - 284

15. URGENT PART II BUSINESS

To consider any Part II business accepted by the Chair as urgent.

NOTE: Links to Part 1 Background Documents are shown on the last page of the individual report, where this is not the case they may be viewed by using the following link to agendas for Executive meetings and then opening the agenda for Wednesday, 18 November 2020 – <http://www.stevenage.gov.uk/have-your-say/council-meetings/161153/>

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STEVENAGE BOROUGH COUNCIL

EXECUTIVE MINUTES

Date: Tuesday, 6 October 2020

Time: 2.00pm

Place: Virtual (via Zoom)

Present: Councillors: Sharon Taylor OBE CC (Chair), Mrs Joan Lloyd (Vice-Chair), Rob Broom, John Gardner, Richard Henry, Jackie Hollywell and Jeannette Thomas.

Also Present: Councillor Phil Bibby CC (observer).

Start / End Start Time: 2.00pm
Time: End Time: 4.24pm

1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillor Lloyd Briscoe and for lateness from Councillor John Gardner.

There were no declarations of interest.

2 **MINUTES - 16 SEPTEMBER 2020**

It was **RESOLVED** that the Minutes of the meeting of the Executive held on 16 September 2020 be approved as a correct record for signature by the Chair.

3 **COVID-19 UPDATE**

The Executive considered a verbal update/presentation from the Strategic Director (RP) on the Covid-19 pandemic.

As well as summarising some of the SBC Response and Recovery highlights, the key elements of the presentation included:

- Nationally, the confirmed number of coronavirus cases since the end of August 2020 had increased significantly to numbers above first wave peak levels, but hospitalisation and deaths had not seen a corresponding increase;
- The current cases per 100,000 people in Stevenage was 11.4 (the lowest in Hertfordshire, although this was updated at the meeting to 12.54), compared to the average for England of 28;
- The national Covid-19 alert level had been raised to Level 4, meaning transmission was “high or rising exponentially”. The new measures announced by the Government in response to this raised alert level were summarised;
- The NHC Covid-19 app had been rolled out, with features including risk alerts, QR check-in at venues, symptom checks and test booking;
- A new Jobs Support Scheme would be replacing the existing Furlough Scheme

in November 2020;

- Stevenage had seen a total of 77 cases during September 2020, with a weekly peak of 32 during the w/c 7 September 2020;
- Local response developments had included the establishment of a county-wide Events and Gatherings Co-ordination Group and a multi-agency Enforcement Steering Group. The Outbreak Tactical Co-ordinating Group was meeting daily to look at the number and nature of cases and to agree mitigation activity;
- Operation Shield/Sustain – a response plan and checklist had been produced to respond to a second peak or local lockdown;
- Hertfordshire Local Enterprise Partnership had released a County Recovery Plan to prepare for the future (in the light of increased claiming for financial support; 28% of employed staff being on furlough; and the potential risk to 60,000 jobs due to the recession);
- Local Test and Trace – SBC was participating in a local contact tracing pilot scheme; and all Boroughs/Districts had been asked to identify suitable locations for Local Test Sites which could become operational in the event of a local surge in cases;
- SBC's Medium Term Financial Strategy had been modelled with a Covid-19 impact of loss of around £8.6M (Government funding received to date to offset this loss was £1.2M, with another £1.5M - £1.7M still to be claimed as part of the income guarantee scheme); work was underway to develop plans for future year's savings (£1M - £1.3M needed for 2021/22); the Revenues & Benefits Team were to administer £500 isolation payments from 12 October 2020; and
- The Stevenage Together Partnership was working on a joint recovery action plan for the town, covering areas from health, to jobs and skills, environment, regeneration and support to those who needed it most.

The following issues were raised by Members during the presentation:

- Officers were requested to improve communications with residents across the Borough and businesses in the Old Town area regarding the reasons behind the Covid-19 related restrictions introduced in the High Street, including the key messages behind the footway/highway width changes and the loss of some parking spaces, offset by the use of 120 spaces (free for 3 hours) in the Former Waitrose Car Park. On this latter point, the Leader asked that clear signage be provided in the High Street directing car users to the Former Waitrose Car Park;
- The Strategic Director (RP) was asked to contact the Hertfordshire Director of Public Health to ascertain the latest position with regard to the availability/supply of the flu vaccine and to inform Executive Members of the response;
- It was confirmed that it would be the responsibility of the Local resilience Forum to authorise any re-introduction of Operation Shield/Sustain activities in the case of a Local Outbreak or increased lockdown;
- It was clarified that, at present, the majority of contact tracing was carried out by NHS Test and Trace based on those testing positive for Covid-19 and providing contact lists, rather than via those individuals using the NHS Covid-19 app.;
- The Council was continuing to work with Stevenage Leisure Limited (SLL) on

service delivery, although it was acknowledged that the existing difficult financial position could be exacerbated should SLL's bid for Culture Recovery Fund monies be unsuccessful;

- As a contribution to Black History Month, Officers were requested to give consideration to the publication of material recording the contribution of black people to the life and growth of Stevenage, and that work should be done on this in time for Black History Month 2021;
- It was confirmed that the £500 isolation payments would be paid by the Revenues and Benefits Team to qualifying individuals (subject to the relevant Government Department confirming their eligibility);
- The Strategic Director (RP) informed the Executive that he would be producing a weekly Covid-19 update/bulletin to be sent to all Members.

It was **RESOLVED** that the Covid-19 update be noted.

4 WORKFORCE STRATEGY 2020-2023

The Executive considered a report seeking approval of the Workforce Strategy 2020-2023.

The Portfolio Holder for Resources advised that the Workforce Strategy was a critical enabler for delivering the Council's strategic ambitions over the next three years. It was through its people that the Council would aim to deliver the nine corporate priorities identified in the Future Town, Future Council Programme.

As part of the development of the Strategy, the Portfolio Holder for Resources explained that consultation had taken place with Members, the Senior Leadership Team and Trade Unions. Additionally, feedback had been received from staff via surveys. As part of the research associated with drafting the Strategy, officers had also engaged with other external partner networks and reviewed other employment research into the changing ways of working.

The Portfolio Holder for Resources commented that there were five key themes to the Strategy, namely:

- New ways of working – the development and embedding of a model of work being a thing we do, rather than a place to go. Technology would be utilised to enable work to be delivered in the most appropriate location for the task - be that working from home, an office, or in the community to deliver the Council's neighbourhood management ambitions, whilst also recognising the value of bringing people together for that shared sense of purpose;
- Attracting and retaining the best people – The Council would continue to strive to attract the most capable people to build an exceptional, diverse and culturally safe workplace. The employee experience would be aligned to SBC's values, vision and future organisational needs, and aspirations to deliver services in-house wherever possible;
- Inclusion and Wellbeing – The Council would be known for nurturing a progressive, inclusive, safe and healthy working environment. Inclusion replaced previous references to equality and diversity, with inclusion being considered a broader concept of embracing and valuing the contributions of

- everyone regardless of their background;
- Communication and Engagement - Effective internal communication was central to developing trust, engagement and productivity across the workforce; and
- Organisational Development - Developing a culture of personal accountability, with an increased focus on productivity and pride in delivering innovative and excellent customer service to residents.

The Senior Human Resources Manager confirmed that the Strategy had been drafted to align with the Council's other main strategic documents

The following issues were raised during the debate:

- The Leader's recommended addition of the word "inclusive" between the words "Build an" and "empowered and engaged workforce..." in the "People vision" box on Page 5 of the Strategy was supported;
- At an appropriate time in the future, Officers were requested to provide Members with the longer term impacts/effects of homeworking amongst staff; and
- It was confirmed that if major changes occurred regarding Covid-19, such as an effective vaccine, officers would react immediately and would not wait until the annual review of actions and targets.

The Executive accepted two additional recommendations proposed by the Portfolio Holder for Resources, namely that a key action from the Workforce Strategy would be the development of a workforce Equality and Diversity Policy; and that the Workforce Strategy would be an enabler of workforce productivity and the methodology and measurement would be included in the action plan and would be done in consultation with the trade unions.

It was **RESOLVED:**

1. That the Workforce Strategy for 2020-2023, as attached at Appendix A to the report, and as amended, be approved.
2. That it be noted that the implementation plan may be revised due to changing circumstances and workforce requirements, and that approval for such changes be delegated to the Senior Human Resources Manager, after consultation with the Portfolio Holder for Resources.
3. That a key action from the Workforce Strategy will be the development of a workforce Equality and Diversity Policy.
4. That the Workforce Strategy will be an enabler of workforce productivity and the methodology and measurement will be included in the action plan and will be done in consultation with the trade unions.

Reason for Decision: As contained in report; 3. and 4. To widen the scope of the Workforce Strategy and supporting documentation.

Other Options considered: As contained in report.

5 CORPORATE PERFORMANCE - QUARTER ONE 2020/21

The Chief Executive introduced a report regarding the Council's Corporate Performance for Quarter One of 2019/20 (April to June 2020).

The Chief Executive reminded Members that, in the context of Covid-19, a review of the Future Town Future Council (FTFC) programme was completed in May 2020 for the financial year 2020/21, to help identify which planned projects could be delivered or, where necessary, adapted. The key deliverables for each FTFC programme were then reported to the Executive in July 2020.

The Chief Executive added that, at the same time, a suite of performance measures and targets was agreed for 2020/21. The approach taken was that targets for the majority of performance measures would be set in line with actual or target performance at the equivalent period in the previous year. This helped to establish the level to which Covid-19 was impacting on performance and to inform where activity and resources needed to be directed.

The Chief Executive advised that, of the 54 Performance Indicators monitored during Quarter One, 38 were at green status; 3 were at amber status; 12 were at red status; and one was not available (Percentage of calls to the Customer Service Centre [CSC] resolved by CSC Advisors).

The Chief Executive explained the reasons for the amber, red and not available items, and the improvement proposals for each item.

The Chief Executive summarised a number of Future Town, Future Council (FTFC) Programme performance highlights during Quarter One.

It was **RESOLVED:**

1. That the delivery of priorities which form the Future Town, Future Council Programme and performance of the Council across the key themes for Quarter One 2020/21, together with the latest achievements, be noted.
2. That the impacts of the Government directive on housing rough sleepers during Covid-19 be noted, and that future Housing First plans be endorsed (Paragraphs 3.80 to 3.86 of the report).
3. That the impacts on the Council's Housing Options Service from the Government directive on evictions and the Covid-19 pandemic be noted, and that future Housing First Plans be endorsed (Paragraphs 3.74 to 3.79 of the report).
4. That the impacts of Universal Credit and Covid-19 on the rent collection rate be noted and action plans endorsed (Paragraphs 3.87 to 3.95 of the report).
5. That the impacts of Covid-19 on the following area be noted and plans endorsed:

- Community Safety issues (Paragraphs 3.99 to 3.105 of the report);
 - Job Creation through the Business Technology Centre (Paragraphs 3.107 to 3.111 of the report);
 - Ability to inspect food establishments (Paragraphs 3.112 to 3.113 of the report);
 - Issues with the letting of Council garages (Paragraphs 3.114 to 3.120 of the report);
 - Collection of Council Tax and Non-Domestic Rates (Paragraphs 3.152 to 3.154 of the report);
 - Ability to identify and remove Housing Revenue Account/General Fund savings (Paragraphs 3.155 to 3.157 of the report).
6. That the level of void loss be noted and the improvements be endorsed (Paragraphs 3.95 to 3.98 of the report).
 7. That the changes in the process to recruitment be endorsed (Paragraphs 3.144 to 3.145 of the report).

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

6 HERTFORDSHIRE HOME IMPROVEMENT AGENCY - 24 MONTH REVIEW

The Executive considered a report on the Council's second year of participation in the Hertfordshire Home Improvement Agency (HHIA), a joint agency of five Hertfordshire Borough/District Councils (including SBC) and Hertfordshire County Council.

The Portfolio Holder for Housing, Health and Older People advised that, as well as providing a progress update, the report also outlined how the HHIA had responded to an audit of the service. She added that the report highlighted the improvements that had been made to the service over the past year and how performance would be assessed on an ongoing basis.

The Assistant Director (Planning & Regulation) referred to the HHIA Key Performance Indicator information on Disabled Facilities Grants for years 2017/18 (the final year of the service being run in-house), 2018/19 and 2019/20, which showed a significant improvement in performance during 2019/20.

The Executive requested the Communications and Marketing Team to draw up an easy to follow guide for residents on the processes to go through in applying for aids and adaptations/Disabled Facilities Grants for their properties, including an article in the Council's Chronicle magazine; an infographics sheet; an item on the SBC website; and social media coverage.

It was **RESOLVED:**

1. That the performance of the Hertfordshire Home Improvement Agency (HHIA) over the last 12 months be noted.

2. That the Council's continued participation in the HHIA be endorsed.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

7 COUNCIL TAX SUPPORT SCHEME 2021/22

The Executive considered the proposed Council Tax Support Scheme for 2021/22, which would be approved as part of the Council's General Fund budget in February 2021.

The Portfolio Holder for Resources advised that the current scheme was based on working aged claimants paying 8.5% of their Council Tax bill if they were on maximum benefit. The report identified the challenges of Universal Credit on the scheme (Paragraphs 4.4.5 - 4.4.6) with the option to move to a banded discount scheme. However, this was not recommended for 2021/22, as it was proposed that the existing scheme remained in operation.

It was noted that Preceptors were required to be consulted annually on the scheme, and therefore that Hertfordshire County Council and the Hertfordshire Police & Crime Commissioner would be advised of the proposed 2021/22 scheme.

The Portfolio Holder for Resources commented that the report identified that the cost of changing to a banded scheme would be £25,000 in software costs, with consultation costs in addition. Hertfordshire County Council had previously declined to contribute to any costs associated with changing the scheme, despite being the biggest preceptor for Council Tax.

The Portfolio Holder for Resources referred to the Council Tax Support Scheme caseload, which saw an increase in cases up to the end of August 2020, although the numbers had started to reduce in September 2020. The cost of the current scheme in 2019/20 was £5.779Million for all preceptors, as set out in Paragraph 4.10.1. of the report.

It was **RESOLVED** that Council be recommended to approve the 2021/22 Council Tax Support Scheme proposed within the report.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

8 URGENT PART I BUSINESS

None.

9 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED**:

1. That under Section 100A of the Local Government Act 1972, the press and

public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That the reasons for the following reports being in Part II were accepted, and that the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

10 PART II MINUTES - EXECUTIVE - 16 SEPTEMBER 2020

It was **RESOLVED** that the Part II Minutes of the meeting of the Executive held on 16 September 2020 be approved as a correct record for signature by the Chair.

11 URGENT PART II BUSINESS

None.

CHAIR

STEVENAGE BOROUGH COUNCIL

ENVIRONMENT & ECONOMY SELECT COMMITTEE MINUTES

Date: Tuesday, 22 September 2020

Time: 6.00pm

Place: Virtual (via Zoom)

Present: Councillors: Michael Downing (Chair), Adam Mitchell CC (Vice-Chair), Doug Bainbridge, Sandra Barr, Stephen Booth, Adrian Brown, Jody Hanafin, Maureen McKay and Loraine Rossati.

Start / End Time: Start Time: 6.00pm
End Time: 7.10pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors David Cullen and Simon Speller. Councillor Stephen Booth apologised for lateness.

There were no declarations of interest.

2 MINUTES - 10 MARCH 2020

It was **RESOLVED** that the Minutes of the meeting of the Environment & Economy Select Committee meeting held on 10 March 2020 be approved as a correct record and signed by the Chair.

3 TERMS OF REFERENCE

The Chair informed Members that the Committee would work with the Planning and Development Committee when considering crosscutting scrutiny studies and policy development. In response to a question, the Scrutiny Officer clarified that there was a small amount of money available for scrutiny work each year. The scrutiny budget would ordinarily be announced at the first Overview and Scrutiny Committee meeting of the Municipal Year.

It was **RESOLVED** that the Terms of Reference for the Select Committee, as agreed at the Annual Council meeting on 20 May 2020 be noted.

4 WORK PROGRAMME 2020/21

The Select Committee considered its draft Work Programme for 2020/21. The Scrutiny Officer highlighted the impact of the Covid-19 pandemic on the work programme. Members were advised that individual items could be raised at the Overview and Scrutiny Committee and directed to the Select Committee for consideration as one-off items. The Scrutiny Officer informed Members that there was scope for a combination of formal and informal meetings.

The following observations were made in respect of the Work Programme:

Local Neighbourhood Centres - Members had carried out site visits to selected neighbourhoods. It was agreed that further site visits would not add much value to the review. Members were advised to collate notes from meetings between Communities & Neighbourhoods officers and Ward Members as documentary evidence for the review. It was noted that officers got a better understanding of issues in neighbourhoods through regular communication with Ward Members.

The Scrutiny Officer reported that he was in discussions with Assistant Director (Housing Development) regarding arrangements for a Committee briefing on regeneration plans for Neighbourhood Centres, update on Kenilworth Close Scheme, the Oval and future regeneration projects.

Climate Emergency Strategy Action Plan – Scrutiny of the Council's Climate Emergency Strategy Action Plan would be the Committee's major project for the next two years. The Chair highlighted the importance of tackling Climate Change and the urgency of reviewing the Council's Climate Emergency Strategy Action Plan. Strategic Director (TP) confirmed that the draft Climate Change Strategy was approved at the September Executive meeting. It was indicated that the November 2020 start of the review of the Action Plan consultation responses would not be met. The Strategic Director advised the Committee to consider focussing on one Climate Emergency theme at a time or selecting a few key areas to review. Members and Officers highlighted the importance of engaging Members of the Executive. Members stressed the importance of having up-to-date climate change data for the review. The Chair informed the Committee that he would take part in future meetings of the Implementation Group that would be created to help drive and monitor progress made against the Climate Change Action Plan.

Impact of Covid-19 – A review of the impact of Covid-19 on economic development in Stevenage was considered to be urgent. The pandemic had a significant impact on finances of the Council, businesses and residents. Strategic Director (TP) confirmed that the Council received economic data pertaining to Covid19 from a variety of sources including the Department for Work and Pension, SBC Housing & Investment, CA Stevenage, Herts LEP and the Council-commissioned survey on the impact of Covid-19 on local businesses.

Update on the 2016 Business Technology Centre Review – to remain on the Work Programme.

It was **RESOLVED**:

1. That the Select Committee's Work Programme for 2020/21 be updated, as outlined above
2. That the Scrutiny Officer drafts a scoping document for scrutiny of the impact of Covid-19 on economic development in Stevenage and the Council's response

3. That the Scrutiny Officer presents the scoping document to Members at the November Committee meeting
4. That the Scrutiny Officer updates the Committee on arrangements for the briefing with Assistant Director (Housing Development)

5 NEIGHBOURHOOD CENTRES REVIEW

The Committee received updates on the review of Neighbourhood Centres. Officers commented on the following issues that were identified at February 2020 site visits and the meeting in March:

Oaks Cross

Fly-tipping – regular inspection regime was in place

Planter Trees – Ongoing discussions involving Ward Members and the SBC Arboriculture & Conservation Manager

Possible substance abuse – Neighbourhoods wardens and Police to be advised to monitor the situation

Exterior wall paint on flats/shops – A Member confirmed that graffiti on the walls was not malicious. Course of action regarding the wall paint to be determined after ownership of the area in question had been established. Councillor Barr undertook to provide Councillor Bainbridge and other councillors with contact details of a reputable Stevenage graffiti artist.

St Nicholas

Security Fence – It was acknowledged that the security fence was unsightly but it was serving its purpose. No updates relating to plans to improve the appearance of the fence were available

Concrete Planters and notice board – Planters and a notice board had been installed. Plans were in place to replace some of the slabs around the new planters. Ward Members commended Community Development Officers, the local Neighbourhood Warden and other SBC officers who worked with resident groups to improve the area. A Member complimented the charity Waste Not Want Not for its plant nursery service. Members highlighted the challenges of carrying out volunteer work on community projects while ensuring Covid-security.

Oval

Planting area near the underpass – Bulb planting was due to start imminently

New signage and mural – The Arts and Cultural Development Officer was working with local groups and young people for possible art projects near the Oval and St Nicholas neighbourhood centres. Members expressed concerns that they had not been consulted on the art project and that previously-identified mural designs were no longer under consideration.

Dangerous damaged steps – Members were worried that HCC appeared not to consider the repairs a priority. Officers confirmed that consultations with HCC were in progress.

Bedwell

Deep clean and renewal of paintwork – SDS carried out an inspection on 4 September 2020. A programme of works to remove weeds, gum and paint stains

was now in place.

It was **RESOLVED:**

1. That the updates be noted
2. That Communities & Neighbourhoods officers liaise with Ward Members regarding new signage and murals in Martins Wood and St Nicholas

6 URGENT PART 1 BUSINESS

None.

7 EXCLUSION OF PUBLIC AND PRESS

Not required.

8 URGENT PART II BUSINESS

None.

CHAIR

STEVENAGE BOROUGH COUNCIL
OVERVIEW AND SCRUTINY COMMITTEE
MINUTES

Date: Wednesday, 23 September 2020

Time: 6.00pm

Place: Virtual (via Zoom)

Present: Councillors: Lin Martin-Haugh (Chair), Philip Bibby CC (Vice-Chair), Sandra Barr, Laurie Chester, Michael Downing, Michelle Gardner, Andy McGuinness, Sarah Mead, Adam Mitchell CC, Robin Parker CC and Claire Parris.

Start / End Time: Start Time: 6.00pm
End Time: 7.20pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies were received from Councillors John Mead and Simon Speller.

There were no declarations of interest.

2 MINUTES - 19 AUGUST 2020

It was **RESOLVED** that the minutes of the meeting held on 19 August 2020 be approved as a correct record for signature by the Chair.

3 PART I DECISIONS OF THE EXECUTIVE

The Committee considered the decisions on the following matters arising from the Executive meeting held on 16 September 2020.

Minutes of the Executive – 12 August 2020

Noted, subject to the inclusion of Councillor Robin Parker, Observer at the meeting being included in the list of apologies.

Minutes of the Overview & Scrutiny Committee and Select Committees

Noted.

Local Development Scheme (LDS)

In response to a question, Officers advised that the LDS was a Planning Policy Document which gave a snapshot of the work the Council would be doing this year. They agreed that a key to the number of acronyms used in the document would be considered in the future.

Parking Provision and Sustainable Transport Supplementary Planning Document (SPD)

The following issues were raised during the debate:

- It was noted that the document gave the Council power to insist on higher standards for sustainable transport;
- Members expressed concern that despite the ambition to adopt the Sustainable Transport Policy, the domination of the car continued to grow.
- In response to a question regarding how the policy would be reviewed in the future, the Assistant Director (Planning and Regulation) advised that following adoption, the document would be monitored by the Environment and Economy Select Committee and the Planning and Development Committee;
- Members were concerned regarding the general reduction in parking spaces including the reduction in the number of required visitor spaces. Officers advised that spaces would be reduced if they were in the Town Centre or other accessible areas. The need for spaces would be balanced with the accessibility to other available forms of transport;
- It was confirmed that the provision of disabled parking spaces would be protected and remain the same as it was now; and in relation to the County Council, officers advised that on adopted highway the rules would continue to apply;
- In response to a question regarding the boundaries of accessibility zones, officers advised that the case officer dealing with an application would take into account if an application was on the border of a zone;
- Members agreed that in relation to the requirement of developers to contribute towards sustainable transport methods, the Policy should go some way towards strengthening this requirement;
- In response to a question regarding unallocated electric charging points, officers advised that a pool of spaces would allow greater flexibility and be more accessible for residents. The enforcement of the spaces would be the responsibility of the individual development.

Stevenage Borough Council Climate Change Strategy Adoption and Engagement Consultation Update

The following issues were raised during the debate:

- It was confirmed that the Citizens' Panel would consist of a cross-section of residents who were not covered by existing engagement processes. 26 over 18's would be randomly selected by an external consultant;
- In response to a question, officers advised that the consultation on the Strategy had been carried out on-line and face to face but had been limited by a number of events not being held due to the pandemic;
- Officers advised that young people would be engaged via the Youth Council and also through schools once the accessibility to schools had improved.
- Members were keen to ensure that those recruited to the Panel reflected the diversity of the residents of the Town

Covid-19 Update

Noted.

Annual Treasury management Review of 2019/20 and Prudential Code

In response to a question regarding Essex House, the Assistant Director (Finance & Estates) advised that the lease for the property in the Meadway Technology Centre had just been renegotiated with the current tenant.

General Fund Medium Term Financial Strategy Update (2020/21 – 2024/25)

Officers gave an update on the representations that were being made by the Council to the Government in terms of Council funding and the expenses accrued as a result of the Pandemic, including Homelessness costs, spending review submissions and the resulting funding gap.

It was noted that the work of the Leaders Financial Security Group would continue once the financial situation was fully known.

Quarter 1 Monitoring Report 2020/21 (Capital) – General Fund and Housing Revenue Account

Noted.

Urgent Part I Business

Noted.

4 URGENT PART I DECISIONS AUTHORISED BY THE CHAIR OF THE OVERVIEW AND SCRUTINY COMMITTEE

None.

5 URGENT PART I BUSINESS

None.

6 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED**:

1. That, under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1 to 7 of Part 1 of Schedule 12A of the Act, as amended by SI 2006 No. 88.
2. That having considered the reasons for the following item being in Part II, it be determined that maintaining the exemption from disclosure of the

information contained therein outweighed the public interest in disclosure.

7 **PART II MINUTES - OVERVIEW AND SCRUTINY COMMITTEE - 19 AUGUST 2020**

It was **RESOLVED** that the Part II Minutes of the meeting of the Overview and Scrutiny Committee held on 19 August 2020 be approved as a correct record for signature by the Chair.

8 **PART II DECISIONS OF THE EXECUTIVE**

Minutes of the Executive – 12 August 2020

Noted, subject to the deletion of Councillor Robin Parker, Observer at the meeting from the attendees list.

Locality Review land and Site Disposal Report

The site disposals identified as part of the Locality Ward Asset and land Reviews were considered in the Part II section of the meeting.

9 **URGENT PART II DECISIONS AUTHORISED BY THE CHAIR OF THE OVERVIEW AND SCRUTINY COMMITTEE**

None.

10 **URGENT PART II BUSINESS**

None.

CHAIR

STEVENAGE BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE MINUTES

Date: Tuesday, 13 October 2020

Time: 6.00pm

Place: Virtual (via Zoom)

Present: Councillors: Lin Martin-Haugh (Chair), Philip Bibby CC (Vice-Chair), Laurie Chester, Michelle Gardner, Andy McGuinness, John Mead, Sarah Mead, Adam Mitchell CC, Robin Parker CC and Claire Parris.

Start / End Time: Start Time: 6.00pm
End Time: 6.35pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Sandra Barr, Michael Downing and Simon Speller.

There were no declarations of interest.

2 MINUTES - 23 SEPTEMBER 2020

It was **RESOLVED** that the Minutes of the meeting of the Committee held on 23 September 2020 be approved as a correct record for signature by the Chair.

3 PART I DECISIONS OF THE EXECUTIVE

The Committee considered the decisions on the following matters arising from the Executive meeting held on 6 October 2020.

Minutes of the Executive – 16 September 2020

Noted.

Covid-19 Update

In response to a series of Members' questions, officers advised:

- The intention to publish material recording the contribution of black people to the life and growth of Stevenage was to mark Black History Month. The Council would be inviting Councillor Michelle Gardner, amongst others, to inform and contribute to what would become a legacy document for the town; and
- Black History Month was designed to recognise and celebrate the various contributions of black people, rather than the wider BAME community. The Strategic Director (RP) was asked to provide Members with further information.

Workforce Strategy 2020 – 2023

In reply to a Member's question regarding the meaning of the terms in the graphs set out in the Workforce Profile section of the Strategy, the Senior Human Resources Manager confirmed that "Customer" referred to those staff employed in the business units such as Communities & Neighbourhoods and Housing & Investment; "Place" to those staff employed in the business units such as Stevenage Direct Services and Planning & Regulation; and "Transformation and Support" to those staff employed in the business units such as Corporate Services, Finance & Estates and Digital & Transformation. The Senior Human Resources Manager explained that these terms had arisen from the 2016 Senior Management Review. She undertook to incorporate a key in the Strategy document to define these terms, and to supply Committee Members with a full written answer on this matter.

Corporate Performance – Quarter 1 2020/21

In reply to a number of Members' questions and queries, officers commented:

- The Strategic Director (TP) would request the Assistant Director (Housing Development) to respond to Longmeadow Ward Councillors with details of the draft newsletter regarding the Malvern Close element of the Kenilworth Close Development, if possible prior to it being sent to local residents;
- The performance statistics for the time taken by the Customer Service Centre (CSC) had not been available for Quarter 1 due to the significant change of IT system for the CSC just prior to the Covid-19 pandemic, and the subsequent re-direction of CSC focus towards the provision of services during the pandemic. The statistics would be monitored for future Quarters; and
- The presentation of the performance statistics relating to website satisfaction would be reviewed, as the figures bore no relation to a defined scale (such as a numerical figure or a percentage figure). The Strategic Director (TP) stated that the figures related to the GovMetric system which measured satisfaction of the website. He undertook to arrange for Committee Members to be provided with details of the performance system used by the Council, including its cost to the Council.

In terms of website satisfaction, a Member commented that such statistics could be misleading, as invariably if users were dissatisfied, they would probably exit the website rather than remaining to complete a level of satisfaction request.

Hertfordshire Home Improvement Agency (HHIA) – 24 Month Review

Noted.

Council Tax Support Scheme 2020/21

Noted.

4 URGENT PART I DECISIONS AUTHORISED BY THE CHAIR OF THE OVERVIEW AND SCRUTINY COMMITTEE

None.

5 URGENT PART I BUSINESS

None.

6 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED**:

1. That, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1 to 7 of Part 1 of Schedule 12A of the Act, as amended by SI 2006 No. 88.
2. That having considered the reasons for the following item being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

7 PART II MINUTES - OVERVIEW AND SCRUTINY COMMITTEE - 23 SEPTEMBER 2020

It was **RESOLVED** that the Part II Minutes of the meeting of the Committee held on 23 September 2020 be approved as a correct record for signature by the Chair.

8 PART II DECISIONS OF THE EXECUTIVE

Part II Minutes – Executive – 16 September 2020

Noted.

9 URGENT PART II DECISIONS AUTHORISED BY THE CHAIR OF THE OVERVIEW AND SCRUTINY COMMITTEE

None.

10 URGENT PART II BUSINESS

None.

CHAIR

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STEVENAGE BOROUGH COUNCIL
COMMUNITY SELECT COMMITTEE
MINUTES

Date: Wednesday, 21 October 2020

Time: 6.00pm

Place: Virtual (via Zoom)

Present: Councillors: Sarah Mead (Chair), Margaret Notley (Vice-Chair), Sandra Barr, Stephen Booth, Adrian Brown, Alex Farquharson, John Mead, Claire Parris and Loraine Rossati.

Start / End Time: Start Time: 6.00pm
End Time: 6.51pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies for absence.

There were no declarations of interest.

2 MINUTES - 4 MARCH 2020

It was **RESOLVED** that the Minutes of the meeting of the Community Select Committee held on 4 March 2020 be approved as a correct record.

3 TERMS OF REFERENCE

The Committee considered a report in respect of its Terms of Reference.

It was **RESOLVED** that the Terms of Reference for the Community Select Committee, as approved at the Annual Council meeting on 20 May 2020, be noted.

4 WORK PROGRAMME 2020/21

The Committee considered a report detailing its proposed Work Programme for 2020/21.

It was **RESOLVED** that the Community Select Committee's Work Programme for 200/21 be approved.

5 SPORTS AND LEISURE REVIEW REPORT AND RECOMMENDATIONS

The Committee considered a report in respect of the final report and recommendations of the Sports and Leisure Scrutiny Review. Members' attention was drawn to the revised Officer assessment of the recommendations in the light of the impact of the Covid-19 pandemic which had been circulated as a supplementary agenda.

In response to a Member's concern regarding the introductory paragraph on the reasoning for the revised Officer assessment of the recommendations, officers confirmed that, whilst a number of these were clearly due to the Covi-19 pandemic, a number of others (such as the cost subsidy items) were within the context of 10 years of Local Government financial cuts and would have been included regardless of the pandemic.

The Chair conducted a vote on the above matter, the outcome being that the revised Officer assessment of the Review recommendations, as set out in the supplementary agenda document, was accepted.

In relation to Members' questions, officers responded as follows:

- Recommendation 4.13 – Cycle Hub – it was confirmed that a new Community Interest Company (involving members of Stevenage CTC) had been established and would, at a future date to be determined, take over the running of the Hub; and
- Recommendation 4.1 – Leisure Management procurement position – it was likely that a Portfolio Holder Advisory Group meeting would be held in early 2021 to commence this process, in order to consider how service would be delivered from 2023. Wider consultation with a variety of other groups would take place, including the leisure community, young people and other stakeholders. Part of this would allow consideration to be given to potential capital projects to deliver new leisure facilities.

In respect of Recommendation 4.4 – Aqua Park, and following contributions from a number of Members, it was noted that a new Aqua Park had opened in Welwyn Garden City (WGC). The SBC Aqua Park was currently closed, and so the impact on its use once it re-opened of the new one in WGC would be difficult to forecast. However, it was acknowledged that the SBC facility had free parking, whilst there was a parking charge associated with the use of the WGC facility.

It was **RESOLVED** that the revised Officer assessment of the Sports and Leisure Scrutiny Review recommendations, as set out in the supplementary agenda document, be accepted.

6 REVIEW OF MEMBER COMPLAINTS YOUR SAY

The Committee was informed that the Chair had requested that this issue be reviewed following representations made to Business Units throughout the period of the Covid-19 pandemic on behalf of local residents in the community.

The Chair commented that it would be helpful for Members to be supplied with information regarding the policy for response times to both Member and public complaints.

The Assistant Director (Digital & Transformation) gave a brief presentation on the work of the Customer Focus Team. She commented that, from April to September 2020, the average turnaround time for responses to Stage 1 complaints was 7 days,

against a target of 10 days. A small number of cases had taken significantly longer, due to various reasons, and it was accepted that these needed to be followed up in a more timely manner. There had been an element of lenience introduced regarding response times throughout the Covid-19 pandemic period.

Following the presentation, the following issues were raised:

- Members were not always kept informed of the position with complaints, once the 10 day response time target was passed;
- It was noted that an improved digital solution for complaints (expected to be in place by April 2021 at the latest) would help to track responses to ensure that target times were met;
- The Assistant Director (Digital & Transformation) undertook investigate the position with regard to Members being advised when complaints cases were closed.

It was **RESOLVED** that the Assistant Director (Digital & Transformation) arrange for Members of the Community Select Committee and the other Scrutiny Chairs to be provided with data in respect of how the Customer Focus Team operates, including policy response times and relevant statistics on performance.

7 URGENT PART 1 BUSINESS

None.

8 EXCLUSION OF PUBLIC AND PRESS

Not required.

9 URGENT PART II BUSINESS

None.

CHAIR

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Part I – Release to Press



Meeting Executive
Portfolio Area Environment and Regeneration
Date 18 November 2020



BIODIVERSITY SUPPLEMENTARY PLANNING DOCUMENT: PUBLIC CONSULTATION

KEY DECISION

Author Deborah Coates | 2468
Lead Officer Zayd Al-Jawad | 2257
Contact Officer Deborah Coates | 2468

1 PURPOSE

- 1.1 To provide Members with an overview of the draft Biodiversity SPD (Appendix A).
- 1.2 To seek Members' approval to carry out public consultation on the draft Biodiversity SPD.
- 1.3 To maximise the delivery of biodiversity from development in Stevenage and improve the health and wellbeing of the town and its residents, as well as providing habitat and mitigating climate change.

2 RECOMMENDATIONS

- 2.1 That the content of the Biodiversity SPD be noted.
- 2.2 That delegated powers be granted to the Assistant Director: Environment and Regeneration, following consultation with the Portfolio Holder for

Environment and Regeneration, to make minor amendments as are necessary in the final preparation of the draft SPD prior to its consultation.

- 2.3 That the Executive approve publishing the draft Biodiversity SPD for consultation from 30 November 2020 to 25 January 2021.

3 BACKGROUND

- 3.1 Supplementary Planning Documents (SPDs) are produced to add detail to the policies included in an adopted Local Plan. They are used to build upon and provide further guidance for development on specific sites or on particular issues. Whilst they are not part of the Development Plan¹ for an area, and cannot add unnecessarily to the financial burdens on development, the contents of a SPD are a material consideration when determining a planning application.
- 3.2 The Council does not have a Biodiversity SPD. The overarching aim of the SPD is to ensure that development in Stevenage results in a net gain for biodiversity. It requires developments to adopt the mitigation hierarchy and demonstrate that impacts to biodiversity have been avoided, where possible, and minimised before compensation is considered.
- 3.3 The Herts Growth Board (HGB) have been working hard on the area of biodiversity and sustainability and the Biodiversity SPD is in line with the HGB emerging climate change and sustainability policy. The Biodiversity SPD will help identify 'Habitat Banks' as places to deliver biodiversity offsetting as identified in section 4.3 of the emerging policy programme.
- 3.4 Biodiversity is also one of the 4 priorities that have been adopted by the Herts Climate Change and Sustainability Partnership.
- 3.5 The SPD provides steps for developers to follow to calculate the amount of biodiversity compensation that needs to be provided. This is calculated through the use of the DEFRA biodiversity metric which has been produced by Natural England in conjunction with Government and other stakeholders.
- 3.6 The metric will be required for proposed developments within the scope of the Town and Country Planning Act 1990, including buildings and structures for the following uses:
- Commercial;
 - Industrial;
 - Institutional;
 - Leisure; and
 - Housing or other accommodation.
- 3.7 The guidance in the Biodiversity SPD applies to all major and minor applications other than the following:
- Permitted development;

¹ The Development Plan for an area comprises the adopted Local Plan, the Waste Local Plan, the Minerals Local Plan and any adopted Neighbourhood Plans (of which there are none currently in Stevenage).

- Householder development, including extensions;
- Nationally significant infrastructure, which falls within the scope of the Planning Act 2008;
- Some brownfield sites with marginal viability and substantial constraints; and
- Developments that would not result in measurable loss or degradation of habitat e.g. change of use, or alteration to a building.

Policy Background

- 3.8 The purpose of the Biodiversity Supplementary Planning Document is to give more detail to the current Strategic Policy 12: Green Infrastructure and the Natural environment, in the Stevenage Borough Local Plan.
- 3.9 National Government have since released their 25 Year Environmental Plan (2018), the Draft Environment Bill (2018), NPPF (2019), Biodiversity Net Gain, Good Practice Principles for Development (2019) and Planning Practice Guidance, Natural Environment (2019). These all promote the status of biodiversity in developments and look to developments to deliver net gains.
- 3.10 The Draft Environment Bill (2018) indicates an intention, from Government, to set a legal requirement for biodiversity to achieve a 10% net gain through development. The purpose of this SPD is to ensure that the process to achieve this 10% net gain is clear to all.
- 3.11 Whilst the Council is able to ask for a higher level of net gain, for example 20% in the same way as Lichfield District Council has, we are unable to justify this due to urban nature of the Borough and also the lack of Areas of Outstanding Natural Beauty and/or Sites of Special Scientific Interest. This is something that we could look at again in the future.
- 3.12 The Biodiversity SPD can be amended, if necessary, to take into account the wording of the enacted Environment Act should it be enacted prior to the adoption of the SPD itself.
- 3.13 Another key consideration in the consideration of the SPD is the Council's declaration of a Climate Emergency Motion and the emerging Climate Change Strategy, Action Plan and Charter. Biodiversity is one of the key reducers of carbon emissions and is a key part of the fight against climate change.
- 3.14 The Council also has an adopted Biodiversity Action Plan and this highlights the opportunities for biodiversity improvement in the Borough.
- 3.15 The Council is also in the process of adopting an emerging Amenity Tree Management Policy as part of a suite of documents including:
- Emerging Parks and Green Space Strategy
 - Stevenage Biodiversity Action Plan
 - Emerging Climate Change Strategy
 - Stevenage Parking Strategy
- 3.16 The Biodiversity SPD complements these strategies and helps to manage the provision of biodiversity in Stevenage.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

Recommendation 2.1: That the content of the draft Biodiversity Supplementary Planning Document be noted.

- 4.1 The draft Biodiversity SPD is included in Appendix A. A broad overview of the key points from the draft version is presented below.

Assessing the impacts of development and biodiversity accounting

- 4.2 The NPPF and accompanying Planning Practice Guidance, the Council are required to achieve measurable net gains in biodiversity through development across the Borough. A development must deliver a minimum of 10% net gain post development when compared with the pre-development baseline.
- 4.3 The delivery of such sites should account for the location of the compensation receptor site in the local landscape. Meaning that compensation should be provided in the following order:
- Compensation inside the Borough boundary, or deemed to be sufficiently local to the site or biodiversity loss;
 - Compensation outside the Borough boundary of impact site but within neighbouring Local Authority; and
 - Compensation outside the Borough boundary and beyond neighbouring Local Authority.
- 4.4 Delivering biodiversity net gain is required for all proposed developments within the scope of the Town and Country Planning Act 1990 and includes:
- Commercial;
 - Industrial,
 - Institutional;
 - Leisure; and
 - Housing, or other accommodation.
- 4.5 The draft Biodiversity SPD applies to all major and minor applications other than the following exemptions suggested by the Government:
- Permitted development;
 - Householder development, including extensions;
 - Nationally significant infrastructure, which falls within the scope of the Planning Act 2008;
 - Some brownfield sites² with marginal viability and substantial constraints; and
 - Developments that would not result in measurable loss or degradation of habitat e.g. change of use or alterations to a building.

² Every habitat will generate a baseline biodiversity score. If it is a poor habitat it will generate a poor score e.g. brownfield, amenity grass or hard-standing, which will require offsetting but at a lesser scale. This actively provides a financial incentive to develop areas of poorer ecological value and avoid areas of higher value.

- 4.6 Applicants must demonstrate that they have followed the mitigation hierarchy; that impacts on biodiversity have been avoided, then minimised before any compensation is considered.
- 4.7 The delivery of biodiversity net gain involves the use of the biodiversity metric which is used to calculate the 'habitat units' of biodiversity gained or lost as a result of development on a site.
- 4.8 The biodiversity metric was designed by Natural England and supports the aims of the Governments 25 Year Environmental Plan for measurable net gain.
- 4.9 The metric evaluates impacts for a wide range of habitats, but does not override existing law or policy that protects nationally important sites or species.
- 4.10 The metric calculates the scale of a habitat impact or enhancement by multiplying the area (hectares), distinctiveness (habitat type) and condition (quality) of each habitat parcel.
- 4.11 There is a 'no down-trading' policy within the metric; habitat must be compensated on a like-for-like basis.

Information required

- 4.12 So that the impacts on biodiversity interests can be properly assessed using the biodiversity metric, applicants are required to submit the following to the Council:
- Ecological Report – clearly showing what is there, how it will be affected by the development, how the development is compatible with policy, how any negative impacts will be avoided, mitigated or compensated so that a measurable net gain to biodiversity can be demonstrated;
 - Identification of all habitat types present at the site – a short description of the habitat will be required for the Council to confirm the habitat type;
 - Area – survey material showing the location and area (ha) covered by each habitat type. This should be provided as a GIS layer to enable verification; and
 - A description of the condition of each habitat type – this should be assessed using the condition assessment criteria as outlined in the Natural England Biodiversity Metric Technical Supplement JP029.

Losses vs gains

- 4.13 How each of the habitats will be affected by the development proposals must be identified i.e. will they be lost, retained or enhanced. Any on-site mitigation or enhancements (gains) proposed must be accompanied by further information regarding the target habitat type, the condition to be achieved through management, the time period within which this target will be achieved, and a supporting management plan.

- 4.14 Results should be summarised in a table with an accompanying map with each habitat clearly marked on it (pre and post development) and referenced to the excel spreadsheet generated by the biodiversity metric.

Standards for offsets

- 4.15 If compensation is required, the Council will approve the site selection by considering:

- That the minimum ecological unit credit gain of 10% is achieved;
- Any like-for-like requirements have been met;
- That additionality can be demonstrated;
- That target habitats are appropriate;
- Sites within Stevenage Borough boundary; and
- Sites within 10km distance from the development.

- 4.16 In order to approve an offset, the Council will need to be satisfied that delivery will be assured, for example:

- A sufficient management period i.e. 30 years;
- Sufficient site survey information, biodiversity gain calculations;
- Sufficient funds have been allocated to deliver long-term management;
- A sufficient delivery mechanism is available
- Sufficient monitoring and reporting arrangements have been made; and
- That biodiversity net gain is secured for the lifetime of the impacts of the development.

- 4.17 How each of the habitats will be affected by the development proposals must be identified i.e. will they be lost, retained or enhanced. Any on-site mitigation or enhancements (gains) proposed must be accompanied by further information regarding the target habitat type, the condition to be achieved through management, the time period within which this target will be achieved, and a supporting management plan.

- 4.18 Results should be summarised in a table with an accompanying map with each habitat clearly marked on it (pre and post development) and referenced to the excel spreadsheet generated by the biodiversity metric.

Biodiversity Financial Contributions

- 4.19 If a developer wishes to not arrange their own biodiversity offset project(s), then the Council can offer a financial payment option – a Biodiversity Financial Contribution.

- 4.20 Under this model, developers pay a contribution under full cost recovery, for the Council to organise the required biodiversity accounting scheme within a set period of time (usually 5 years), monitor, take action and report formally on the progress.

- 4.21 The Biodiversity Financial Contribution is index-linked and is the sum of:

Biodiversity Accounting Payment + Contingency Payment + Management Payment

- 4.22 The Biodiversity Financial Contribution will be made payable to Stevenage Borough Council in accordance with the planning condition or legal agreement.
- 4.23 A clear audit trail will be required and the work should be detailed in a management plan noting that all completed work is monitored by the Herts Environmental Records Centre or similar independent auditor. This should all be costed in the management plan and cost calculator.
- 4.24 Payments should be drawn down on a yearly basis provided that the work achieves the targets set out in the management plan. This will follow the template that has been used for the recent Webb Rise application where biodiversity net gain has been provided.
- 4.25 Monies should be held in a ringfenced location with the funds split into the three components detailed below (para 4.27).
- 4.26 In cases where off-site provision is outside of Stevenage, the monies would be passed to Hertfordshire County Council to distribute for the net-gain scheme.
- 4.27 The monies will be distributed into three funds:
- Biodiversity Accounting Fund ~ used to arrange one or more providers to compensate for the loss associated with the development;
 - Contingency Fund ~ formed from the pooling of the individual contingency payments and will be used to secure additional biodiversity enhancements. These enhancements will compensate for Biodiversity Accounting Schemes that do not fulfil their ecological objectives; and
 - Management and Monitoring Fund ~ covers the costs of the Hertfordshire Environmental Records Centre associated with collecting data, managing databases and strategic mapping to be used to determine where best to locate.

Assessing and achieving measurable biodiversity gain on a development site

Stage 1: Check with LPA if a biodiversity metric assessment is required.

Stage 2: If required, engage an ecological consultant to undertake a biodiversity metric calculation on the site to give a baseline ecological unit score.

Stage 3: Identify all priority habitats and species to be avoided and buffered in accordance with local plan policy. Undertake species surveys, informed by environmental records search.

Stage 4: Design development within the parameters of existing habitats of value, minimum ecological unit requirement to achieve net gain, and species impact mitigation requirements. Use landscaping to maximise net gain potential, e.g. native trees, wildflower verges, SUDs. Ensure all habitats have appropriate management

regimes, funding and monitoring specified. All avoidance, mitigation or compensation measures must be definitively stated and marked on.

Stage 5: Ensure enhancement features for wildlife as required by local plan are specified and marked on plans, e.g. integrated bird and bat boxes, hedgehog highways.

Stage 6: If impact on priority habitat cannot be avoided or if net gain cannot be achieved onsite, seek a legitimately quantified biodiversity offset, engage a biodiversity offset broker to provide an offsetting agreement, or seek a biodiversity financial agreement with the LPA to provide an offset.

Stage 7: Submit planning application

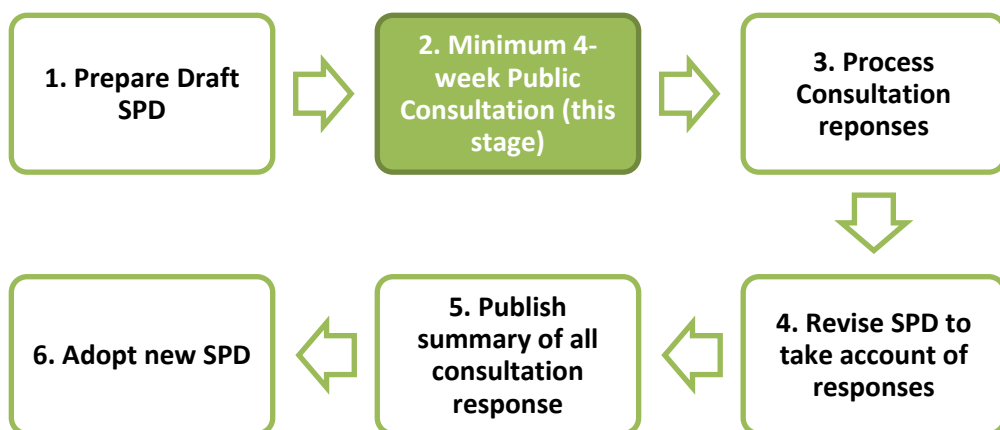
Stage 8: Permission granted, biodiversity offset or biodiversity financial agreement secured by 106 agreement

Recommendation 2.2: That delegated powers be granted to the Assistant Director: Environment and Regeneration, following consultation with the Portfolio Holder for Environment and regeneration, to make minor amendments as are necessary in the final preparation of the draft SPD prior to its consultation.

- 4.28 The draft Biodiversity SPD is appended to this report. However, it may be necessary to make minor changes prior to the consultation start date. This might include cosmetic adjustments, the correction of typographical errors and any minor factual changes.
- 4.29 It is recommended that any such amendments be approved via delegated powers.

Recommendation 2.3: That the Executive approve publishing the draft Biodiversity Supplementary Planning Document for consultation from 30 November 2020 to 25 January 2021.

- 4.30 The procedure to adopt a new SPD is set out in the Town and Country Planning (Local Planning) (England) Regulations 2012. Roughly, it is as follows:



4.31 The Council must first undertake a consultation for a minimum four week period, however this has been extended to eight weeks to allow for the Christmas period. Following this, the Council must consider the consultation responses, produce a document stating the main issues raised by respondents, and summarise how the issues have been addressed by the Council.

4.32 The timetable for consultation and adoptions is currently as follows:

Stage	Date
8-week public consultation	30 Nov 2020 – 25 Jan 2021
Consider and address responses	Winter/Spring 2021
Adopt SPD through Executive	March 2021

4.33 As with any consultation exercise, it is not known how many responses will be received so the post-consultation stages will not be known for definite until a later date.

5 IMPLICATIONS

Financial Implications

- 5.1 The costs associated with producing and consulting on the draft Biodiversity SPD will be met from the agreed departmental budget.
- 5.2 Any potential schemes that are mentioned in the SPD will need to be subject to a business case and/or will require third party funding.

Legal Implications

- 5.3 Consultation on the draft Biodiversity SPD will be undertaken in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012.
- 5.4 The outcomes of any consultation must be conscientiously taken into account in finalising the SPD to take responses into account prior to approval by the Executive.

Risk Implications

- 5.5 There are no significant risks associated with producing the draft Biodiversity SPD.

Policy Implications

- 5.6 The draft Biodiversity SPD accords with, and has been produced to supplement policies in, the adopted Stevenage Local Plan (2019).
- 5.7 The document is also aligned with other corporate Council documents such as the Healthy Stevenage Strategy, the recently-declared Climate Emergency Motion and the emerging Climate Change Strategy, Action Plan and Charter.

Planning Implications

- 5.8 The draft Biodiversity SPD will supplement the recently adopted Stevenage Local Plan (2019).
- 5.9 If adopted after consultation, the document will not form part of the Development Plan for Stevenage. However, it will be a material consideration for planning applications.

Climate Change Implications

- 5.10 The draft Biodiversity SPD has the potential to have a positive impact on climate change through the multiple benefits that prioritising the biodiversity net gain through development and minimising its loss on site.

Equalities and Diversity Implications

- 5.11 The draft Biodiversity SPD does not have any direct equality or diversity implications. When implementing any of the proposals the delivery body will

need to consider the potential impacts on different community groups, in particular those who are less mobile or disabled.

Community Safety Implications

- 5.12 Whilst the draft Biodiversity SPD does not have any direct community safety implications itself, when implementing any of the proposals the delivery body will need to consider the potential impacts on community safety.

BACKGROUND DOCUMENTS

- BD1 [Stevenage Borough Local Plan, 2011-2031](#)

APPENDICES

- A Draft Biodiversity Supplementary Planning Document

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1 Introduction

This Supplementary Planning Document (SPD) relates to policies concerning biodiversity net gain in the [Stevenage Borough Local Plan](#) and the [National Planning and Policy Framework \(NPPF\)](#). It applies to all categories of development for which planning permission is required and includes a framework for assessing impacts to biodiversity using a biodiversity accounting system (a metric). This guidance is intended as a transparent and auditable mechanism for assessing the impact of applications on biodiversity and meeting the requirements of NPPF to achieve measurable net gains to biodiversity through development.

This SPD outlines:

- How the Council will assess planning applications, which will have an impact on biodiversity.
- The information applicants will need to provide to enable the Council to apply the government metric to quantify and assess impacts.
- The standards expected for impact calculations and any offset delivery.

The UK government supports the use of SPD to set out detailed guidance on the way in which development plan policies will be applied in particular circumstances. The Government is also supportive of Local Planning Authorities introducing a biodiversity accounting system (using the government biodiversity metric) as a way of measuring impacts to biodiversity. SPD must be consistent with development plan policies and national planning policy guidance and may be taken into account as a material planning consideration in planning decisions.

Shephalbury Park



2 Policy Context

The policies and frameworks that support the introduction and application of a net gain compensation strategy using a biodiversity accounting system, or 'biodiversity offsetting' (the government metric) are:

[EU Biodiversity Strategy 2020](#);

[NERC Act 2006](#);

[Making Space for Nature 2010](#);

[25 year Environment Plan 2018](#);

[The Draft Environment Bill 2018](#);

[National Planning Policy Framework 2019](#);

[Biodiversity Net Gain. Good Practice principles for development 2019](#);

[Planning Practice Guidance, Natural Environment, July 2019](#);

[The Environment Bill 2019 \(not yet approved\)](#)

For further details and context of these policies and guidance please see 16 'Appendix 7 - Planning policy, legislation and guidance references to measurable net gain'.

2.1 Other relevant guidance and standards

['The National Design Guide' \(MHCLG 2019\)](#);

['British Standard for biodiversity in planning' \(BS 42020:2013\)](#);

[Guidelines for Ecological Impact Assessment in the UK and Ireland' \(CIEEM 2018\)](#);

[Stevenage Biodiversity Action Plan 2017 - 2022](#).

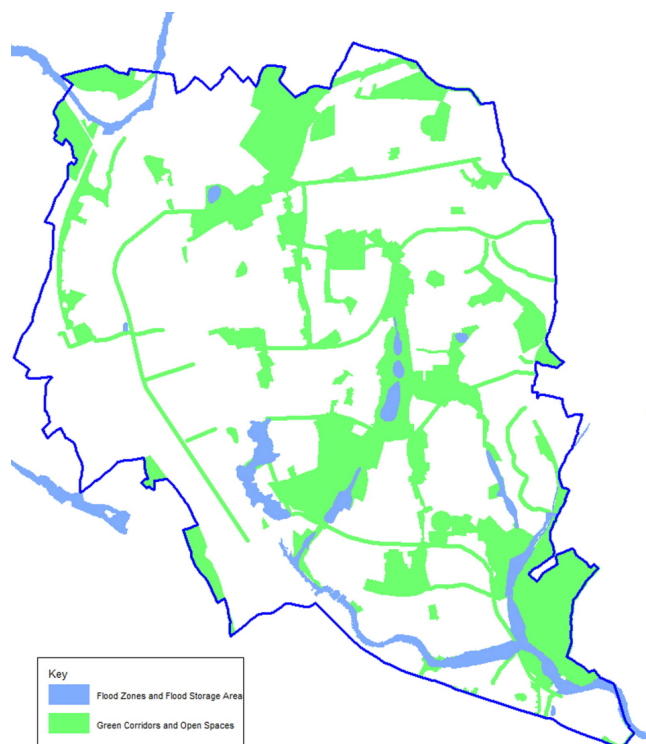
All these recommend this system of biodiversity accounting ('offsetting') as an appropriate mechanism for delivering biodiversity compensation.

This approach is supported within Stevenage Borough by The Herts and Middlesex Wildlife Trust, Natural England, Environment Agency and the RSPB.

2.2 Local Development Plan Policies

The Policy in the [Stevenage Borough Local Plan](#) relating to nature conservation and biodiversity is set out below.

Blue and Green Spaces in Stevenage



Policy SP12: Green Infrastructure and the natural environment

The green infrastructure, natural environment and landscape of Stevenage will be protected, enhanced and managed, and we will positively acknowledge its influence on Knebworth Woods SSSI and Lea Valley SPA. We will:

- a. Create, protect and enhance key areas of open space and biodiversity value including:
 - i. parks, recreation grounds, amenity spaces and woodlands which are integral to the open space structure of Stevenage as Principal Open Spaces. This will include Fairlands Valley Park;
 - ii. locally important wildlife sites; and
 - iii. a series of ten green links around the town. These will be collections of spaces that are worthy of protection for their connectivity and their recreation, amenity or wildlife value.
- b. Preserve, create, protect and enhance locally important linear features including:
 - i. the historic lanes and hedgerows which pre-date the New Town; and
 - ii. structural green spaces along major routes within the town.
- c. Create and protect multi-functional green space and sports facilities as an integral part of new developments in accordance with the latest standards and permit the creation of other new open spaces where they will meet an identified deficit;
- d. Mitigate or, as a last resort, compensate for the loss of green infrastructure or assets of biodiversity importance resulting from development; and
- e. Only grant planning permission if an adequate assessment of priority habitats and species has been undertaken. Any identified impact on these habitats and/or species will need to be avoided, mitigated or compensated.

- *5.146. Identifying and conserving a network of green spaces is a vital part of the planning process. Government guidance recognises the importance of providing access to high quality open spaces. It recognises that the planning system should contribute to and enhance the natural and local environment. We should plan positively for the creation, protection, enhancement and management of networks of biodiversity.*
- *5.152. New developments will be required to make reasonable provision of open space to cater for the additional demand they will create. The balance between on-site and off-site provision and contributions will be assessed on a site-by-site basis and will be commensurate with the size of the proposed development. Opportunities for biodiversity offsetting should be considered in determining the most appropriate green infrastructure strategy.*

Ridlins Wood

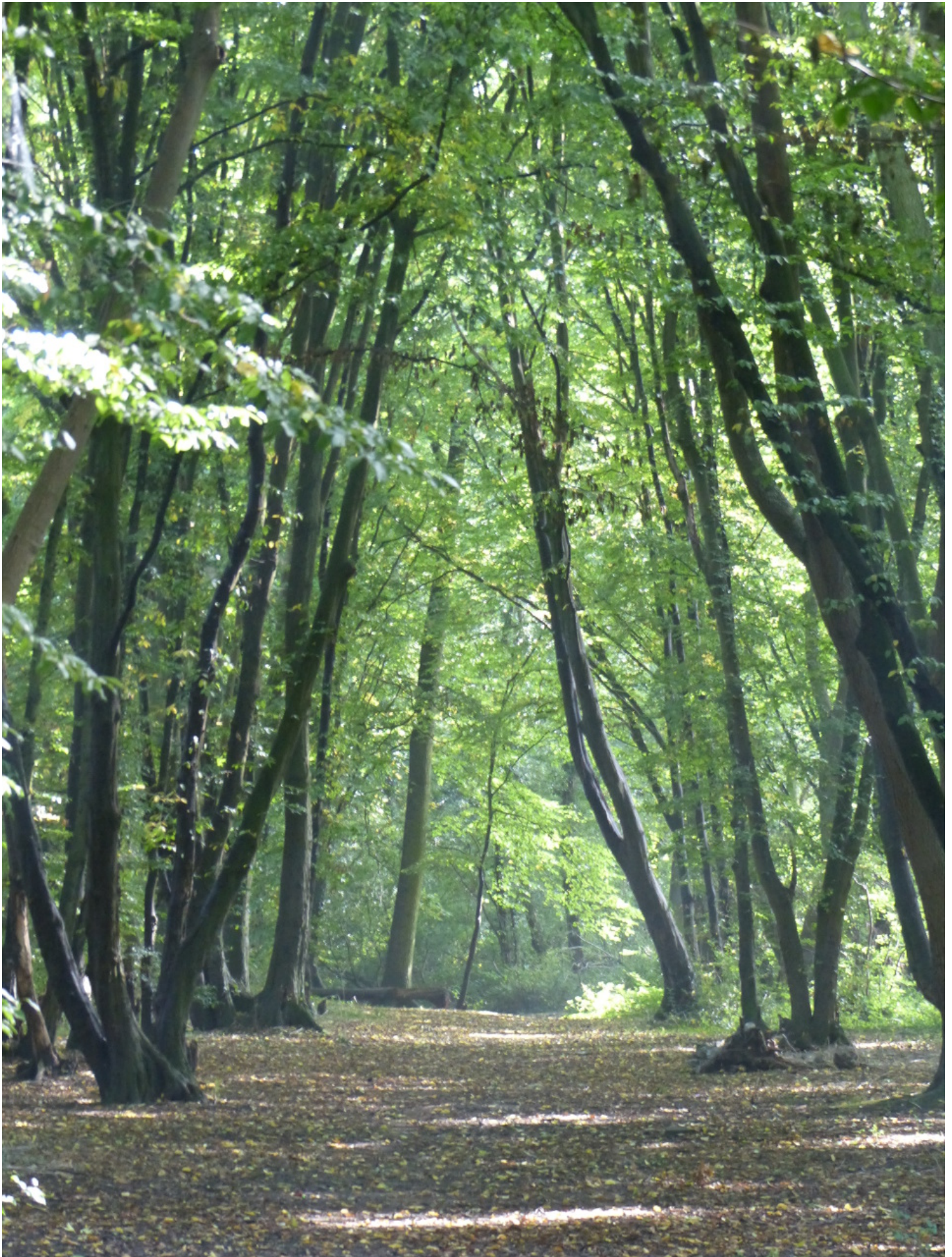


Figure 1 Ancient Lanes and Hedgerows in Stevenage

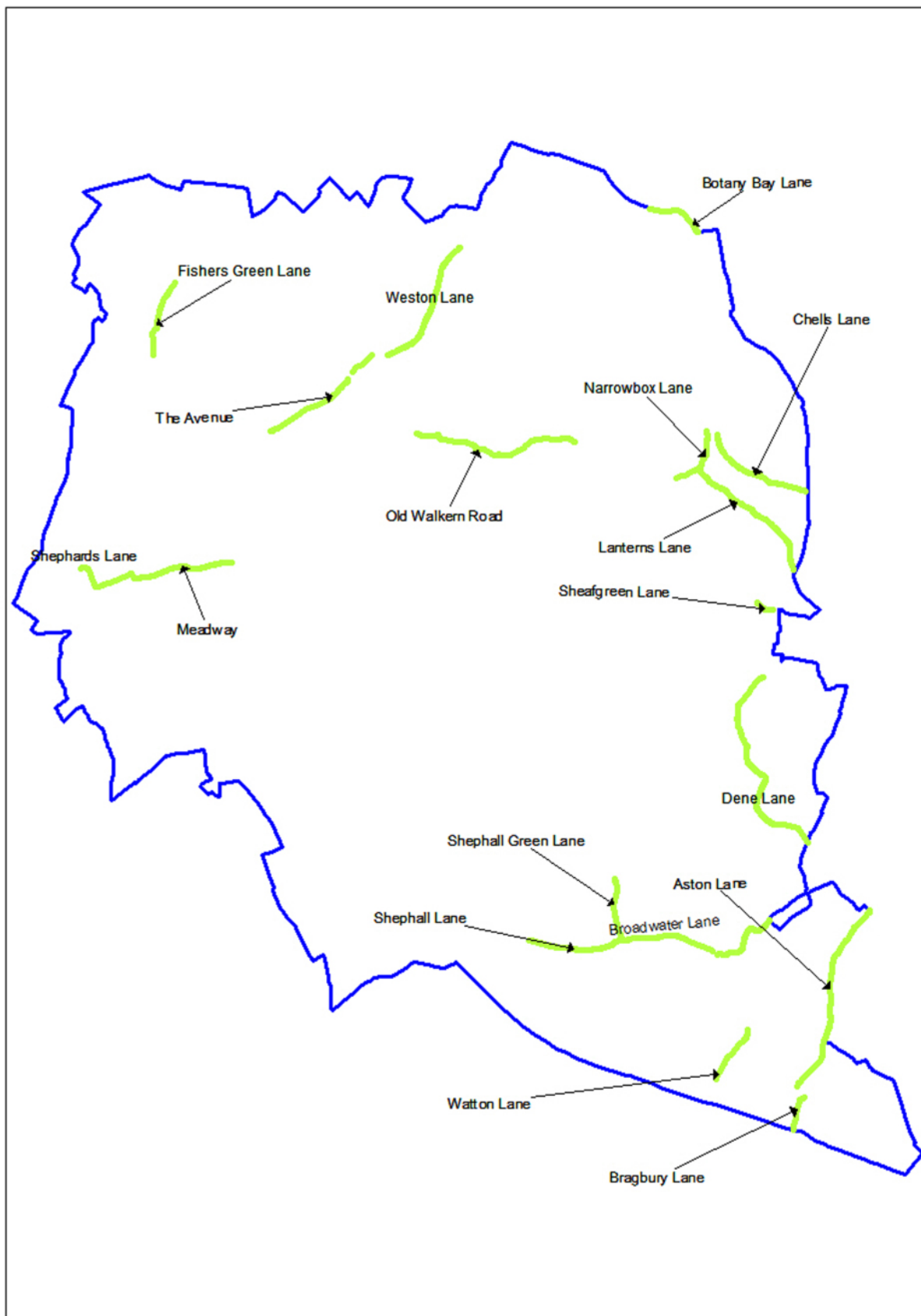


Figure 2 Wildlife Sites in Stevenage

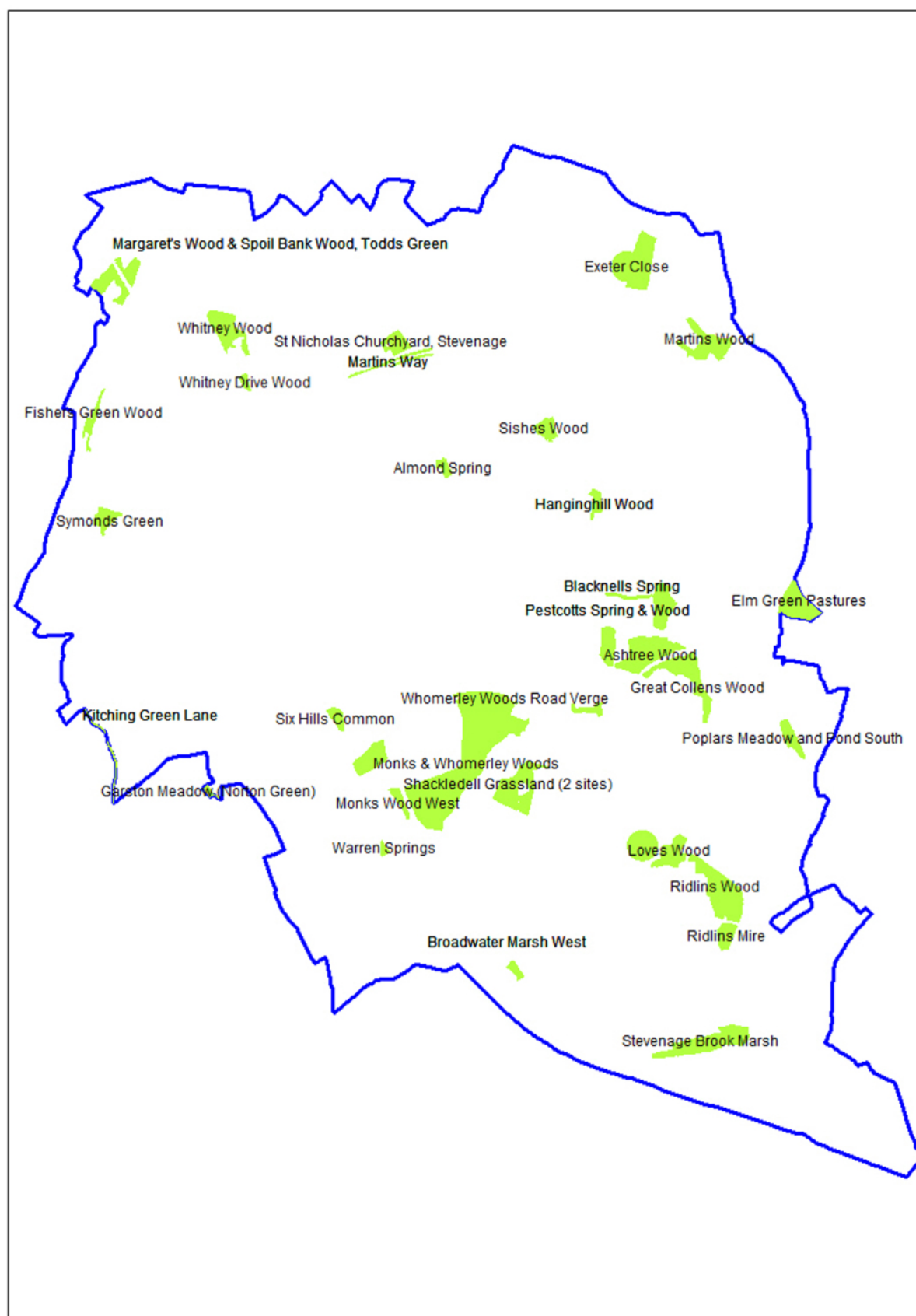
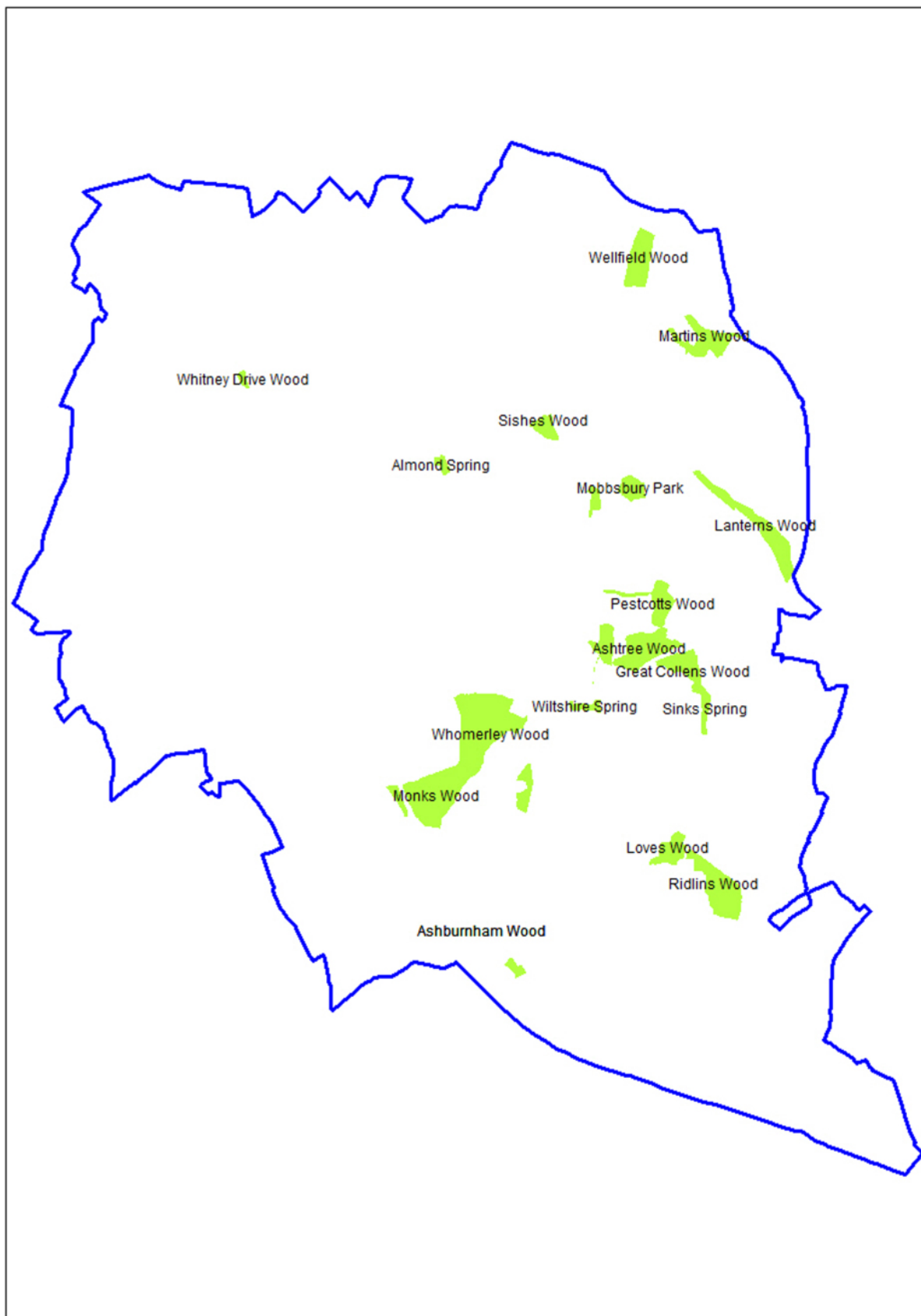


Figure 3 Woodlands in Stevenage

2.3 National Planning Policies

Policies in the [National Planning and Policy Framework](#) relating to net gain are:

8. Achieving sustainable development means that the planning system has three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways (so that opportunities can be taken to secure net gains across each of the different objectives):

c) an environmental objective – to contribute to protecting and enhancing our natural, built and historic environment; including making effective use of land, helping to improve biodiversity

170. Planning policies and decisions should contribute to and enhance the natural and local environment by:

d) minimising impacts on and providing net gains for biodiversity, including by establishing coherent ecological networks that are more resilient to current and future pressures;

174. To protect and enhance biodiversity and geodiversity, plans should:

b) promote the conservation, restoration and enhancement of priority habitats, ecological networks and the protection and recovery of priority species; and identify and pursue opportunities for securing measurable net gains for biodiversity.

175. When determining planning applications, local planning authorities should apply the following principles:

a) if significant harm to biodiversity resulting from a development cannot be avoided (through locating on an alternative site with less harmful impacts), adequately mitigated, or, as a last resort, compensated for, then planning permission should be refused;

d) development whose primary objective is to conserve or enhance biodiversity should be supported; while opportunities to incorporate biodiversity improvements in and around developments should be encouraged, especially where this can secure measurable net gains for biodiversity.



3 Climate Change and the benefits of biodiversity

3.0.1 The [Councils Climate Strategy](#) identifies biodiversity and its role in reducing carbon measures and ensure that we have a holistic approach to the wider sustainability impacts we as humans are having on our local ecology. Using nature's way of addressing the human impact of climate change is the most effective method of taking action.

3.0.2 It is now widely recognised that climate change and biodiversity are interconnected. Biodiversity is affected by climate change, with negative consequences for human well-being, but biodiversity, through the ecosystem services it supports, also makes an important contribution to both climate-change mitigation and adaptation. Consequently, conserving and sustainably managing biodiversity is critical to addressing climate change.

3.0.3 Conserving natural terrestrial, freshwater and marine ecosystems and restoring degraded ecosystems (including their genetic and species diversity) is essential. Ecosystems play a key role in the global carbon cycle and in adapting to climate change, while also providing a wide range of ecosystem services that are essential for human well-being.

3.0.4 Biodiversity can support efforts to reduce the negative effects of climate change. Conserved or restored habitats can remove carbon dioxide from the atmosphere, thus helping to address climate change by storing carbon.

3.0.5 Stevenage Borough Council is extremely proud to have a longstanding commitment to preserving and enhancing biodiversity in the borough. The vision has always been to increase Stevenage's biodiversity by conserving, restoring, recreating and reconnecting wildlife habitats; to increase awareness and appreciation of Stevenage's wildlife; to encourage participation in conserving its biodiversity; and to ensure that nature is close to everyone's doorstep. The Council has worked closely with the Herts and Middlesex Wildlife trust for many years and continues to work in partnership with this organisation to improve our green spaces. As The Council looks to tackle the issues presented by the changing climate, there is an opportunity to continue to prioritise the town's natural environment, while being mindful of what species and ecosystems already exist, when considering projects such as tree planting.

3.0.6 A link to The Councils [Biodiversity Action Plan 2017-2020](#) details actions being taken for wetlands, grasslands, woodlands, and ancient hedgerows. The woodland action plan, stressing the importance of the borough's woodlands as a carbon dioxide store. The Council reaffirms its commitment to biodiversity in the town and will strive to protect and enhance woodlands.

4 Assessing impacts - biodiversity accounting

As required by the NPPF and accompanying Planning Practice Guidance, the Council must achieve measurable net gains in biodiversity at development sites and across the Borough. The relative weight given to biodiversity factors will depend on the particular circumstances of the site and proposal, but can be more easily assessed if impacts (losses) to biodiversity, along with any gains (via mitigation and enhancement) are quantified.

To do this, the [DEFRA biodiversity metric](#) must be applied by to all minor and major planning applications when requested to do so (described further below).

The DEFRA biodiversity metric V2 (or as subsequently amended) allows efficient and standardised calculation of impacts. To enable a standardised approach in assessment, other calculators or tools will not be accepted.

To achieve a biodiversity net gain a development must deliver a minimum of 10% net gain post development, when compared with the pre-development baseline.

4.1 What triggers the use of the biodiversity metric?

Delivering biodiversity net gain will be mandated for proposed developments within the scope of the Town and Country Planning Act 1990. This includes buildings and structures for any use, including:

- commercial;
- industrial;
- institutional;
- leisure; and
- housing or other accommodation, where permission from local planning authorities is required.

This guidance document applies to all major and minor applications other than the following exemptions currently suggested by The Government:

- Permitted development;
- Householder development, including extensions;
- Nationally significant infrastructure, which falls within scope of the Planning Act 2008;
- Some brownfield sites with marginal viability and substantial constraints. It is expected that full details to be set out in secondary legislation, but considerations are likely to include where sites contain a high proportion of derelict land and buildings and only a small percentage of the site is undeveloped, land values are significantly lower than average, and the site does not contain any protected habitats; and
- Developments that would not result in measurable loss or degradation of habitat, for instance change of use of or alterations to building

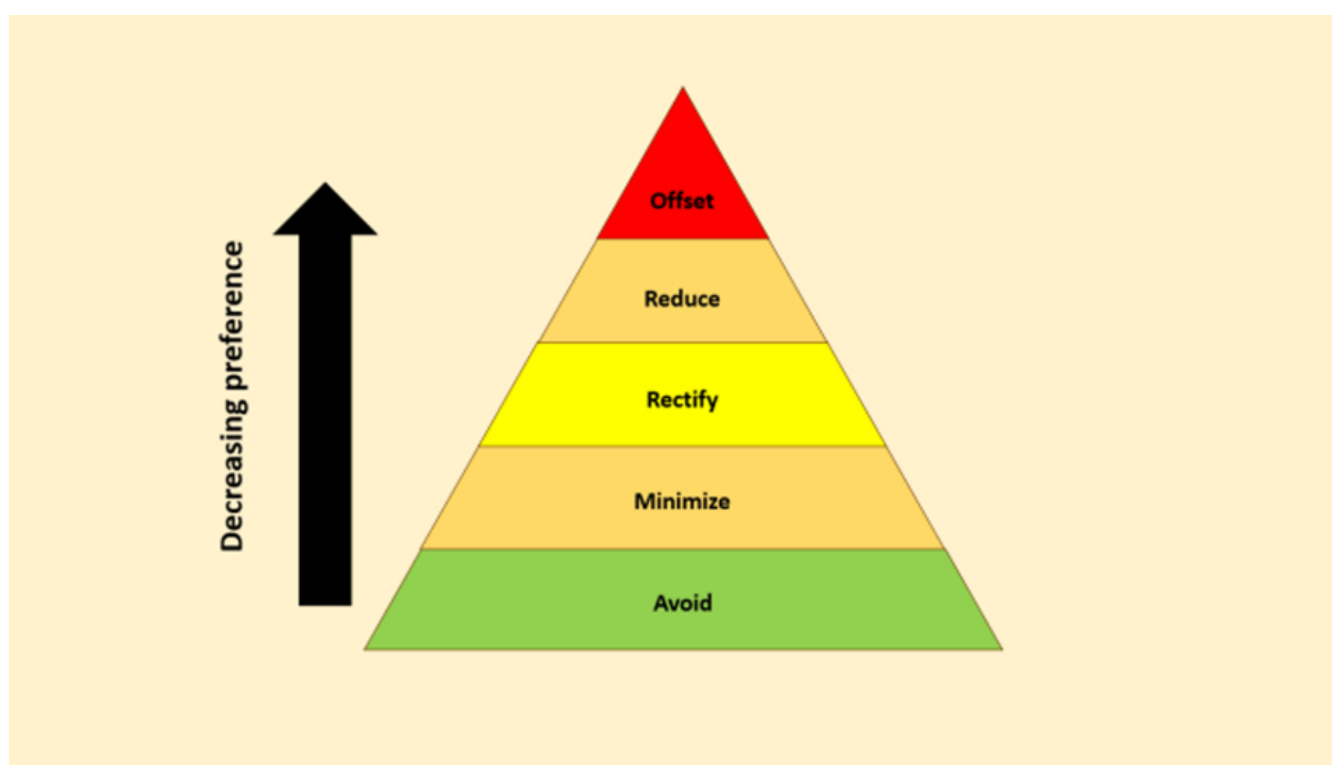
Stevenage Borough Council will follow these exemptions, until such time as exemptions are set out in primary or secondary legislation, at which point those exemptions will be followed.

The delivery of biodiversity net gain involves the use of the biodiversity metric, which is used to calculate the 'habitat units' of biodiversity gained or lost as a result of development on a site. **SBC or their ecological advisors should be contacted to assess whether a biodiversity metric assessment is required on a development proposal. It is recommended that this advice is sought at the pre-application stage.**

4.2 The mitigation hierarchy

Planning applicants must demonstrate the following mitigation hierarchy has been followed;

- impacts to biodiversity have been avoided, then,
- minimised, before,
- any compensation is considered; first onsite and then offsite.



National and local planning policy contains strong direction that development should not be permitted on statutory and non-statutorily designated sites for biodiversity (e.g. SSSI, LWS), unless there are exceptional circumstances present. Similarly, impacts on species and habitats of principle importance for nature conservation are strictly discouraged. Impacts on habitats falling within these categories should always be avoided if possible. If impacts cannot be avoided or mitigated then they must be compensated in a measurable way to achieve net gain.

Biodiversity is not limited to designated sites or priority habitats. In fact most of our biodiversity occurs on non-priority habitat. NPPF requires that planning delivers a measurable net gain to all biodiversity. In order to achieve this, a standard method of measuring impacts on all habitats (not just priority habitat) must be applied to planning decisions.

The metric is not designed to measure impacts on species. Separate species surveys will be required where appropriate. The results of these surveys will have a material influence on habitat provision because the habitat requirements of the species revealed must be reflected in the mitigation or compensation proposals.

The metric described below will be used by the Council in consideration of adherence to the mitigation hierarchy, and to inform compensation on all habitats.

4.3 The biodiversity metric

The biodiversity metric was designed by Natural England and introduced by Defra in 2012 as the main component in Government pilot schemes set up to test 'biodiversity offsetting' delivery systems. Following the review of the pilots the metric was reviewed and version 2 was released in 2019, to support the aims of the Governments 25 year environment plan for measurable net gain.

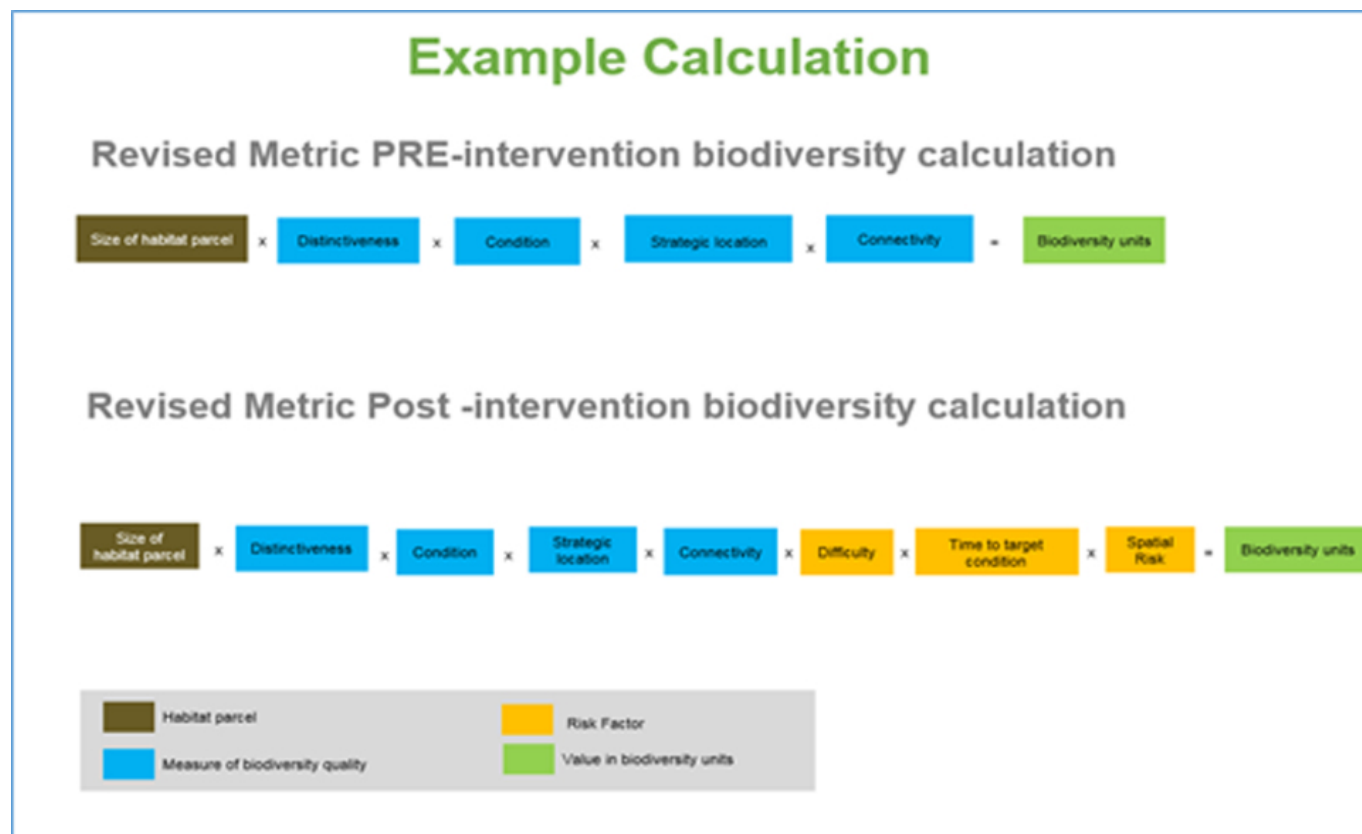
The metric does *not* assume compensatory sites will be required and can, in fact, demonstrate on-site biodiversity gain has been achieved. If an offset is required, the same metric is used to evaluate the predicted gains at compensation sites so that measurable net gain, of biodiversity is achieved.

All habitats are important, but some e.g. ancient woodland, limestone pavement, are irreplaceable and their loss cannot ever be fully compensated for. The metric evaluates impacts for a wide range of habitats, but it does not override existing law or policy that protects nationally important sites and species. In essence, the higher the biodiversity value of a habitat the higher the metric score. Therefore, compensation for impacts to unprotected, but ecologically high value habitats, will be greater compared to arable farmland, for example.

The metric calculates the scale of a habitat impact or enhancement by multiplying the area (hectares), distinctiveness (habitat type) and condition (quality) of each habitat parcel (Fig.1).

When losses are assessed – where impacts to habitats will occur - the calculation provides a negative score as habitat is being lost to development. This provides an evidence base for discussions regarding on-site mitigation and off-site compensation requirements, as per the mitigation hierarchy.

Figure 4 Example of pre-intervention and post-intervention elements included in calculating habitat units



When gains are assessed – where habitats are enhanced or created on-site, or off-site – a similar calculation is made but risk factors that account for difficulty and temporal delays are also applied (Fig. 1). The score will be positive where gains are being delivered. Habitats that are more difficult to restore or that will take a long time to reach a set target condition will score lower, these generate fewer credits and therefore a larger area is required to deliver sufficient mitigation or compensation.

The baseline habitat unit score should be used to inform development layouts, to maximise ecological gains on-site.

4.4 Residual loss

When on-site gains do not outweigh on-site losses by 10% and a net biodiversity loss is calculated, this negative biodiversity loss will become an offset requirement, if approved by the Council.

There is a 'no down-trading' policy within the metric, whereby habitat loss must be compensated for with habitat of the same value or higher - loss of high distinctiveness habitats such as lowland meadow and broad-leaved woodland must be compensated for like-for-like.

In addition to the difficulty and temporal factors applied to any gain calculations (on and off-site), a spatial factor is also applied to account for the location of a compensation receptor site in the local landscape.

This is accounted in the metric as:

- Compensation inside LPA/NCA, or deemed to be sufficiently local to site or biodiversity loss.

- Compensation outside of LPA/NCA of impact site but within neighbouring LPA/NCA.
- Compensation outside of LPA/NCA and beyond neighbouring LPA/NCA.

Strategic significance is also applied to account for the local areas strategic delivery plans and ambitions. In this context if a site is not within an area identified in the [Herts Ecological Networks Map](#) as a site with a high priority for habitat restoration or creation (categories 2 and 3a), the credit value of the site is reduced and, again, a larger area will be required to deliver the appropriate compensation (in conservation credits).

Strategic factors, dependant on development location (e.g. contribution to landscape connectivity) are as follows:

- Within area formally identified in local strategy. **Strategic: x 1 – category 1,2, 3a**
- Location ecologically desirable but not in local strategy. **Semi-strategic: 1.1 – category 3b**
- Area/compensation not in local strategy/ no local strategy. **Non-strategic: 1.15 – category 3c**

Offset compensation schemes within a strategic area are preferred. Non-strategic schemes are permitted but the conservation credits generated by sites must be reduced by a factor of up to 1.15. For rivers and streams, strategic plans include the [river basin management plan](#) and actions identified with [local catchment plans](#).

4.5 Thresholds

Whilst there is no minimum size of development or impact for which this system applies, applicants should contact the Council to confirm if the following information is required if they are unsure. Householder applications or applications on sites devoid of biodiversity interest, such as areas of hardstanding, are unlikely to require a biodiversity metric assessment. Applications which do not require an Environmental Statement may still require the information below, unless the Council has advised otherwise.

5 Information required

So that impacts on biodiversity interests can be properly assessed using the biodiversity metric, applicants are required to submit the following information to the Council:

5.1 Purpose of ecological report

The purpose of the ecological report is to demonstrate compliance with national planning policy, local planning policy and legislation regarding planning and biodiversity. It should not be an ecological inventory followed by a series of recommendations. It must clearly and definitively show; what is there, how it will be affected by the development, how the development is compatible with policy, how any negative impacts will be avoided, mitigated or compensated so that a measurable net gain to biodiversity can be demonstrated.

N.B. Only definitively stated mitigation, compensation and enhancement measures to achieve net gain are acceptable – in accordance with BS 42020. Only statements that detail what ‘will’ be provided will be allowed.

5.2 Habitats and Species

Identification of all habitat types present at the site, including non-priority habitats, such as agricultural land, together with species of local distinctiveness will be required. A short description of the habitat will be necessary for the Council to confirm the habitat type (for example; to distinguish between modified grassland and other neutral grassland).

Detail regarding any statutory or non-statutory nature conservation designations. Descriptions of the habitat must be consistent with the guidance provided to accompany the biodiversity metric (as amended). The location and size of each habitat parcel (pre and post development) must be clearly marked on maps. GIS layers are preferable if available

Figure 5

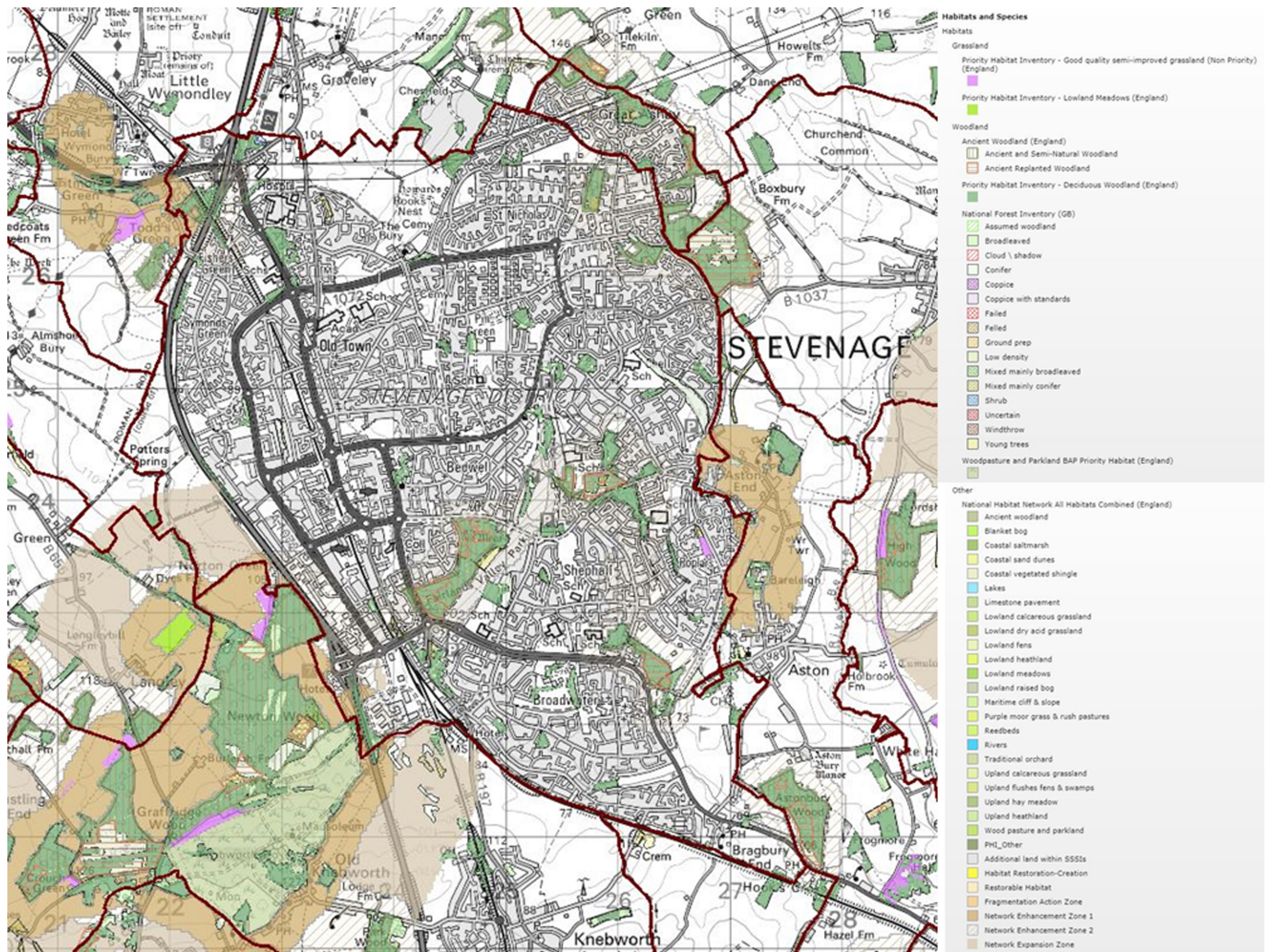
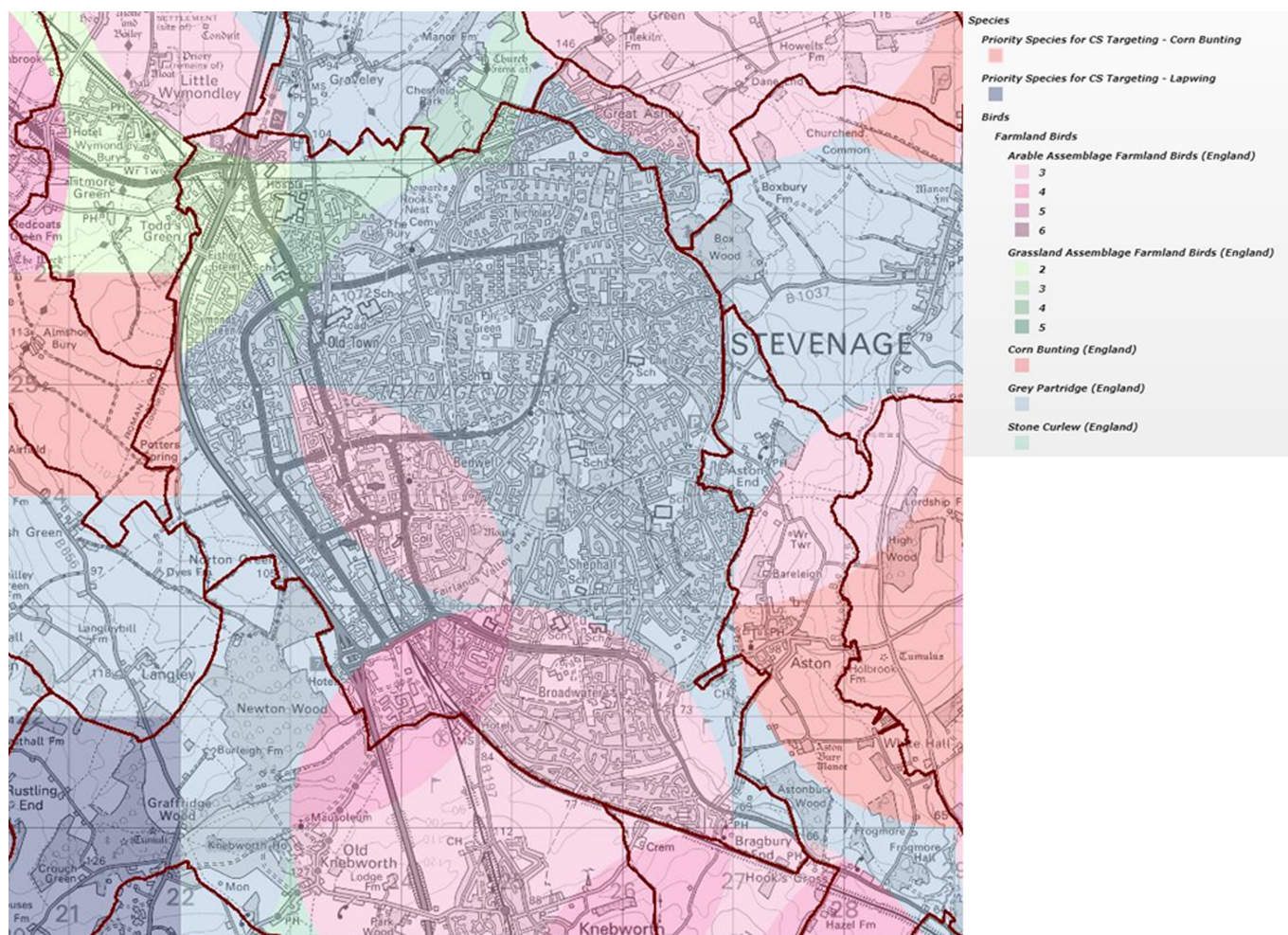


Figure 6



5.3 Area

Survey material showing the location and area (in hectares) covered by each habitat type. If possible this should be provided as a GIS layer to enable verification.

5.4 Condition

A description of the condition of each habitat type. If different 'patches' of one habitat type exist between which the condition of the habitat varies significantly, then these should be identified (for example; lowland meadow A – 1.2 ha - moderate condition; other neutral grassland B – 4ha - poor condition).

Condition should be assessed using the condition assessment criteria as outlined in the Natural England Biodiversity Metric Technical Supplement JP029. **Each condition assessment should be accompanied by a brief description, or reasoning, to support the assessment made.** If a habitat condition assessment is not found in the Technical Supplement, another method of assessing condition should be employed, with supporting reasoning included. Discussion with the ecological advisors of the council is advised to determine difficult or contentious condition assessments.

High quality quadrat photographs to justify habitat condition assessments are encouraged.

6 Losses vs. gains

How each of the habitats (and habitat patches) described above will be affected by the proposal must be identified – i.e. will they be lost, retained, or enhanced in some way. Any on-site mitigation or enhancements (gains) proposed must be accompanied by further information regarding the target habitat type and condition to be achieved through management, the time period within which this target will be achieved, and a supporting outline (or full) management plan. The Council will not consider any gains (credits) to balance losses calculated without this information.

Any offset proposals where biodiversity gains are proposed will be dealt with in the same way as the point above.

The above information may also be required for indirect impacts to habitats adjacent to the site.

Results from the assessments above should be summarised in a table, with an accompanying map with each habitat parcel clearly marked on it (pre and post development) and referenced to the excel spreadsheet generated by the biodiversity metric.

Early pre-application discussions with Stevenage Borough Council ecological advisors are recommended to clarify the information required above. All surveys will be expected to be accompanied by an ecological records search from the [Herts Environmental Records Centre](#)

Ecological assessments should be carried out by qualified, suitable experienced environmental consultants using recognised methodology and at an appropriate time of year. All surveys must be compliant with BS 42020: 2013. Biodiversity Code of Practice for Planning and Development.

Any deviation from these standards must be justified and agreed with the LPA before it can be admitted. All avoidance, mitigation, compensation or enhancement measures must be definitively stated. Reports must only refer to what will be delivered. 'Recommendations' or proposals which 'could', or 'may' be undertaken are not acceptable.

7 Standards for offsets

In addition to the standards set above for assessing impacts using the Biodiversity Metric, if compensation is required, any offset schemes will be required to adhere to the following set of standards.

7.1 Site selection

For each offset receptor site put forward by an applicant, Stevenage Borough Council will approve the site selection by considering the following:

Required

- Minimum ecological unit credit gain of 10% is achieved. This applies to both terrestrial and linear units. Linear and terrestrial units cannot be summed together to achieve Net Gain.
- Any like-for-like requirements for high distinctiveness habitat loss have been met
- That additionality can be demonstrated (where biodiversity gain and proposed management at a site is additional to that which is already in place with secure funding under, for example, an agri-environment scheme).

Potential considerations

- Target habitats are appropriate (if a like-for-like requirement is needed or to meet local targets)
- Sites within categories 1 to 3a will be selected in preference to lower value categories as identified by the Herts Ecological Networks Map.
- Site is within the Stevenage Borough boundary.
- Site is within 10km distance of the development

7.2 Delivery

In approving an offset Stevenage Borough Council will also need to be satisfied that delivery will be assured, such that the following are appropriate:

- Management period, i.e. 30 years;
- Site survey information, biodiversity gain (credit) calculations and management plan have been approved;
- Sufficient funds have been allocated to deliver management long-term, anticipating costs such as legal, administration, monitoring, reporting, foreseeable risks, insurance and inflation;
- A delivery mechanism is available – e.g. enforceable legal agreements to ensure management is undertaken and required condition is achieved in accordance with the management plan;
- Annual monitoring and reporting arrangements have been made, to ensure management is being delivered as per the legal agreements.
- **Biodiversity net gains should be secured for the lifetime of the impacts of the development.** Therefore, the priority for offsets will be on land owned by local authorities, nature conservation organisations, or land managed by nature conservation organisations.

8 Biodiversity Financial Contribution

Should a developer wish not to arrange their own biodiversity offset project(s), either on their own site or on a brokered site, then the Local Authority can offer a **financial payment option - known as a Biodiversity Financial Contribution**.

In this model, developers pay a contribution, under full cost recovery, for the LPA to organise the required biodiversity accounting scheme within a set period of time (usually 5 years), monitor their progress towards meeting the required units of biodiversity gain, take action where necessary to ensure the gains are achieved, and to formally report on their progress.

8.1 Components of a Biodiversity Financial Contribution

The Biodiversity Financial Contribution is index-linked and is the sum total of the following three components:

Biodiversity Accounting Payment (BAP) ~ (this is the cost of the offset)

$$\text{Set-up Cost} + \text{Habitat Creation Cost} + (\text{Management Cost})^{(1)} = \text{BAP}$$

Contingency Payment (CP) ~ at 10% of the Biodiversity Accounting Payment (Insurance Fund)

$$\text{Biodiversity Accounting Payment} \times 0.1 = \text{CP}$$

Index linked Management Payment (MP) ~ at 20% of the Biodiversity Accounting Payment (Management and Monitoring Fund)

$$\text{Biodiversity Accounting Payment} \times 0.2 = \text{MP}$$

So, overall,

$$\text{BAP} + \text{CP} + \text{MP} = \text{Biodiversity Financial Contribution}$$

A financial calculator that shows the average unit cost for a Biodiversity Financial Contribution is included in 12 'Appendix 3', together with a table outlining the average areas of amenity grassland needed to deliver 1 habitat unit of uplift.

8.2 Payable to

This Biodiversity **Financial Contribution** will be made payable to Stevenage Borough Council in accordance with the planning condition or legal agreement. On receipt of the agreed sum, monies will be distributed into three funds, based on full cost recovery principles. These funds will be spent as set out below.

Biodiversity Accounting Fund

1 Cumulative indexation for a 30-year management period

SBC will use this fund to arrange one or more providers to compensate for the loss associated with the development. This could be arranged through a broker, or a separate legal agreement arranged by a lead Local Authority. These arrangements will be detailed within a legal agreement, in accordance with an approved Biodiversity Accounting Management and Monitoring Plan.

Contingency Fund

This fund will be formed from the pooling of the individual contingency payments and will be used to secure additional biodiversity enhancements or other ecological projects that enhance biodiversity. These enhancements will compensate for Biodiversity Accounting Schemes that do not fulfil their ecological objectives.

Management and Monitoring Fund

This fund will cover the costs of the Herts Environmental Records Centre associated with collecting data, managing databases, strategic mapping, to be used to determine where best to locate offsets based on supply of units and meeting agreed biodiversity priorities, for sample on-site monitoring and formal reporting of scheme progress. It will also cover distribution of all three funds where necessary.

9 Assessing and achieving measurable biodiversity gain on a development site

Stage 1: Check with LPA if a biodiversity metric assessment is required

Stage 2: If required, engage an ecological consultant to undertake a biodiversity metric calculation on the site to give a baseline ecological unit score.

Stage 3: Identify all priority habitats and species to be avoided and buffered in accordance with local plan policy. Undertake species surveys, informed by environmental records search.

Stage 4: Design development within the parameters of existing habitats of value, minimum ecological unit requirement to achieve net gain, and species impact mitigation requirements. Use landscaping to maximise net gain potential, e.g. native trees, wildflower verges, SUDs. Ensure all habitats have appropriate management regimes, funding and monitoring specified. All avoidance, mitigation or compensation measures must be definitively stated and marked on maps.

Stage 5: Ensure enhancement features for wildlife as required by local plan are specified and marked on plans, e.g. integrated bird and bat boxes, hedgehog highways.

Stage 6: If impact on priority habitat cannot be avoided or if net gain cannot be achieved onsite, seek a legitimately quantified biodiversity offset, engage a biodiversity offset broker to provide an offsetting agreement, or seek a biodiversity financial agreement with the LPA to provide an offset.

Stage 7: Submit planning application

Stage 8: Permission granted, biodiversity offset or biodiversity financial agreement secured by 106 agreement

10 Appendix 1 – Ecological Networks Map for Hertfordshire

[Link to Hertfordshire Ecological Networks Map](#)

11 Appendix 2 – Sample condition wording for outline and full planning decisions:

Definitions:

"Biodiversity Impact Assessment"	means the use of the most current Defra Biodiversity Metric to calculate the biodiversity impact of the scheme measured in Biodiversity Units.
"Biodiversity Loss"	means a negative Biodiversity Unit score.
"Defra Biodiversity Offsetting Metric"	means the Defra mechanism to quantify impacts on biodiversity that allows biodiversity losses and gains affecting different habitats to be compared and ensure offsets were sufficient to compensate for residual losses of biodiversity
"Financial Contribution Calculator"	means the mechanism used to calculate the fixed sum contribution.
"Biodiversity Offsetting Scheme"	means a scheme which will deliver biodiversity enhancements which shall not be less than the Biodiversity Impact Assessment score
"Biodiversity Unit"	means the product of the size of an area, and the distinctiveness and condition of the habitat it comprises to provide a measure of ecological value
"Reserved Matters"	means the details to be approved by the Council in relation to the means of access to the building(s) and the site, the appearance of the building(s), the landscaping of the site, the layout of the site and its relationship with adjoining development, and the scale of building(s)

The Owner covenants:

Commencement of Development which for the purposes of this schedule shall include operations consisting of site clearance, demolition work, archaeological investigations, investigations for the purpose of assessing ground conditions, remedial work in respect of any contamination or other adverse ground conditions, diversion and laying of services, erection of any temporary means of enclosure, the erection of a site office, the creation of a site compound, the creation of temporary means of access shall not take place until the Reserved Matters have been approved by the Council.

The approved Reserved Matters shall not result in a Biodiversity Impact Assessment score less than – **XX Biodiversity Units** or such other number as may be agreed with the Council.

Commencement of Development, which for the purpose of this schedule shall include operations consisting of site clearance, demolition work, archaeological investigations, investigations for the purpose of assessing ground conditions, remedial work in respect of any contamination or other adverse ground conditions, diversion and laying of services, erection of any temporary means of enclosure, the erection of a site office, the creation of a site compound, the creation of temporary means of access, shall not take place unless approved by the Council until a Biodiversity Offsetting Scheme has been submitted to and approved in writing by the Council ("the Approved Scheme"). The Approved Scheme shall be approved with the purpose of ensuring that the Development shall result in a biodiversity net gain of 10% in accordance with the National Planning Policy Framework.

The Approved Scheme shall either include:

- the identity an appropriate receptor site or sites;

- a management plan for the provision and maintenance of such offsetting measures for not less than 30 years from the date of implementation of the Scheme;
- the provision of contractual terms to secure the delivery of the offsetting measures; or
- provide for a fixed sum contribution to be paid to Stevenage Borough Council based on using the Financial Contribution Calculator. The Biodiversity Contribution shall not exceed £xxx exclusive of indexation calculated in accordance with the Relevant Index. The Council shall use the biodiversity contribution to enhance and secure long term management of biodiversity within the vicinity of the Application Site.

11.0.1 If the above applies to implement the Approved Scheme, no changes shall be carried out to the Approved Scheme without the written consent of the Council.

11.1 Full application provisions

Biodiversity Offsetting

"Biodiversity Impact Assessment"	means the use of the most current Defra Biodiversity Metric to calculate the biodiversity impact of the scheme measured in Biodiversity Units.
"Biodiversity Loss"	means a negative Biodiversity Unit score.
"Defra Biodiversity Offsetting Metric"	means the Defra mechanism to quantify impacts on biodiversity that allows biodiversity losses and gains affecting different habitats to be compared and ensure offsets were sufficient to compensate for residual losses of biodiversity
"Financial Contribution Calculator"	means the mechanism used to calculate the fixed sum contribution.
"Biodiversity Offsetting Scheme"	means a scheme which will deliver biodiversity enhancements which shall not be less than the Biodiversity Impact Assessment score
"Biodiversity Unit"	means the product of the size of an area, and the distinctiveness and condition of the habitat it comprises to provide a measure of ecological value
"Reserved Matters"	means the details to be approved by the Council in relation to the means of access to the building(s) and the site, the appearance of the building(s), the landscaping of the site, the layout of the site and its relationship with adjoining development, and the scale of building(s)

The Owner covenants:

The Commencement of Development, which shall include operations consisting of site clearance, demolition work, archaeological investigations, investigations for the purpose of assessing ground conditions, remedial work in respect of any contamination or other adverse ground conditions, diversion and laying of services, erection of any temporary means of enclosure, the erection of a site office, the creation of a site compound, the creation of temporary means of access, shall not take place unless approved by the Council until a Biodiversity Offsetting Scheme appropriate to compensate for a Biodiversity Impact Assessment score of xx.xx Biodiversity Units has been submitted to and approved in writing by the Council ("the Approved Scheme"). The Approved Scheme shall be approved with the purpose of ensuring that the Development shall result in a Biodiversity Net Gain in accordance with the National Planning Policy Framework.

The Approved Scheme shall either include:

- the identity an appropriate receptor site or sites;

- a management plan for the provision and maintenance of such offsetting measures for not less than 30 years from the date of implementation of the Scheme;
- the provision of contractual terms to secure the delivery of the offsetting measures; or
- provide for a fixed sum contribution to be paid to Stevenage Borough Council based on using the Financial Contribution Calculator. The fixed sum shall not exceed £..... The District Council shall use the contribution to enhance and secure long term management of biodiversity within the vicinity of the Application Site.

11.1.1 If the above applies to implement the Approved Scheme no changes shall be carried out to the Approved Scheme without the written consent of the Council.

11.2 S106 payment for Broker secured scheme

Biodiversity Offsetting

"Biodiversity Impact Assessment"	means the use of the most current Defra Biodiversity Metric to calculate the biodiversity impact of the scheme measured in Biodiversity Units.
"Biodiversity Loss"	means a negative Biodiversity Unit score.
"Biodiversity Offsetting Scheme"	means a scheme which will deliver biodiversity enhancements which shall not be less than the Biodiversity Impact Assessment score.
"Biodiversity Units"	means the product of the size of an area, and the distinctiveness and condition of the habitat it comprises to provide a measure of ecological value. <i>Note: Based on / extracted from Defra's guidance documents</i>
"Defra Biodiversity Offsetting Metric"	the Defra mechanism to quantify impacts on biodiversity that allows biodiversity losses and gains affecting different habitats to be compared and ensure offsets were sufficient to compensate for residual losses of biodiversity. <i>Note: Based on / extracted from Defra's guidance documents</i>

The Owner covenants:

Within 1 month of signed permission and prior to the Commencement of Development, which shall include operations consisting of site clearance, demolition work, archaeological investigations, investigations for the purpose of assessing ground conditions, remedial work in respect of any contamination or other adverse ground conditions, diversion and laying of services, erection of any temporary means of enclosure, the erection of a site office, the creation of a site compound, the creation of temporary means of access, or as agreed by the Council a fixed sum of £xxxx excluding VAT shall be paid to [Name of selected Biodiversity Offset Broker] to enact the approved Biodiversity Offsetting Scheme for [Offset Broker] site xxxxx that has been previously approved by the Council and will appropriately compensate for a Biodiversity Impact Assessment score of xxxxx Biodiversity Units ensuring that the Development shall result in a Biodiversity net gain in accordance with the National Planning Policy Framework, in the form of the Conservation Offset Purchase Agreement annexed hereto.

12 Appendix 3

Stevenage Borough Council are offering applicants the option to make a financial payment instead of securing an offset provider through either a broker or other means. The Biodiversity Offsetting Payment will be based on the following precautionary principles.

Should a developer wish not to arrange their own biodiversity offset project(s), either on their own site or on a brokered site, then the Local Authority, on the advice of their ecological advisors, operate an alternative option - a **financial payment option - known as a Biodiversity Financial Contribution**.

This is where developers pay a contribution, under full cost recovery, for the ecological advisors of the LPA to organise the required biodiversity accounting schemes, monitor their progress towards meeting the required units of biodiversity gain, take action where necessary to ensure the gains are achieved, and to formally report on their progress.

The Biodiversity Financial Contribution is index-linked and is *the sum total of the following three components*:

Biodiversity Accounting Payment (BAP) ~ (this is the cost of the offset)

$$\text{Set-up Cost} + \text{Habitat Creation Cost} + (\text{Management Cost})^{(2)} = \text{BAP}$$

Contingency Payment (CP) ~ at 10% of the Biodiversity Accounting Payment (Insurance Fund)

$$\text{Biodiversity Accounting Payment} \times 0.1 = \text{CP}$$

Index linked Management Payment (MP) ~ at 20% of the Biodiversity Accounting Payment (Management and Monitoring Fund)

$$\text{Biodiversity Accounting Payment} \times 0.2 = \text{MP}$$

So, overall,

$$\text{BAP} + \text{CP} + \text{MP} = \text{Biodiversity Financial Contribution}$$

This **Biodiversity Financial Contribution** will be made payable to the LPA in accordance with the planning condition or legal agreement. On receipt of the agreed sum, monies will be held by the LPA, which will distribute them into three funds, based on full cost recovery principles. These funds will be spent as set out below.

Biodiversity Accounting Fund

SBC will use this fund to arrange one or more providers to compensate for the loss associated with the development. This could be arranged through a broker, or a separate legal agreement arranged by a lead Local Authority. These arrangements will be detailed within a legal agreement, in accordance with an approved Biodiversity Accounting Management and Monitoring Plan.

Contingency Fund

² Cumulative indexation for a 30-year management period

This fund will be formed from the pooling of the individual contingency payments and will be used to secure additional biodiversity enhancements or other ecological projects that enhance biodiversity. These enhancements will compensate for Biodiversity Accounting Schemes that do not fulfil their ecological objectives.

Management and Monitoring Fund

This fund will cover the costs of the Herts Environmental Records Centre associated with collecting data, managing databases, strategic mapping, to be used to determine where best to locate offsets based on supply of units and meeting agreed biodiversity priorities, for sample on-site monitoring and formal reporting of scheme progress. It will also cover distribution of all three funds where necessary.

The average cost of creation/restoration of habitat (2020 estimate subject to annual inflationary charges) will be:

Habitat Type	Set up costs	Create (per ha)	Maintain (per ha per yr)
Grassland	£7,000	£1686	£227
Woodland	£7,000	£1584	£184
Wetland	£7,000	£1212	£70

Average Area Requirements

The table below shows the average areas required to deliver 1 habitat unit uplift on amenity or modified grassland. These figures are based on offset achieving maximum target condition:

Habitat	Average area required to deliver 1 habitat unit on amenity grassland including residual value
Grassland - Lowland meadows	0.3 ha
Grassland - Other natural meadows	0.18 ha
Woodland and forest - Lowland mixed deciduous woodland	2.5 ha
Heathland and shrub - Mixed scrub	0.12 ha

13 Appendix 4 - Biodiversity Offsetting Management Plan Guidance

This guidance sets out what Stevenage Borough Council expects to see in a Biodiversity Offset Management Plan

Introduction

The preparation of a management plan is an essential component in the development of a biodiversity offset scheme. The plan should outline the management prescriptions that will be carried out in order to achieve the requisite habitat creation/restoration and for the long-term management (specified in the s106) of the newly created/restored habitat(s).

Evaluation of management plans

The Biodiversity Offset Management Plan needs to be approved by Stevenage Borough Council planning authority and their ecological advisors, who will need to be assured that the scheme is capable of delivering the proposed biodiversity benefits. The assessment will be based on information provided in the BOMP, so it is important that the plan provides adequate information. SBC may request further information from the offset provider, if necessary. In some cases, it may be necessary for an ecologist from the local authority to carry out an on-site visit to confirm the assessment of the initial condition of the site.

We expect that best practice will be followed in managing offset schemes, and this should be reflected in the management plans. A large amount of published advice is available on habitat management for delivering conservation outcomes.

Management plan format and content

Guidance on management plan writing, recommended format and contents is available from several sources. A standard management plan format provides factual information on the site including location, tenure, physical and biological features; an evaluation of the existing site habitats, objectives of management e.g. what is proposed including target condition and timescale to reach target condition; detailed management prescriptions, and the process for monitoring and reporting on the sites progress towards meeting its targets.

The level of detail provided in the management plan will depend on the complexity of the offset site, existing habitat(s) and proposed habitats. Many offset schemes will be small e.g. a single field and the proposed enhancements and management relatively simple (at least in theory). The amount of information provided e.g. site description, should reflect this. However, it is important that all management plans provide adequate information to enable the local planning authority to assess the proposed offset schemes ability to deliver and sustain the proposed biodiversity gains in the long-term.

13.1 The Management Plan

The management plan is likely to require the following information:

Location and description of site

Essentially a collation of information about the site, including general points such as location, tenure, site designations, environmental information, biological information, archaeological & historical information, past uses of the site. The first stage in this process is a desk study of available information. Sources of information must include the Herts Environmental Record Centre. Not all types of information will be relevant or available for all sites. Types of information will include:

Location

A map showing the location and boundaries of the receptor site should be provided together with a grid reference. Basic site statistics such as area (ha) should be provided.

Land tenure

Provide details of land ownership and occupation.

Access and public interest

Provide details and map of access to the site including any public rights of way, access required for management e.g. machinery

Site designation and notable interest

Provide details of any statutory designation (e.g. NNR, SSSI, LNR etc) and non-statutory designations (LWS, Ecosites) within or near to the site (give distances to the site).

Environmental information

This section should provide information geology & soils, hydrology, biological information, habitats & vegetation communities and cultural information. Concentrate on factors which are of importance to the habitats being created or restored e.g. grassland soils.

Geology and Soils

Include information on geology and soils which help in understanding the ecology of the site and which might influence site management. For example, information on geology and soil type will determine whether the site is suitable for grassland creation or restoration and inform decisions on target community (e.g. low available phosphorus and appropriate pH).

Geological information can be obtained from the British Geological Survey (BGS) (<http://mapapps.bgs.ac.uk/geologyofbritain/home.html>). Information on soils can be obtained from the UK Soil Observatory/Natural Environment Research Council (<http://www.ukso.org/>) and the National Soil Resources Institute at Cranfield University (<http://www.landis.org.uk/soilscapes/>). These will indicate general soil types in the area but laboratory analysis are required to determine soil properties at the site. See field assessment section below for guidance on soil analysis.

Topography

The topography of a site can influence habitats and possibly management. Briefly describe the topography of the site e.g. slope, aspect, features of importance for management etc.

Hydrology

An understanding of the hydrology of sites is essential for wetlands but can also influence other habitat types e.g. grasslands, and may also affect management. Describe the hydrology of the site e.g. the type of watercourse or water body, directions of flow, water sources, water quality, evidence of inundation etc. Again, concentrate on features that influence habitats to be created or enhanced, and management.

For wetlands including ponds, water quality is the most important factor influencing the wildlife value of a pond. This generally means clean, unpolluted, water with low levels of nutrients (like nitrates and phosphates).

13.2 Biological information

Flora and fauna

It is important to know what existing flora and fauna is present within or the near site. Particular attention should be given to protected and notable species and any other species which will influence or be affected by management e.g. invasive species. Information on the site and its surroundings should be obtained from [The Herts Environmental Records Centre](#)

Habitats and vegetation communities

Provide details of the habitats and, where relevant, vegetation communities found on the site, with distribution extent of each habitat shown on a map. The level of detail will vary from site to site but in most cases the broad habitat type will be sufficient. However, if detailed information exists or there are particular habitats or habitat features of high conservation importance, either in their own right or for key species, this should be provided.

13.3 Cultural information

Land use

Information on past land use and management (if available) is valuable for understanding how the site/habitat has changed over time. The reinstatement of traditional management is often prescribed for the restoration of priority habitats. Please give details of past (especially traditional management e.g. hay meadow, coppicing etc) where known and also present/recent management, especially where this may have influenced the current condition of the site, e.g. intensive agricultural management. Also give brief details of any land use in the area immediately bordering the site if these may have an impact on the site, for example pollution, fertiliser drift or disturbance.

Archaeological, cultural or historical interest

Provide details of any features on the site which are of archaeological, cultural or historical importance. Please consult [The Herts Historic Environment Advisory Service](#)

13.4 Field Assessment

Ecological Survey

The offset site should be surveyed by a competent botanist at an appropriate time of year for the habitat(s) present at the site. Surveys should record and map Phase 1 habitat types, UK habitats or NVC communities. Habitat description categories should be supported by UK habitat descriptions. Phase 1 and NVC habitats should be converted into UK habitats descriptions. Details of grassland conversion from NVC to UK habitats is provided in table 1 below.

Table 2 Stevenage specific conversion of grassland habitats from NVC to UK habitats descriptions used in metric

Habitat type – from metric	NVC equivalent
Lowland calcareous grassland	CG2, CG3, CG6, CG7
Lowland meadow	MG5, MG4
Modified grassland	MG7
Other neutral grassland	MG1, MG6, MG9, MG10, MG11, MG12, MG13
Tall herb communities	OV22, OV23, OV24, OV25

Full details of the survey should be provided in the Management Plan. This will provide information for the local planning authority to assess the suitability of the offset proposal. It also establishes the baseline of the offset site before creation or restoration management has started and against which the success of the scheme in meeting its target(s) can be assessed.

Site Survey results

The survey results should include:

- A description of the site including habitat(s), dominant/characteristic species, notable species etc; topography, aspect, hydrology, soil (see section below)
- A habitat map should be provided based on the Phase 1 Habitat Survey Handbook (JNCC 2010);
- A full species list;
- Photographs of the site, for example, that highlight the condition of the site e.g. rank grassland, scrub encroachment etc;
- Any factors affecting condition and/or management e.g. is the site suitable for grazing, recreational pressure etc

Baseline condition assessment

The current condition of the different habitats covered by the offset site need to be assessed to establish the baseline unit value of the site. The Biodiversity Metric 2.0 Technical Supplement contains condition assessment tables for most habitats (1.12).

The Technical Supplement does not contain condition assessment for all habitats. In this case, the ecologist should use their professional judgment and experience to determine condition, using attributes such as species-richness, the presence of indicator species (positive and negative), structural and age diversity etc. in relation to the NVC habitat type that the habitat is most similar to.

The field survey and condition assessment should be undertaken under suitable conditions e.g. appropriate time of year. Where conditions are not ideal e.g. grass is tightly grazed, the condition assessment should be carried out at a later date when conditions are suitable, otherwise a precautionary approach should be taken in assigning condition i.e. if it is difficult to determine if the habitat is in poor or moderate condition, the habitat should be assigned to the higher condition category.

When using the Technical Supplement to assess condition, count the number of failed criteria to determine the condition. Habitats are in good condition when all criteria are met, moderate condition where it fails on just one criteria and poor condition when it fails on 2 or more criteria.

Details of the condition assessment should be provided. For example, a condition assessment for grasslands should be based on the Technical Supplement methodology i.e. carry out a structured walk (see also monitoring section below). Photographs showing condition of habitat e.g. rank grassland, scrub encroachment etc should also be provided. Community representative, high resolution quadrat photographs rather than landscape photographs are particularly useful to verify botanical assessments and will be expected.

Table 3 Grassland condition assessment from Technical Supplement (adapted for Stevenage)

Habitat Description		
<ul style="list-style-type: none"> Includes both agricultural, recreational, amenity, road verges and semi-natural grassland types including Priority Habitat Grasslands on all soil types Will be dominated by grassland species with very little (is any) dwarf shrub, wetland or wooded species within the sward Will exist above and below the level of enclosure at all altitudes 		
Condition Assessment Criteria		
<ol style="list-style-type: none"> The area is clearly and easily recognisable as a good example of the grassland type and there is little difference between what is described in the relevant habitat classifications and what is visible on site The appearance and composition of the vegetation on site should very closely match the characteristics for the specific habitat (i.e. as described by the UK Habitat Classification or NVC community), with species typical of the habitat representing a significant majority of the vegetation Wildflowers, sedges and indicator species for the specific grassland habitat are very clearly and easily visible throughout the sward and occur at high densities in high frequency. See relevant Habitat Classification for details of indicator species for specific habitat Undesirable species and physical damage is below 5% cover Cover of bare ground less than 10% (including localised areas, for example, rabbit warrens) Cover of Bracken less than 20% and cover of scrub and bramble less than 5% 		
Condition Assessment Criteria Score		
Good	<ul style="list-style-type: none"> Wildflower and sedges listed for the habitat type above 30% excluding White Clover (<i>Trifolium repens</i>), Creeping Buttercup (<i>Ranunculus repens</i>) and injurious weeds Meets all the condition criteria with only minor variation None of the indicators of poor condition are present (4, 5 & 6) Newly created grassland cannot reach this level because of invertebrate impoverishment due to colonisation limitations 	3
Fairly good	<ul style="list-style-type: none"> Slightly lower forb ratio than above Newly created grassland cannot reach this level because of invertebrate impoverishment due to colonisation limitations 	2.5
Moderate	<ul style="list-style-type: none"> Total cover of wildflowers and sedges less than 30%, excluding White Clover, Creeping Buttercup and injurious weeds OR clearly fails at least 1 of the condition criteria OR the grassland type has some differences between what is described in the relevant habitat classifications and what is visible on site. It is a lower quality example of the habitat, but clearly recognisable as such 	2

	<ul style="list-style-type: none"> Potentially restorable to grassland Priority Habitat with improved management Cover of undesirable species at 5-15% Newly created meadow grassland can achieve this condition in time frame available 	
Fairly Poor	<ul style="list-style-type: none"> Poorer examples of above with lower forb ratio Proposed wildflower grassland with only one cut, or cuts in Spring and Autumn can only achieve this condition because they will be subject to net nutrient enrichment 	1.5
Poor	<ul style="list-style-type: none"> Most of the condition criteria are being failed Cover of undesirable species above 15% 	1
Undesirable species		
<ul style="list-style-type: none"> Creeping Thistle (<i>Cirsium arvense</i>) Spear Thistle (<i>Cirsium vulgare</i>) Curled Dock (<i>Rumex crispus</i>) Broad-leaved Dock (<i>Rumex obtusifolius</i>) Common Ragwort (<i>Senecio jacobaea</i>) Common Nettle (<i>Urtica dioica</i>) Creeping Buttercup (<i>Ranunculus repens</i>) White Clover (<i>Trifolium repens</i>) Cow Parsley (<i>Anthriscus sylvestris</i>) Marsh Thistle (<i>Cirsium palustre</i>) Marsh Ragwort (<i>Senecio aquaticus</i>) 		
Notes		
Physical damage to the vegetation from excessive poaching, damage from machinery use or storage, or any other damaging management activities		

Soil analysis

It is important that soil surveys and analysis are carried out where soil is an important factor in habitat creation and management. Advice on how to undertake a soil survey can be found in Natural England Technical Information Note TIN035. The laboratory analysis should include pH, available phosphorus, available potassium, available magnesium, total nitrogen, and hand soil texture. Natural England Technical Advice Note TIN036 gives advice on the interpretation of soil analysis. The results of the soil analysis should be presented in the management plan.

Site evaluation

The results of the field survey and soil analysis should be used to assess site suitability for habitat creation or restoration. Present the results of this assessment in the Biodiversity Offset Management Plan.

It is important that the right site is chosen for the proposed habitat. If site conditions are unsuitable e.g. nutrient levels too high, it is unlikely the scheme will succeed. The local authority has to have confidence that the scheme can deliver the proposed improvements in habitat condition. Where it is not confident that the scheme can deliver, it will request further information or may reject the scheme and request that an alternative site is found.

Calculating the offset biodiversity baseline

The baseline biodiversity unit value of the offset site should be calculated by entering the Phase 1 habitat type, current condition and area into the Biodiversity Calculator.

13.5 The Offset and Proposal Delivery

The habitat creation/restoration proposals must be described in detail. To be acceptable to the local planning authority, the following general principles should be applied to development schemes involving habitat creation and proposals must include descriptions of:

- The location, size and physical characteristics of the receptor site and presented on site plans.
- Details of the habitats/conservation features to be created/enhanced.
- Details of the offset provider (e.g. their resources, skills, experience) to deliver the offset.
- The methodology to be used to create the habitat/features
- Details of the long-term management proposed for the establishment and maintenance of the habitat/nature conservation feature.
- Future ecological monitoring of the habitat.

The appropriateness of all biodiversity offsetting schemes will be assessed by the SBC ecological advisors. Should the scheme be deemed as inappropriate, e.g. the proposed habitat, management prescriptions, target condition or timescales are considered unsuitable/unrealistic, and the scheme is considered unlikely to succeed, then the scheme will need to be amended or a biodiversity offsetting scheme on an alternative site put forward.

Calculating the biodiversity value of the proposed biodiversity offset

The biodiversity gain produced by the proposed offset scheme should be calculated using the biodiversity metric. The following data are required:

- Proposed Phase 1 habitat(s)
- Area of habitat to be created or enhanced
- Target condition
- Time to target condition
- Spatial multiplier e.g. is this offset in a strategically important area

Setting target condition and time to condition

Guidance from the Defra Biodiversity Metric supporting documents (2019) suggested that offset providers should only offer biodiversity units generated from a one step-change in condition (e.g. to improve the condition of the habitat from poor to moderate) to minimise the risks of the conservation action failing to deliver. As management actions are undertaken and the habitat improves then in due course the project can be re-valued and further units released for sale (e.g. a further improvement in condition from moderate to good). We support this precautionary approach. However, under the right conditions (e.g. low soil fertility) and management, for certain habitats, it should be possible to achieve more than a one-step change in condition e.g. poor to good condition. However, evidence will need to be presented in the management plan to justify this.

13.6 Objectives & Management

Objectives

Objectives should identify and describe what will be done i.e. expand (i.e. create) or restore habitat to deliver a change in habitat condition.

Habitat management prescriptions

Provide details of the management activities that are proposed to be carried out during the life time of the management plan in order to achieve the management plan objectives. Details of location (e.g. management plan compartment), timing and methodology should be given for each activity. This will include details of the establishment method e.g. grassland creation and a detailed work programme for the lifetime of the offset (specified in the s106), identifying when works are programmed to take place.

N.B. management prescriptions and habitat creation must be sensitive of the structure required to sustain invertebrate populations. Homogenous and simplistic management to achieve purely botanical aims are not acceptable. For example, rotationally uncut strips within hay meadows will be expected together with features such as permanent bare ground and managed scrub interface. Complex habitat interactions are encouraged such as ponds and wetlands within hay meadows or woodland. For more information on invertebrate habitat management see: Kirby, P. (1992), *Habitat Management for Invertebrates: A Practical Handbook*, Royal Society for the Protection of Birds

Features Influencing Management of the site

Give details of any features which may influence the management of the site. This may include management constraints e.g. access for machinery or livestock, or legal constraints such as the presence the presence of protected or invasive species.

13.7 Monitoring and reporting

The BOMP should set out the monitoring that will be undertaken to measure the success of the scheme in meeting its objectives.

Ecological Monitoring

Monitoring is an essential element of the management plan. It is required to ensure the successful establishment/restoration of the habitat, evaluating the success of management activities and provide feedback for management.

Any area of the site that is managed as part of an Offset agreement will need to conform to any agreed timetable. This is likely to be the first year of commencement and years 2, 5, 10, 15, 20 and 30 thereafter to evidence that management of the Offset Site is being successfully implemented.

Field assessment

The field assessment should be carried out by a competent botanist at an appropriate time of year. Standard habitat condition assessment methodologies should be followed e.g. structured walks through the habitat stopping at regular intervals to record condition attributes. For example, for grasslands follow the methodology set out in the Technical Supplement i.e. take a representative walk (e.g. a W route) through the grassland, recording species and other required features at a minimum of 10 stops. Site condition should be assessed using standard criteria where available (in most cases this will be based on criteria used in the Technical Supplement). The assessment methodology and the condition assessment criteria to be used should be set out in the BOMP.

Management Plan Review

The Management Plan should be subject to a review every 10 years. The review should include an appraisal of the habitats present at the site (based on the monitoring surveys), assessment of the success of the management plan to date and any required revisions to the plan. The first Plan review will need to cover:

- Success of initial habitat establishment;
- Problems and experience;
- Establish which management techniques have been successful and those that have not;
- An assessment of whether overall management has been effective.

Offset scheme schedule of costs

The management plan should give details of the offsetting scheme cost. The total cost of the scheme will be a combination of the habitat creation costs and ongoing maintenance costs. For example, for grasslands, creation costs might include seed purchase and sowing, ground preparation, weed control, installing stock proof fencing etc. Maintenance costs will include annual management e.g. haymaking and grazing for the duration of the scheme (e.g. 30 years). The schedule of costs should also include the production of the management plan, management plan reviews and ecological monitoring of the offset scheme. All costings should allow for inflation (using an index rate of 3.61% per annum).

14 Appendix 5 - The Defra Biodiversity Metric with supporting documents

14.0.1 <http://publications.naturalengland.org.uk/publication/5850908674228224>

15 Appendix 6 - Scientific evidence for habitat creation and restoration

15.0.1 <https://apps.warwickshire.gov.uk/api/documents/WCCC-863-794>

16 Appendix 7 - Planning policy, legislation and guidance references to measurable net gain

EU Biodiversity Strategy 2020;

Paragraph 2 of the National Planning Policy Framework (NPPF) (DCLG 2019) states that:

"Planning policies and decisions must also reflect relevant international obligations and statutory requirements"

This infers a due regard for the EU Biodiversity Strategy 2020 which states:

"Target 2: Maintain and restore ecosystems and their services...ensuring no net loss of biodiversity. This will be achieved ... by ensuring that any unavoidable residual impacts are compensated for or offset."

NERC Act 2006;

Section 40 of the Natural Environment and Rural Communities Act 2006 places a duty on all public authorities in England and Wales to have regard, in the exercise of all their functions, to the purpose of conserving biodiversity. A key purpose of this duty is to embed consideration of biodiversity as an integral part of policy and decision making throughout the public sector, which should be seeking to make a significant contribution to the achievement of the commitments made by Government in its Biodiversity 2020 strategy.

Making Space for Nature 2010;

"Biodiversity offsets established through the planning process are another mechanism that could be used to enhance ecological networks."

"The operation of a system of biodiversity offsets could deliver net gains for wildlife.."

25 year Environment Plan 2018;

"We will embed an 'environmental net gain' principle for development, including housing and infrastructure"

"We want to establish strategic, flexible and locally tailored approaches that recognise the relationship between the quality of the environment and development. That will enable us to achieve measurable improvements for the environment – 'environmental net gains' – while ensuring economic growth and reducing costs, complexity and delays for developers."

"Our immediate ambition is to work in partnership with other Government bodies, local planning authorities and developers to mainstream the use of existing biodiversity net gain approaches within the planning system,"

"Actions we will take include making sure that existing requirements for net gain for biodiversity in national planning policy are strengthened,"

The Draft Environment (Principles and Governance) Bill 2018 policy paper;

“Subject to consultation, we intend to legislate on mandatory biodiversity net gain to ensure that new developments enhance biodiversity and help deliver thriving natural spaces for communities”

National Planning Policy Framework 2019;

“Local plans and spatial development strategies should be informed throughout their preparation by a sustainability appraisal that meets the relevant legal requirements. This should demonstrate how the plan has addressed relevant economic, social and environmental objectives (including opportunities for net gains)”

“Planning policies and decisions should contribute to and enhance the natural and local environment by minimising impacts on and providing net gains for biodiversity,”

“To protect and enhance biodiversity and geodiversity, plans should promote the conservation, restoration and enhancement of priority habitats, ecological networks and the protection and recovery of priority species; and identify and pursue opportunities for securing measurable net gains for biodiversity.”

Planning Practise Guidance, Natural Environment, July 2019

“Plans, and particularly those containing strategic policies, can be used to set out a suitable approach to both biodiversity and wider environmental net gain, how it will be achieved, and which areas present the best opportunities to deliver gains.”

“The National Planning Policy Framework encourages net gains for biodiversity to be sought through planning policies and decisions. Biodiversity net gain delivers measurable improvements for biodiversity by creating or enhancing habitats in association with development. Biodiversity net gain can be achieved on-site, off-site or through a combination of on-site and off-site measures. It may help local authorities to meet their duty under Section 40 of the Natural Environment and Rural Communities Act 2006.”

“Planning conditions or obligations can, in appropriate circumstances, be used to require that a planning permission provides for works that will measurably increase biodiversity”

“Benefits could be achieved entirely on-site or by using off-site gains where necessary. Off-site measures can sometimes be secured from ‘habitat banks’, which comprise areas of enhanced or created habitats which generate biodiversity unit ‘credits’

“Tools such as the Defra biodiversity metric can be used to assess whether a biodiversity net gain outcome is expected to be achieved”

“Using a metric is a pragmatic way to calculate the impact of a development and the net gain that can be achieved. The biodiversity metric can be used to demonstrate whether or not biodiversity net gain will be achieved. It enables calculation of losses and gains by assessing habitat:

- distinctiveness: whether the type of habitat is of high, medium or low value to wildlife.
- condition: whether the habitat is a good example of its type.
- extent: the area that the habitat occupies.

To achieve net gain, a development must have a sufficiently higher biodiversity unit score after development than before development.”

“It is good practice to establish a detailed management plan to ensure appropriate management of the habitat in the long term, and to arrange for regular but proportionate monitoring on how the habitat creation or enhancement is progressing, indicating any remedial action necessary. Planning authorities may consider recording where habitat compensation has been established, and how relevant survey and monitoring data can best be utilised to strengthen the local biodiversity evidence base; for example by working with Local Environmental Record Centres.”

National Design Code, Ministry of Housing, Communities, and Local Government, 2019

“93 Open spaces are designed to be high quality, robust and adaptable over time so that they remain fit for purpose and are managed and maintained for continual use.

94 Open spaces include public, shared and private outdoor spaces with:

- well-integrated drainage, ecology, shading, recreation and food production that achieve a biodiversity net gain as required by the 25-year Environment Plan

98 Well-designed developments include site-specific enhancements to achieve biodiversity net gains at neighbourhood, street and household level.”



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Part I – Release to Press



Meeting Executive
Portfolio Area Environment and Regeneration
Date 18 November 2020



DEVELOPER CONTRIBUTIONS SUPPLEMENTARY PLANNING DOCUMENT: PUBLIC CONSULTATION

KEY DECISION

Author David Hodbod | 2579
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1 PURPOSE

- 1.1 To provide Members with an overview of the draft Developer Contributions SPD (Appendix A).
- 1.2 To seek Members' approval to carry out public consultation on the draft Developer Contributions SPD.
- 1.3 To maximise the delivery of affordable housing from private developers and to ensure the provision of, or funding for, infrastructure in Stevenage, whilst promoting community wealth building by creating jobs and training opportunities for Stevenage residents.

2 RECOMMENDATIONS

- 2.1 That the content of the Developer Contributions SPD be noted.

- 2.2 That delegated powers be granted to the Assistant Director: Planning and Regulation, following consultation with the Portfolio Holder for Environment and Regeneration, to make amendments as are necessary in the final preparation of the draft SPD prior to its consultation.
- 2.3 That the Executive approve publishing the draft Developer Contributions SPD for consultation from 30 November 2020 to 25 January 2021.

3 BACKGROUND

- 3.1 Developer contributions are provided by developers of proposed built developments which have been granted planning permission. They are intended to mitigate against the impacts that the development will cause. They can be provided by direct provision, by financial contribution or by land transfer. Using education mitigation as an example, the three options are for the developer: to build and provide a school; to provide money to the Council to help fund a school or school expansion, and/or; to provide a plot of land for a school to be built on.
- 3.2 Developer contributions are negotiated and agreed as part of planning applications. They can be a vital part of any planning permission being granted and a Decision Notice confirming that planning permission has been granted for a proposal will not be issued by the Council until an agreed legal agreement with the details of the developer contributions, commonly known as a Section 106 agreement (S106), has been signed.
- 3.3 Each contribution within a S106 must meet the three tests specified in Regulation 122 of the Community Infrastructure Levy Regulations 2010 (as amended):

“A planning obligation may only constitute a reason for granting planning permission for the development if the obligation is—

 - (1) necessary to make the development acceptable in planning terms;*
 - (2) directly related to the development; and*
 - (3) fairly and reasonably related in scale and kind to the development.”*
- 3.4 Developer contributions can cover a wide range of items related to different infrastructure and/or service provision. Each type of contribution (and public body requesting them) has its own way of quantifying the requirement for mitigation for an individual development and how much that mitigation should cost. S106s are often subject to long negotiations as the developer seeks a justification that each contribution is required and a demonstration that each contribution meets the three tests.
- 3.5 In January 2020, the Council adopted a Community Infrastructure Levy (CIL), which came into effect on 01 April 2020. CIL is a form of developer contribution which is calculated simply based on the location, size and type of development. It is non-negotiable and isn't subject to the same negotiation, scrutiny and planning considerations as S106 agreements.

- 3.6 Any development in Stevenage that meets the legal criteria for CIL is required to pay a CIL charge. The criteria are either: 100 sqm of new built development or providing one or more dwelling.
- 3.7 Whilst many of the S106 obligations sought by the Council are actually sought on behalf of Hertfordshire County Council (HCC) and other public bodies, CIL receipts remain in the control of Stevenage Borough Council. Funding priorities will be set out by the Council in an annual statement called the Infrastructure Funding Statement, and organisations such as HCC or local community groups will be able to bid for CIL funds.
- 3.8 CIL replaces the need for S106 agreements in many instances. It is a faster, clearer and simpler system of developer contributions than S106s and it also raises receipts from a greater proportion of developments, reducing the reliance on major applications (those of 10 or more dwellings) to fund infrastructure. CIL receipts are not limited to be spent on a specific project, linked to a specific development. They can be combined and spent more strategically on infrastructure across the borough.
- 3.9 However, in some instances, as well as paying a CIL charge, the Council may consider that a developer should also enter into a S106 with the Council to provide for site-specific mitigation required by their development.
- 3.10 Officers across the Development Management and Planning Policy Teams have worked hard to implement a consistent approach to the use of S106 since CIL was adopted and it is considered important to produce a Developer Contributions SPD to ensure that this consistent approach continues into the future. The SPD will ensure that developers understand what financial obligations they will be expected to provide through S106 contributions in addition to a CIL charge.
- 3.11 By producing a Developer Contributions SPD, the Council will maximise the provision of affordable housing in the town from private developers, will ensure the delivery of much needed infrastructure and will promote community wealth building in Stevenage by supporting Stevenage Works and creating jobs and training opportunities for Stevenage residents.
- 3.12 Put simply, the adoption and implementation of CIL ensures that requesting contributions towards borough-wide infrastructure is a fair, simple and transparent process, and the use of S106 in line with the SPD will ensure the Council maximises contributions towards site-specific mitigation.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

Recommendation 2.1: That the content of the draft Developer Contributions Supplementary Planning Document be noted.

- 4.1 The draft Developer Contributions SPD is included in Appendix A. The contents of the SPD cannot be seen as an exhaustive list of what may be required through a S106 agreement due to the potential for ad-hoc, one-off impacts to require mitigation. However, an overview of some of the key contents of the draft SPD is presented below.

Community Infrastructure Levy (CIL)

- 4.2 A brief explanation of CIL is included to state the procedures involved with CIL payments and how CIL is being used instead of S106 agreements.

Commuted Sums where developments are not Policy-compliant

- 4.3 The Stevenage Local Plan has policy requirements for new developments. Developments are expected to provide many elements to ensure the development is considered 'sustainable development' as specified by the Local Plan and as agreed by an independent Planning Inspector through the Local Plan Examination process. This includes provision of affordable housing, open space, cycling links, and/or community facilities amongst many other requirements.
- 4.4 Where a development does not provide these on-site sufficiently to be policy-compliant, the developer will be required to pay a commuted sum so that the Council or a third party can provide these necessary requirements elsewhere, off-site but to serve the local population.
- 4.5 These potential requirements are laid out in the SPD with an explanation of how the sought financial contribution will be calculated.

Regulation 122 interpretation

- 4.6 Some proposed developments will have a specific impact that must be mitigated for the proposal to be acceptable in planning terms. In these instances, it is likely a financial contribution will be sought. These contributions would have to meet the requirements of Regulation 122 as previously explained in paragraph 3.3.
- 4.7 A development could have a direct impact on a neighbouring building or piece of land and should not be left to be mitigated by the non-certain borough-wide CIL funding, which is open to a wide variety of applicants and is subject to Cllr agreement to finalise funding. In these instances, in planning terms, the impact must be mitigated for the development to be approved and to gain planning permission.
- 4.8 An example could be where an applicant proposes to build over a section of a cycleway or open space, either preventing a through-route for sustainable transport or causing the loss of much-needed and valued public infrastructure. In these hypothetical instances, whilst in practice the proposals may well be refused due to the impacts, if planning permission was approved, the applicants would have to enter into a S106 agreement with the Council to re-provide the impacted cycle route or open space (to an appropriate standard) or provide a financial contribution to cover the Council's (or third party's) costs to re-provide the cycle route or open space.
- 4.9 Another example of this could be where a proposed development places a demand on a specific service which cannot be met through borough-wide mitigation but must be mitigated in a specific manner to avoid the impacts of development being unacceptable. An example could be the impacts on primary education by proposed development near to the town centre. Here, developments will create a demand for education places that cannot be met

at existing schools in the vicinity due to a lack of capacity, or the expansion of existing schools in the vicinity due to the lack of space, or other limiting factors which prohibit expansion projects.

- 4.10 In this instance, the only mitigation is the provision of a new school in the town centre. This is to be provided within the Town Centre Regeneration plans but is needed to serve demand from a wider range of future developments and should be contributed to by other nearby developments.

Affordable Housing – Review Mechanisms

- 4.11 It is common for developments, particularly schemes on previously developed land, to be able to demonstrate that they are unviable in line with the National Planning Policy Framework (2019) and the accompanying Planning Practice Guide. When this is the case, the applicant is permitted to negotiate a reduced provision of financial contributions or affordable housing.
- 4.12 Viability assessments have historically been undertaken on a one-off basis at the planning application stage so, whilst Stevenage is clearly a location with great promise, this potential is not taken account of in viability assessments.
- 4.13 The SPD introduces a requirement for viability assessments for developments which were originally demonstrated to be unviable to be reviewed part way through construction. The review will give the Council an opportunity to recalculate the potential provision of affordable housing that a development can afford, based on more up to date information to take account of the expected uplift in prices that could occur as the town centre and neighbourhood centre regeneration schemes come forward. If reviews show an increased viability, the Council will, as a priority, be able to request higher provision of affordable housing or additional financial contributions.
- 4.14 The SPD also adds a requirement for financial contributions related to affordable housing to be subject to long term expenditure deadlines of 10 years or more. This will reduce the risk of the Council having to refund unspent contributions which is a common problem with financial contributions in-lieu of on-site affordable housing provision, due to the length of time it can take to deliver affordable housing schemes. This will help to maximise the potential for the Council to deliver affordable housing in light of the potentially long timeframes involved with: identification and procurement/disposal of suitable plots of land; design and determination through the planning system; and completion of the actual project.

Stevenage Works

- 4.15 The Council is keen to ensure that the significant amount of growth due to occur in the borough leads to opportunities for local people and young people to gain employment.
- 4.16 The SPD contains a requirement of developments above a certain size to agree to make a set number of construction jobs or apprenticeships available for Stevenage residents and/or students. The developer will have to set targets based on the expected level of employment on their site at the outset of the scheme and will have to report back to the council how it, or its contractor, met or missed the targets.

- 4.17 If a developer fails to achieve their targets, they will be expected to make a payment in lieu of the missed target. The money will go towards a Local Training Fund to be controlled by the Council to fund training opportunities for Stevenage residents, or to fund short-term employment opportunities for Stevenage residents at Stevenage micro-businesses.
- 4.18 This initiative could be linked to the Stevenage Works partnership which is an agreement between the Council and North Hertfordshire College to provide training and job opportunities including apprenticeships for young and unemployed people with local candidates identified by Jobcentre Plus.

Parking

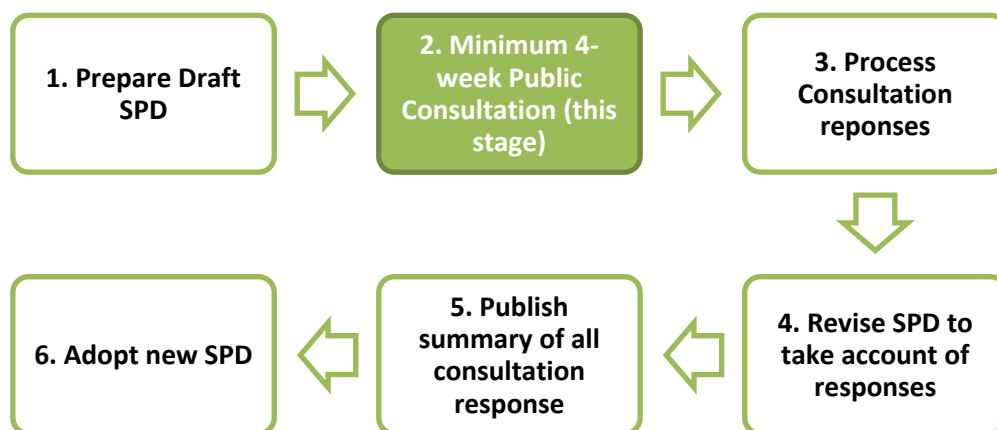
- 4.19 Parking continues to be an emotive and important aspect of development. The Council's promotion of sustainable transport through the Local Plan, Parking Provision & Sustainable Transport SPD, and Future Town, Future Transport means that we are requesting the provision of fewer parking spaces in the more accessible locations in the borough.
- 4.20 It is important to ensure that the reduced level of parking does not result in an overflow of parking issues to nearby areas. As such, the SPD seeks financial contributions towards the management of parking in nearby locations to proposed development where parking is provided under the levels advised by the Parking Provision and Sustainable Transport SPD. This could be to fund increased parking controls by wardens or to fund the pursuit of formal Restricted Parking Zones.
- 4.21 In addition, to promote sustainable development, developers are encouraged to fund items such as electric vehicles for car clubs (and the management of) or above-requirement quantities of EV charging points at the expense of additional parking spaces for non-electric, privately-owned cars.

Recommendation 2.2: That delegated powers be granted to the Assistant Director: Planning and Regulation, following consultation with the Portfolio Holder for Planning and regulation, to make amendments as are necessary in the final preparation of the draft SPD prior to its consultation.

- 4.22 The draft Developer Contributions SPD is appended to this report. However, it may be necessary to make minor changes prior to the consultation start date. This might include cosmetic adjustments, the correction of typographical errors and any minor factual changes.
- 4.23 It is recommended that any such amendments be approved via delegated powers.

Recommendation 2.3: That the Executive approve publishing the draft Developer Contributions Supplementary Planning Document for consultation from 19 October to 30 November 2020.

- 4.24 The procedure to adopt a new SPD is set out in the Town and Country Planning (Local Planning) (England) Regulations 2012. Roughly, it is as follows:



4.25 The Council must first undertake a consultation for a minimum four week period, however this has been extended to eight weeks to allow for the Christmas period. Following this, the Council must consider the consultation responses, produce a document stating the main issues raised by respondents, and summarise how the issues have been addressed by the Council.

4.26 The timetable for consultation and adoptions is currently as follows:

Stage	Date
8-week public consultation	30 Nov 2020 – 25 Jan 2021
Consider and address responses	Winter/Spring 2021
Adopt SPD through Executive	March 2021

4.27 As with any consultation exercise, it is not known how many responses will be received so the post-consultation stages will not be known for definite until a later date.

5 IMPLICATIONS

Financial Implications

- 5.1 The costs associated with producing and consulting on the draft Developer Contributions SPD will be met from the agreed departmental budget.
- 5.2 The aim of the SPD is to gain provision of, financial and/or land contributions towards identified infrastructure or service needs so the subsequent adoption of a Developer Contributions SPD should have positive financial implications of developments.

Legal Implications

- 5.3 Consultation on the draft Developer Contributions SPD will be undertaken in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012.
- 5.4 The outcomes of any consultation must be conscientiously taken into account in finalising the SPD to take responses into account prior to approval by the Executive.

- 5.5 The subsequent adoption of the Developer Contributions SPD will guide the contents of legal Section 106 agreements for individual developments, where needed to mitigate against the impacts of a development.

Risk Implications

- 5.6 There are no significant risks associated with producing the draft Developer Contributions SPD.

Policy Implications

- 5.7 The draft Developer Contributions SPD accords with, and has been produced to supplement policies in, the adopted Stevenage Local Plan (2019).

Planning Implications

- 5.8 The draft Developer Contributions SPD will supplement the recently adopted Stevenage Local Plan (2019).
- 5.9 If adopted after consultation, the document will not form part of the Development Plan for Stevenage. However, it will be a material consideration for planning applications.

Climate Change Implications

- 5.10 If adopted, the draft Developer Contributions SPD has the potential to have a positive impact on climate change, by securing developer contributions, either through direct provision or financial obligations, for infrastructure requirements including but not limited to sustainable transport, open spaces and biodiversity net gain.

Equalities and Diversity Implications

- 5.11 The draft Developer Contributions SPD does not have any direct equality or diversity implications. When implementing any of the contents of the SPD, the delivery body will need to consider the potential impacts on different community groups, in particular those who are less mobile or disabled.

Community Safety Implications

- 5.12 Whilst the draft Developer Contributions SPD does not have any direct community safety implications itself, when implementing any of the proposals the delivery body will need to consider the potential impacts on community safety.

BACKGROUND DOCUMENTS

All documents that have been used in compiling this report, that may be available to the public, i.e. they do not contain exempt information, should be listed here:

BD1 [Stevenage Borough Local Plan \(adopted 2019\)](#)

APPENDICES

A Draft Developer Contributions Supplementary Planning Document

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1 Introduction

Purpose of the Document

1.0.1 Supplementary Planning Documents (SPDs) are documents which add further details to policies contained in a Local Plan. SPDs are a form of Local Development Document produced under the Planning and Compulsory Purchase Act 2004 (as amended)⁽¹⁾. They do not form part of the Development Plan for an area, but become a material consideration in decision making when a Local Planning Authority is determining whether to approve or refuse planning permission for an application.

1.0.2 This consultation draft of the Developer Contributions Supplementary Planning Document (SPD) has been produced to supplement Policy SP5: Infrastructure of the Stevenage Borough Local Plan (adopted May 2019).

1.0.3 The aim of this new document is to set out the Council's proposed approach to the use of Section 106 (S106) agreements to secure developer contributions from new developments. This will assist planning officers, applicants, service providers, Councillors and members of the public through the planning application process, ensuring that the process is fair and transparent and is applied consistently.

1.0.4 It is important to note that SPDs should not introduce new policies and should not add significantly to the financial burden on developments. The SPD mainly expands on the content of Local Plan policies and gives more detail on when and how developer contributions will be sought so it is not considered that the contents add significant requirements onto developers.

What are Developer Contributions?

1.0.5 Developer Contributions, commonly known as planning obligations, are legal obligations entered into to mitigate impacts of a proposed development. They are entered into under Section 106 of the Town and Country Planning Act 1990⁽²⁾ by the developer and/or landowner, the local planning authority, and potentially other service or infrastructure providers linked to a proposal or mitigation scheme. They are legally binding and enforceable.

Community Infrastructure Levy

1.0.6 The other main form of developer contribution is the Community Infrastructure Levy (CIL).

1.0.7 Stevenage Borough Council adopted a CIL Charging Schedule in January 2020 and started implementing CIL on 01 April 2020. CIL is a non-negotiable charge on new built development which meets the thresholds identified in the Community Infrastructure Levy Regulations (2010) (as amended)⁽³⁾. CIL replaces the need to secure developer contributions through S106 agreements in many instances, allowing for infrastructure and service provision to be planned and implemented on a more strategic, borough-wide scale rather than in a piecemeal approach as mitigation against the impacts of individual developments.

1 [Planning and Compulsory Purchase Act 2004 \(as amended\)](#)

2 [Town and Country Planning Act 1990](#)

3 [Community Infrastructure Levy Regulations 2010](#)

1.0.8 The Council must publish its CIL funding priorities each year in an Infrastructure Funding Statement. Like S106 agreements, CIL liabilities are legally binding and enforceable, albeit through different legislative procedures.

1.0.9 The Council will still require applicants to enter into S106 agreements in some instances. This document sets out the instances where S106 agreements will be sought, what will be included in them, and how contributions will be calculated.

Scope

1.0.10 The contents of this SPD are not to be considered exhaustive. Whilst the majority of future developer contributions are expected to relate to the contents of this SPD, the Council cannot list every instance of site-specific impacts caused by potential developments that need to be mitigated, so there will always be a chance that a S106 will need to contain something not included in this SPD.

1.0.11 Nor does the SPD contain all the details of how demand, mitigation and monetary figures are to be quantified for developer contributions. Not all of these methodologies are under the control of the Council and even those that are, are subject to changes which would render the SPD out of date. The SPD will outline the principles behind the calculations and will identify where further information can be found.

1.0.12 In essence, this document should be used to identify where developer contributions may be required in addition to the payment of a CIL charge for a proposed development. We advise that applicants always engage fully with the LPA and other infrastructure/service providers near the time of submitting an application to gain a better understanding of the exact amounts they may be expected to contribute.

1.0.13 The main topics covered in this SPD are:

- Community Infrastructure Levy
- Hertfordshire County Council contributions
- Housing
- Commuted Sums to mitigate against policy non-compliance
- Site-specific mitigation
- Employment opportunities
- Parking and Sustainable Transport
- Monitoring fees

Consultation

1.0.14 The procedure to adopt a new SPD is set out in the Town and Country Planning (Local Planning) (England) Regulations 2012⁽⁴⁾.

1.0.15 The Council must first undertake a consultation for a minimum four week period. Following this, the Council must consider the consultation responses, produce a document stating the main issues raised by respondents, and summarise how the issues have been addressed by the Council.

4 [The Town and Country Planning \(Local Planning\) \(England\) Regulations 2012](#)

1.0.16 Due to the time of year, the Council is consulting on the draft document for twice the length of time stipulated by the Regulation. The timetable for consultation on this draft SPD document and subsequent adoptions is currently expected to be:

Table 1 Expected timetable for production

Stage	Date
Public consultation	30 Nov 2020 - 25 Jan 2021
Consider and address responses	Winter / Spring 2021
Adopt SPD through Executive	March 2021

1.0.17 As with any consultation exercise, it is not known how many responses will be received so the post-consultation stages are subject to change.

2 Policy Context

Local Policy

2.0.1 This SPD has been produced to provide additional guidance to Policy SP5: Infrastructure from the Stevenage Borough Local Plan, in particular parts a and b:

Policy SP5: Infrastructure

This plan will ensure the infrastructure required to support its targets and proposals is provided. New development will be required to contribute fairly towards the demands it creates. We will:

a. Permit permission where new development

i. Makes reasonable on-site provision, off-site provision or contributions towards (but not limited to) the following where relevant:

affordable housing; biodiversity; childcare and youth facilities; community facilities; community safety and crime prevention; cultural facilities; cycling and walking; education; flood prevention measures; Gypsy and Traveller accommodation; health care facilities; leisure facilities; open spaces; passenger transport; play areas; policing; public realm enhancement; road and rail transport; sheltered housing; skills and lifelong learning; sports; supported housing; travel plans; utilities and waste and recycling.

ii. Includes measures to mitigate against any adverse impact on amenity or the local environment where this is appropriate and necessary; or

iii. Meets any specific requirements relating to individual sites or schemes set out elsewhere in this plan;

b. Use developer contributions, legal agreements, levies or other relevant mechanisms to make sure that the criteria in (a) are met;

2.0.2 Policy SP5 is the key strategic policy related to developer contributions in the Local Plan. However, the Local Plan places many requirements on proposed developments. Other policies specify these demands throughout the Plan. As such, this SPD is designed to support the Local Plan as a whole and should be read in combination with the entire contents of the Local Plan.

National Policy

2.0.3 Paragraph 54 of the National Planning Policy Framework (2019) states that:

NPPF paragraph 54

Local planning authorities should consider whether otherwise unacceptable development could be made acceptable through the use of conditions or planning obligations. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition.

2.0.4 Planning Practice Guidance gives more information on developer contributions and states that:

PPG Paragraph: 003 Reference ID: 23b-003-20190901

Where the Community Infrastructure Levy is in place for an area, charging authorities should work proactively with developers to ensure they are clear about the authorities' infrastructure needs.

2.0.5 The Council is a CIL Charging Authority and under recent amendments to CIL Regulations⁽⁵⁾, is required to publish an Infrastructure Funding Statement which states what the Council's spending priorities for its CIL receipts are.

2.0.6 The PPG also states that:

PPG Paragraph: 003 Reference ID: 23b-003-20190901

Authorities can choose to pool funding from different routes to fund the same infrastructure provided that authorities set out in infrastructure funding statements which infrastructure they expect to fund through the levy.

2.0.7 This means that whilst the Council may already be intending to spend CIL receipts on a particular item of infrastructure, they may also request S106 contributions towards the same project. However, in line with Regulation 122 of the Community Infrastructure Levy 2010 (as amended)⁽⁶⁾, each developer contribution within a S106 agreement must meet the following three tests:

CIL Regulation 2010 (as amended) Regulation 122

- (a) necessary to make the development acceptable in planning terms;*
- (b) directly related to the development; and*
- (c) fairly and reasonably related in scale and kind to the development.*

⁵ [The Community Infrastructure Levy \(Amendment\) \(England\) \(No. 2\) Regulations 2019](#)

⁶ [Community Infrastructure Levy Regulations 2010](#)

2.0.8 Important to the production of this SPD, the PPG states that:

PPG Paragraph: 003 Reference ID: 23b-004-20190901

...It is not appropriate for plan-makers to set out new formulaic approaches to planning obligations in supplementary planning documents or supporting evidence base documents, as these would not be subject to examination...

2.0.9 Whilst there are undoubtedly formulaic methods of calculating developer contributions that are commonly used, the inappropriateness to include formulas in an un-examined SPD document is to enable the local planning authority to ensure that any developer contribution sought through a S106 agreement for any individual planning application meets the tests of Regulation 122 above.

3 Community Infrastructure Levy

CIL

3.0.1 Stevenage Borough Council is a CIL authority. Any application granted permission after 01 April 2020 may be liable to pay a CIL charge which is calculated based on the size, type and location of the development. The thresholds for whether a proposed development pays a CIL charge are if a development:

- Involves a new build that creates net additional floorspace (based on gross internal area) of 100m² or more,
- Involves the creation of one or more dwellings, or
- Involves change of use to residential where the existing floorspace has not been in continuous use for at least 6 months in the previous 3 years.

3.0.2 Details of the Council's CIL Charging Schedule can be found on the Council webpages at www.stevenage.gov.uk/CIL

Table 2 SBC CIL Charging Schedule (rates set 01 April 2020)

Development Type	CIL Rate (per sqm)	
	Zone 1 (Stevenage Central, Stevenage West Urban Extension, North of Stevenage Extension)	Zone 2: Everywhere else
Residential		
Market Housing	£40	£100
Sheltered Housing	£100	
Extracare Housing	£40	
Retail Development	£60	
All other development	£0	

3.0.3 The webpages contain the Stevenage CIL Charging Schedule and associated policies including the Instalments Policy. The webpages also contain a SBC CIL Guidance document which has a detailed explanation of liability, calculations, exemptions and relief, the CIL process, CIL Forms, CIL payment, enforcement and appeals.

3.0.4 The Council's first and subsequently annually updated Infrastructure Funding Statement will be published on this page. This will contain a list of CIL funding priorities.

3.0.5 It is expected that the vast majority of applications for built development, with the exception of the majority of householder applications, will be liable to pay a CIL charge. Some householder applications will be required to pay, but only if they propose 100 sqm or more built development and don't seek a residential extension exemption.

4 Hertfordshire County Council Contributions

County Council Services

4.0.1 Local Government in Hertfordshire operates under a two-tier system. As such, Stevenage Borough Council has the legal responsibility to provide some but not all local services. Hertfordshire County Council (HCC) is the upper tier authority and is responsible for delivering and maintaining much of the large scale infrastructure that its residents and businesses require, such as roads, schools, waste disposal services and libraries.

4.0.2 When planning applications are submitted to Stevenage Borough Council, HCC is consulted and will provide appropriate advice and comments regarding the needs of infrastructure for which is it responsible. In planning authorities without a CIL Charging Schedule, HCC would seek to secure developer contributions via a S106 agreement to mitigate against the impacts on HCC service provision. This would most commonly include services such as:

- Sustainable Transport,
- Passenger Transport,
- Education,
- Early Years Education,
- Libraries,
- Youth Services,
- Fire and Rescue Services,
- Waste Disposal, and
- Adult Care Services.

HCC Household Waste Recycling Centre



4.0.3 The latest explanation of how HCC intend to quantify developer contributions can be found in the consultation draft version of the HCC Guide to Developer Contributions (2019)⁽⁷⁾ although this document is not yet finalised following consultation.

⁷ [Hertfordshire County Council Guide to Developer Contributions 2019](#)

4.0.4 Now that Stevenage Borough Council has adopted a CIL Charging Schedule, many of these service provisions are no longer considered suitable for collection via a S106 agreement. This is because CIL allows for the borough-wide planning of infrastructure and service provision so CIL receipts can be used to improve service provision on a borough-wide scale rather than as proposal-by-proposal mitigation.

4.0.5 Most of these services are provided on a borough, or wider, scale and the direct impacts of one development are very unlikely to require the provision of new, and/or expansions to a borough-wide facility. For example, there is only one Household Waste and Recycling Centre in Stevenage which is used by residents from the whole of the borough, and many in the surrounding area. One proposed development will not create a significant need to increase the capacity of, or replace, the facility so it would be inappropriate to seek developer contributions to fund it.

4.0.6 Instead, if HCC identify the need to improve the capacity of services due to combined demand of development in the area, it will be able to submit a bid to SBC to be allocated a portion of the Council's collected CIL receipts to help fund the new/improved service.

4.0.7 For minor developments, it is therefore unlikely that developer contributions will be sought through S106s for any of these services in addition to the CIL charge associated with the proposal.

4.0.8 For major developments, a decision will need to be made by the planning authority, with input from the infrastructure/service provider, whether a proposed development causes an impact that requires direct mitigation. If that is the case, developer contributions will be sought, however, it is unlikely that the Council will seek to secure developer contributions for these services as standard unless a proposed development can be shown to have an impact that requires specific mitigation to make a proposal acceptable in planning terms. This is in line with Regulation 122 of the CIL Regulations 2010 (as amended).

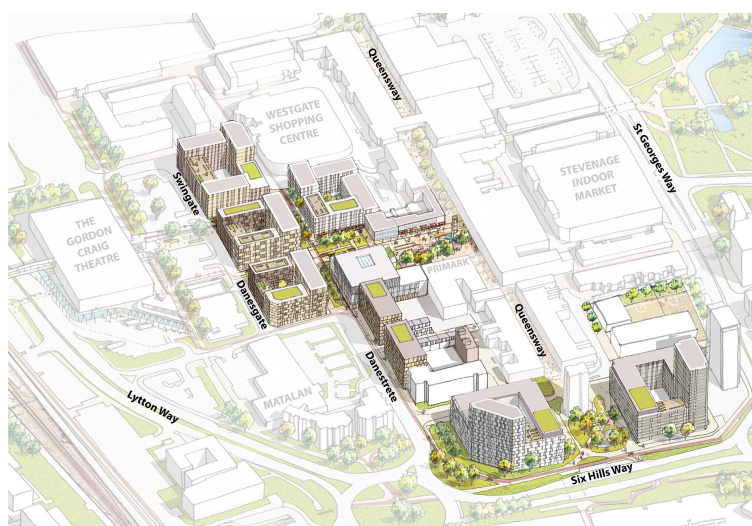
5 Strategic Sites

Strategic Sites

5.0.1 Strategic sites allocated in the Local Plan have a large number of policy requirements as identified through by stakeholders during Local Plan production and agreed through the Local Plan Examination process. The vast majority of these requirements should be provided on-site as part of the development so their delivery will be contained in submitted plans and conditioned by the planning permission.

5.0.2 Some of the requirements will need to be secured as a developer contribution by S106 due to the nature of how they are provided for. This includes, for example, primary education contributions. HCC, the local education authority, requires land to be provided and financial contributions to be made towards the build costs and this would be inappropriate through a planning condition so must be included in a S106.

SG1 Masterplan



5.0.3 As a starting point for strategic sites, and likely for large windfall sites, it is expected that the Council will seek to secure developer contributions towards the following infrastructure/services in addition to collecting a CIL charge:

- Affordable Housing
- Primary Education
- NHS GP provision
- Passenger transport
- Travel plans
- Fire hydrants

5.0.4 More detail can be found on these items in the Chapters 7, 8 and 9 of this document.

6 Viability

Assessments

6.0.1 National policy states that where up-to-date local policies set out the contributions required of development, policy-compliant planning applications should be assumed to be viable⁽⁸⁾. This puts the onus on developers to demonstrate any change in circumstances since the Local Plan was adopted that justifies the need for a viability assessment.

6.0.2 Where viability issues are used to demonstrate that schemes should provide below policy-compliant levels of developer contributions, the application must be supported by an 'open book' viability assessment and the applicant must fund the Council to appoint third party consultants to appraise the assessment to ensure its findings are appropriate and in line with Planning Practice Guidance and best practice.

6.0.3 Overpayment of land will not be considered a reason for a scheme being considered unviable to reduce developer contributions.

Review Mechanisms

6.0.4 When the Council agrees with an applicant's demonstration that a scheme is unviable and developer contributions are reduced on viability grounds as a result, the Council will seek the inclusion of a viability review mechanism and overage clause in the S106 agreement.

6.0.5 This will ensure that viability can be reassessed at a later date, with more up to date evidence, that may show that the scheme ended up being more profitable than was originally predicted at the planning application stage, based on the evidence used at the time of the original assessment.

6.0.6 If a viability review concludes that there has been an uplift in viability and that there will be a larger surplus that could be used to provide developer contributions in line with the latest guidance and best practice, the overage clause will ensure the Council can request greater contributions than stated in the original S106 agreement and will be able to ensure their payment prior to occupation of an agreed number of units (to be agreed and specified in the S106 covenant). If there is an uplift in viability, the Council's preference will first be to increase the supply of affordable housing and will first seek to ensure policy-compliant levels of affordable housing for the remainder of the scheme, and if possible based on the findings of the viability review, seek above policy-compliant levels of affordable housing on the remainder of the scheme to try and achieve policy compliant provision of affordable housing for the overall scheme.

6.0.7 The Council will consider how many reviews might be appropriate and will consider the timing/s for a review/s on a case-by-case basis. This will be dependent on the size of the scheme and expected rate of build-out. If a development has multiple phases, it may be appropriate to review the viability at a point during each phase for example, or at the submission of any subsequent Reserved Matters applications. All viability reviews will be undertaken at a cost to the applicant.

7 Housing

Affordable Housing

7.0.1 The requirements for affordable housing provision are set out in Policies HO7 and HO8 of the Local Plan. Applicants are encouraged to submit demonstration of how they meet the requirements of those policies within one of the following: Design and Access Statement, Planning Statement, or Environmental Statement.

7.0.2 When calculating the number of affordable units required, the appropriate percentage of the total number of units being delivered should be rounded up to the nearest whole number.

7.0.3 The Council's overriding preference is for the provision of affordable housing on-site. However it is accepted that this is not appropriate or possible for all schemes. In these instances, the Council will prefer off-site provision of affordable units if it can be arranged, and a financial contribution in lieu of policy non-compliance if not.

Affordable Housing as part of Kenilworth Road Scheme



7.0.4 Whilst Policies HO8 and HO9 give an indication of the type and tenure of affordable housing units being provided, the Council's Housing Team should be consulted to ensure the affordable housing being provided contains an acceptable range of types and size of unit that suits up to date demand.

7.0.5 As far as practicably possible, all affordable housing should be indistinguishable from market housing and should be distributed evenly around development sites.

7.0.6 The S106 should, at a minimum, include the following details related to the affordable housing provision:

- The number of affordable housing units being provided,
- The number of each type and tenure of affordable housing units being provided,
- The trigger points for delivery and/or transfer of affordable housing units,
- Any restrictions on the progress of other development/sale/occupation related to the delivery/transfer of affordable housing

7.0.7 If housing is being delivered in phases, affordable housing should be delivered evenly throughout the duration of delivery and not back-loaded onto later phases. In some instances, the viability of a scheme may require that affordable housing is back-loaded, but the Council will resist granting permission to proposals with the provision of no or very low levels of affordable housing in earlier phases where viability is not a consideration.

7.0.8 If Vacant Building Credit is sought to reduce the level of affordable housing required, the applicant should provide compelling evidence to demonstrate that the site has been marketed sufficiently and with terms (price and length of lease for example) that are comparable to similar properties on the local market.

Affordable Housing at Archer Road scheme



7.0.9 If providing units off-site, the percentage required by Policy HO7 should be applied to the total number of units on- and off-site, not just to the number of units being provided on-site as that would result in a non-compliant provision of affordable housing.

7.0.10 If providing financial contributions, the amount should be calculated based on policy-compliant provision for the proposed development, using a cost-per-unit for the type of affordable housing that would likely have been provided on the development site. For example, in a flatted scheme, it would be appropriate to use a cost to provide an appropriate range of 1-, 2- and 3-bed flats whereas for a housing scheme, it would be more appropriate to use a cost to provide a range of houses. What constitutes an appropriate range of houses to base the payment on should be agreed with the Council's Housing Team.

7.0.11 Developer contributions are often subject to expenditure deadlines which state, within the S106 legal agreement, when the contribution must be spent by. After that deadline, developers can request repayment of any unspent funds. Financial contributions related to affordable housing projects are at a particular risk of repayment because schemes can take a significant amount of time to be delivered. Each scheme contains a number of complex stages, including: identification and procurement/disposal of suitable plots of land; design and determination through the planning system; and completing the actual project. To maximise the potential for the Council to deliver affordable housing units, all financial contributions in-lieu of on-site provision should be subject to long-term expenditure deadlines of at least 10 years.

Aspirational Housing

7.0.12 Strategic Housing policies HO2-HO4 and HO9 require developments to provide at least 5% of units to be aspirational housing. This is in order to address long-standing issues with the town's housing offer, namely the prevalence of small-medium, terraced dwellings and a lack of large family homes.

7.0.13 Aspirational housing should be secured by condition of appropriate plans and drawings but may be included in the S106 agreement in multi-phase developments to ensure the delivery of aspirational homes is spread as evenly as possible throughout the duration of the scheme and not back-loaded to later phases.

Self-Build or Custom-Build Housing

7.0.14 Policy SP7 and HO2-HO4 require 1% of units to be self-build plots. These require outline planning permission prior to them being marketed, firstly to the Council's Self-Build Register and subsequently, if the Self Build Register did not result in a sale, to the open market.

7.0.15 Self-Build plots must have permission that permits the purchaser and developer of the site to implement innovative design and methods of construction. However, as the plots are likely to form part of a wider community, it would be appropriate for the permission to set out: the highway layout, the provision of services, intended communal and/or open space, the extent of individual plots and the unit type expected for individual plots, and general design parameters related to sizing, massing, positioning, and facades of material palettes.

7.0.16 It would also be appropriate to include a time limit to commence or complete self-build developments which the Council could subsequently enforce to ensure delivery of units.

7.0.17 The S106 should include details regarding: the number of plots being delivered, the trigger points for their delivery and marketing and/or transfer, the transfer and cost associated with the transfer (if applicable), and a reversion clause giving a minimum 2 year period for marketing of the plots before any unsold plots revert to other forms of housing.

7.0.18 It is the Council's preference that on multi-phase developments, Self-Build plots are completed, marketed and/or transferred evenly throughout the duration of the development and not backloaded to later phases. It would be preferable for Self-Build plots to be grouped together. This can be in small groups if it enables delivery of Self-Build units in each phase of a scheme rather than all at one time.

7.0.19 It is the Council's preference that the developer markets and arranges sale of the freehold to each of the plots. The Council will assist the developer in their efforts by contacting those on the Self Build Register to confirm that they are happy to be contacted by a third party with marketing communication.

7.0.20 If the developer does not wish to market the plots themselves, they should transfer the freehold of the plots to the Council for a nominal fee which could cover the costs of associated with providing services to the plots, but not including the value of the land.

8 Commuted Sums In-Lieu of On-Site Provision

Policy Compliance

8.0.1 Local Plan policies set out the thresholds and requirements for developers to provide items such as open space or community facilities on-site in addition to the residential or non-residential development being proposed. Ideally, all developments will provide all policy requirements on-site to achieve policy-compliance, however either because of constraints on-site or viability reasons, this is not always possible.

8.0.2 In such instances, the Council will seek financial contributions through a S106 agreement in order to provide the requirement elsewhere.

Open Space

8.0.3 Open spaces provide a valuable resource, particularly in an urban environment such as Stevenage which has historically been designed to give residents excellent access to open space. The Local Plan set out the Council's open space standards for various kinds of open space that should be provided by new developments.

8.0.4 The open space standards are set by expected population of a new development and instructions are given for how to calculate the population. This enables developers to know exactly how much open space they should be providing if they have met the minimum threshold for it to be a requirement.

Stevenage Open Space



8.0.5 Where a development cannot meet the open space standards, they will be expected to agree to provide a developer contribution through a S106 agreement to offset the under-provision on-site. The contribution will be used to provide the equivalent space elsewhere in the borough, or to fund improvements to existing open space to ensure it meets the additional burden on it from the new resident population.

8.0.6 The Council's internal officers will be able to identify the project for developer contributions to go towards and a cost will be calculated based on the project and level of under-provision on-site.

8.0.7 Long-term management of new open spaces must be provided for, either by the developer appointing a management company for a suitable period of time, or where sites are transferred to and adopted by the Council, a sum sufficient to ensure maintenance for a period of at least 10 years will be required.

Sports Provision

8.0.8 The Local Plan specifies the requirements for Strategic Sites to provide elements of sport provision identified through the Local Plan Examination process. Where these cannot be met, off-site provision or a financial contribution should be secured through the S106 to ensure that any under-provision on-site is accounted for elsewhere. Negotiations with the Council's internal officers will be necessary to identify appropriate projects and to calculate a sufficient financial contribution.

8.0.9 On non-strategic sites, it is likely that the Council's CIL receipts will be used to fund sports provision on a borough-wide scale, amongst other forms of funding available, unless Sport England can demonstrate that a development causes a specific impact which requires mitigation. Where this is the case, they will use the latest Sport England facility cost data and will use the latest Council sports strategies to identify appropriate projects.

Canterbury Playing Fields



8.0.10 For sports facilities on school sites, there will be a need to agree to a Community Use Agreement, to be secured by S106 agreement, to ensure that local communities can benefit from the facility and have access to it in evening and at weekends.

8.0.11 As with open spaces, long term-management of sports facilities must be provided for, particularly for outdoor facilities, either by the developer appointing a management company for a suitable period of time, or where sites are transferred to and adopted by the Council, a sum sufficient to ensure maintenance for a period of at least 10 years.

Biodiversity Net Gain

8.0.12 The Government's release of the Environment Bill foretold of a future legal requirement which will be placed on developers to provide a 10% net gain in biodiversity as part of any development.

8.0.13 Due to this being a relatively new concept, and a potentially complex item to quantify, monitor and enforce, the Council has decided to produce a separate Biodiversity SPD, a draft copy of which is being published for consultation at the same time as this Developer Contributions SPD and likely to be adopted at a similar time.

8.0.14 The SPD contains details of the engagement with the Council, how to measure existing levels of biodiversity on-site, how to quantify the additional net gain, how to deliver the net gain, and how to monitor it.

8.0.15 It also explains how to calculate a financial contribution in lieu of under-provision and how the Council would seek, firstly, for the net gain to be provided off-site but in a nearby location, and secondly, what the Council will fund with any financial contributions.

Sustainable Drainage

8.0.16 The Local Plan requires that Sustainable Drainage Systems (SuDS) are in place, having been agreed with the Lead Local Flood Authority (LLFA) with engagement with the Environment Agency and Internal Drainage Boards as appropriate.

8.0.17 SuDS solution should be provided either on- or off-site, with a preference for on-site but an acceptance that this is not always possible. Financial contributions should not be sought in lieu of under-provision. The applicant must provide the SuDS to make the development acceptable in planning terms or the Council will have a reason to refuse the application.

8.0.18 SuDS schemes should be detailed and secured by planning condition or S106 to ensure their delivery and enforcement if not.

9 Site-Specific Mitigation

CIL Regs 2010 - Regulation 122

9.0.1 There will be instances where developments will have to provide S106 contributions in addition to paying a CIL charge in order to mitigate the impacts of their development and make the proposal acceptable in planning terms. Where the Council or infrastructure/service provider (such as HCC as Education Authority) identify a site-specific impact of a development that requires mitigation through a S106 agreement, they will have to justify how the requirement meets the three tests of Regulation 122 from the CIL Regulations 2010 (as amended) as discussed in paragraph 2.0.7.

9.0.2 The rest of this Section sets out what we expect to be some of the most commonly required contributions to mitigate site-specific impacts.

NHS GP Surgeries

9.0.3 The NHS runs GP surgeries throughout the borough, with facilities often a key aspect of the local area. Additional residential development puts specific demand on existing facilities because residents, generally, tend to want to join a GP practice that is close to their home.

9.0.4 As such, although other NHS requirements, such as acute care, would be dealt with by CIL due to their nature of being planned on a wider catchment area, the Council will continue to seek NHS contributions where there is a clear demand placed on existing GP surgeries from proposed developments.

9.0.5 For strategic sites identified in the Local Plan, provision of new GP surgeries is a policy requirement which will be confirmed through engagement with the NHS at the time of an application being submitted. If the NHS confirms they are no longer seeking a GP surgery on site, a payment in-lieu of provision will be sought to increase/improve capacity elsewhere. For non-strategic sites, the NHS will be consulted as part of the application process and will be able to demonstrate if a proposed development causes an increase in demand for facilities that requires mitigation.

9.0.6 If so, a financial contribution to the expansion, renovation or replacement of a GP surgery will be calculated based on the population of the new development, the likely demand for places at the surgery, the cost of providing GP facilities as demonstrated by the NHS's most up to date data, and the specific project required.

Primary Education

9.0.7 Hertfordshire County Council, as Local Education Authority, has a legal obligation to ensure there are enough education places for the resident population. As such, they often seek developer contributions towards education projects to provide additional spaces.

9.0.8 As discussed earlier, many of the HCC obligations sought are now covered by the Council's CIL Charging Schedule and HCC will be able to bid for CIL funding where they identify projects to increase capacity for the borough.

9.0.9 However, in instances where a development creates an impact that only has one potential mitigation, and that mitigation must be implemented to ensure the proposed scheme is acceptable in planning terms, HCC will request financial contributions to fund that scheme.

9.0.10 This is most likely to occur for developments in and around the Town Centre where primary education capacity is low due to the historic low levels of residential development and the subsequent lack of need for primary schools there.

9.0.11 With the Town Centre regeneration and many private schemes being proposed and brought forward in the area, a new demand for education is being created. Land for a 2-Form Entry primary school is being provided within the Town Centre and this facility will be used to meet the needs of the majority of new developments in the surrounding area, not just the Town Centre, as defined in the Local Plan, because of the lack of alternative schools nearby, the lack of future capacity within these schools and in the wider HCC school catchment area, and also the lack of ability for those schools to expand due to constraints on-site as identified by HCC.

9.0.12 As such, it is likely that HCC will seek financial contributions towards build costs and purchasing land for the school from nearby developments where they can demonstrate that pupils arising from those developments will place demand on Town Centre education, predominantly at the new school.

9.0.13 The contributions will be sought in line with the aforementioned HCC Guide to Developer Contributions, or replacement/updated versions.

Sustainable Transport and Passenger Transport

9.0.14 Sustainable Transport is a key priority for the Council and Hertfordshire County Council. The Local Plan identifies development in sustainable locations but there may still be requirements to ensure that developments have sufficient sustainable transport links to be considered acceptable in planning terms.

Proposed Town Centre Bus Station



9.0.15 Sustainable transport links include creating appropriate access for residents or other users to use active modes of transport, such as cycling and walking, as well as public transport such as, buses and trains. Ideally, developments will be designed to ensure that these forms of transport are attractive enough to persuade their use instead of the use of privately-owned cars. This is to match the Policy 1 of HCC's Local Transport Plan to promote a modal shift in transportation.

9.0.16 Developments will therefore be expected to provide excellent links for cycling and walking, and this may require the provision of cycle routes on- and off-site to ensure high quality access to local facilities or to link to Stevenage's existing extensive cycle and walkways. These may be provided directly by the developer and secured through a Section 278 agreement, or by way of a financial contribution secured by a S106 agreement for HCC or a third party to deliver.

9.0.17 Developments should meet the requirements of Local Plan policy for access to bus services. Often, this will involve the provision of new bus stops for existing bus services to use and therefore provide the development's population the public transport service.

9.0.18 In some instances, likely to be edge-of-town extensions, new bus services or extensions to existing routes will be required. These will be sought through financial contributions in the S106. The level of provision will need to be discussed with the HCC Passenger Transport Unit and this will focus on the number of vehicles and frequency of services on the route. Once these are agreed to ensure that a development meets its sustainable transport needs, the Passenger Transport Unit will demonstrate the financial provision required to implement the new services.

Travel Plans

9.0.19 All major developments will require a travel plan. Subsequently, a financial contribution will be required through the S106 towards the cost of evaluating, administering and monitoring the objectives of the Travel Plan and engaging in a Travel Plan Annual Review.

9.0.20 This will be undertaken by HCC Highways. The outcome of monitoring and reviews may lead to additional contributions to be sought if the objectives of the Travel Plan are not being met. The potential for additional contributions should be set out in the S106 and detailed as potential payments based on the findings of HCC's monitoring.

Management of Public Realm

9.0.21 Contributions towards public realm maintenance and enhancements of town centre or neighbourhood centres will be sought from developments which are likely to cause a significant increase in footfall at these locations. This is likely in town centre developments and strategic sites which provide new neighbourhood facilities at the heart of their development but could also be required from neighbourhood centre regeneration schemes and large sites near to existing neighbourhood centres.

9.0.22 Where new, or significant changes to the public realm are proposed through a development, management will be secured through the S106 agreement either by the developer appointing a management company on a sufficient long-term agreement, or where land is to be transferred to the Council, by providing financial contributions that suffice to expand the Councils existing maintenance regime to the proposed new areas of public realm.

9.0.23 Where new developments are likely to put increased demand on the existing public realm, contributions may be sought to enable the public realm to meet the additional demand. This could be through the provision of public bicycle parking, signage, improvements to public facilities such as toilets, and/or improvements to the design and state of public areas.

9.0.24 In such circumstances, it is considered that the contributions to improving the public realm would create a direct benefit to the development itself, creating a better local environment for users/residents of the proposed development and adding to the vitality of the area as a whole

Fire Hydrants

9.0.25 Hertfordshire County Council, in its capacity as the Fire and Rescue Authority, has a statutory duty to ensure that all development is provided with adequate water supplies for firefighting. The provision of public fire hydrants is not covered by Building Regulations 2010 and developers are expected to make provision for fire hydrants to adequately protect a development site for firefighting purposes.

9.0.26 The need for hydrants will be determined through consultation with HCC at the time of application and will be secured by S106 agreement. However, the exact location and delivery of hydrants is frequently determined at the time the water services for the development are planned which is often after permission has been granted. Therefore standard wording is likely to be used in S106 agreements to allow flexibility for delivery.

Remediation of Contaminated Land

9.0.27 The Local Plan states that proposals on brownfield sites will be granted where a Preliminary Risk Assessment (PRA) demonstrates that any necessary remediation and subsequent development poses no risk to the population, environment and groundwater bodies.

9.0.28 Where the PRA states that remediation is necessary, schemes should be detailed and secured by condition or in a S106 agreement to ensure their delivery and enforcement.

Miscellaneous

9.0.29 As previously mentioned, it is not possible for the Council to list every potential example of site-specific mitigation that may be required to enable a proposal for development to be considered acceptable in planning terms.

9.0.30 As such, the Council reserves the right to seek developer contributions either through on- or off-site provision or by financial contribution to items not mentioned in this SPD. However, the Council or any other body requesting S106 contributions meets the three tests included in Regulation 122 of the CIL Regulations 2010 (as amended).

10 Construction Employment Opportunities for Stevenage Residents

Local Employment and Apprenticeships

10.0.1 The Council has always maintained that it is a pro-development authority, acknowledging that the benefits of development contribute to the economic growth of the town and subsequently benefit the town's residents and workforce. The continued expansion of the town since its first designation as a Mark 1 New Town is testament to this and the planned continuation of this growth through high quality, planned development identified in the Local Plan and recent planning decisions seeks to continue this trend.

10.0.2 However, the Council would like to ensure that a key direct benefit of promoting future growth is safeguarded for its residents. This SPD therefore introduces a new requirement that developers of major development⁹ will sign a S106 agreement with the Council to:

- attempt to fill 5% to 10% of construction jobs on-site associated with their development with Stevenage residents,
- attempt to fill one apprenticeship position per 10 construction jobs on-site with a Stevenage resident or student (with a cap for requirement of 10 apprenticeships),
- report whether or not they met these requirements, and
- provide a financial contribution in lieu of not achieving either or both targets.

10.0.3 To do this, the developer must provide a Local Employment Strategy at the application stage which shows:

- an estimate of how many construction jobs their scheme will create,
- how many jobs should therefore be filled with Stevenage residents,
- how many apprenticeships positions should therefore be filled with Stevenage residents or students,
- how they will target local residents/students for these positions,
- how they will record and report the employment, and
- the potential in-lieu payments required to be paid to the Council for non-compliance with the targets.

10.0.4 The Local Employment Strategy might include targeting recognised local initiatives or partnerships, or the use of in-house schemes. It is advised that the Local Employment Strategy involves engagement with the North Hertfordshire College whose campus within Stevenage provides training and seeks to provide apprenticeship opportunities for construction industries amongst many others.

10.0.5 The monitoring report, to be submitted at an agreed time after construction has commenced, should be submitted to the Council showing how the developer/contractor has met or failed to meet the targets.

10.0.6 If the report shows that local recruitment targets have not been met by the developer or contractor, payments in lieu should be made to the Council in line with the following:

⁹ The threshold for a major development is any application that involves mineral extraction, waste development, the provision of 10+ residential dwellings / a site area over 0.5 Hectares or a floorspace of over 1,000sqm / an area of 1 hectare. For Stevenage, it is most likely that the relevant major developments will be those that provide 10+ dwellings or over 1,000 sqm of non-residential floorspace.

- £4,000 per number of targeted jobs not filled by Stevenage residents, and
- £2,000 per number of targeted apprenticeships not filled by Stevenage residents or students.
- If a major development could not provide suitable apprenticeship opportunities due to the quick construction of the development project, and the resultant lack of suitable opportunity to provide apprenticeships, they should pay a lesser fee of £1,000 per number of targeted apprenticeships not created rather than the £2,000 fee.

10.0.7 This money will go towards a new Local Training Fund, managed by the Council, to allow for the promotion of employment opportunities elsewhere in the borough. The Fund would be open to an annual round of applications to fund:

- Stevenage residents to help fund training opportunities, and/or
- Local micro-businesses⁽¹⁰⁾ to fund short term employment opportunities for Stevenage residents.

10.0.8 Developers are encouraged to engage with the Stevenage Works partnership which is an agreement between the Council and North Hertfordshire College to provide training and job opportunities including apprenticeships for young and unemployed people with local candidates identified by Jobcentre Plus.

10.0.9 The fees are considered appropriate so as not to affect the viability of a scheme, but to provide potentially significant funds to those wanting to undertake training or provide jobs for local residents. See below for a worked example:

10 As defined by the European Union and UK Government, a micro business is one with 0-9 employees (or Full time equivalent) and an annual turnover under £2million

Worked Example

The Local Employment Strategy of a major development estimates it will create 30 on-site construction jobs.

5% Local Employment Target:

$$5\% \text{ of } 30 = 1.5$$

Round up 1.5 = a target of 2 Stevenage residents to be employed in construction jobs on-site

The subsequent monitoring report shows 1 Stevenage resident was employed

This is a shortfall of 1 local employee

$$1 \times £4,000 = \textbf{£4,000} \text{ in lieu contribution.}$$

1 apprenticeship per 10 construction workers target:

$$30 / 10 = 3$$

3 = a target of 3 apprenticeships on-site to be filled by Stevenage residents or students

The subsequent monitoring report shows that 2 of the apprenticeships were filled with Stevenage residents or students

This is a shortfall of 1 local apprentice

$$1 \times £2,000 = \textbf{£2,000} \text{ in lieu payment.}$$

Overall:

$$\textbf{£4,000 + £2,000 = £6,000 in lieu payment towards the Local Training Fund}$$

10.0.10 The targets do not add a requirement for additional jobs that add financial burden to the developer or contractor. The targets merely add a requirement that a portion of the jobs will be targeted for local residents.

10.0.11 The in lieu payments do not add a significant financial burden to the developer or contractor. The in-lieu payment will only be required if the developer or contractor does not meet the employment targets.

11 Parking and Sustainable Transport

Parking Controls

11.0.1 Sustainable transport remains a significant priority of the Council and the issue of car parking is closely related. The Council recently adopted a new Parking Provision and Sustainable Transport SPD which sets lower parking requirements than previous requirements to promote the use of other forms of transport in the most accessible locations in Stevenage.

11.0.2 Parking continues to be an emotive and important aspect of development and it is important that reduced levels of parking provision within new developments do not lead to overspill parking, and other parking issues in nearby locations.

11.0.3 As such, the Council will seek developer contributions towards the management of parking in nearby locations, particularly for developments which have provided parking at a level lower than stated within the Parking Provision and Sustainable Transport SPD. Historically, the Council has requested payments for parking monitoring and parking studies but with the quantity of development coming forward in the coming years, it is considered important to seek contributions towards the prevention of such parking which effects residents other than those at the development causing the issue.

11.0.4 Depending on the projected or recorded issues, the Council may request contributions towards increased parking controls by wardens or towards funding the pursuit of formal Restrictive Parking Zones. The most appropriate solution and the sought contributions towards the solution will be determined on a case-by-case basis through engagement with the Council's internal Parking Team, and will be based on the size of the development, the findings of any relevant parking studies and the size of the affected area.

Car Pooling Clubs and Other Sustainable Schemes

11.0.5 Another way of reducing overspill parking in developments with low levels of parking provision, is the provision of alternative forms of transport that reduce the perceived need of its residents for their own car.

11.0.6 The Council will support the provision and ongoing management of car pooling clubs through S106 agreements, particularly those that use electric vehicles. Communal car schemes can offer residents or employees the confidence that on the odd occurrence they need a car, one will be available to them at a fraction of the cost of owning and running their own vehicle.

11.0.7 Car pooling has the additional benefit of offering the ability to reduce private car parking provision, enabling a better and more attractive design and a more financially viable scheme. A sufficient car-club could be used to reduce the overall parking provision of a development.

11.0.8 Alternatively, developers could improve the sustainability of their development by contributing to projects such as bike hire schemes, electric charging points and lift-share clubs.

12 Processes and Procedures

Pre-Application

12.0.1 It is not always possible for the Council to give details regarding the likely S106 agreement at this early stage of a development due to the level of detail needed to calculate some financial contributions. However, pre-application discussions enable the Council to clarify policy requirements and key considerations which will be prudent to the negotiations and inclusions of any future S106 agreement.

12.0.2 It is likely to be possible to outline draft heads of terms at the stage, at the very least to give an indication of the type of contributions that may be requested, and to aid viability studies to be submitted with the planning application if the applicant raises viability as a potential issue. However, where details are not known, particularly if an outline application is to be submitted, the Council may have to generate estimates of any expected developer contributions by scaling up or down similar historic, policy-compliant schemes which were considered, at this early stage, to have a similar level of impact.

12.0.3 Where the Council identifies that contributions may be sought by other bodies, such as Hertfordshire County Council or the NHS for example, the applicants should consult those bodies themselves and be aware that this may incur further pre-application fees. Alternatively, the Council can provide estimates but these would be heavily caveated and could not be used by the applicant in later viability assessments to argue that a scheme is unviable and that contributions should be reduced accordingly.

Application

12.0.4 Once an application has been submitted to the Council, it will be the Council's obligation to coordinate and compile all information related to requests for developer contributions between the applicant and those seeking the contribution, and how they meet three tests of Regulation 122 of the CIL Regulations 2010.

12.0.5 This approach, rather than the applicant contacting infrastructure/service providers themselves, ensures that the Council and applicant both have a full picture of all the contributions being sought and can progress discussions with a holistic approach.

12.0.6 If the applicant does not agree with the need or the calculation of developer contributions, they will feed their arguments to the relevant infrastructure/service provider via the Council's appointed case officer.

12.0.7 Where applicants and infrastructure/service providers cannot agree developer contributions and cannot agree to the heads of terms in order to sign a S106 agreement, the Council may consider that a reason to refuse the application based on Policy SP5: Infrastructure of the Local Plan.

12.0.8 If the contents of a S106 can be agreed, the costs for drafting and checking legal agreements will be met by the applicant and the Council will work diligently to ensure the S106 can be signed without undue delay.

Planning and Development Committee

12.0.9 Where proposals are to be presented to Committee for Councillors to determine whether or not to approve the scheme following a recommendation by the case officer, S106 Heads of Terms should be agreed prior to the Committee meeting to ensure that Councillors involved in decision making have sufficient information to make a decision of whether the scheme is mitigating its impacts sufficiently.

Monitoring

12.0.10 The Council will monitor and seek collection of developer contributions on behalf of all bodies who contributions were secured for in the S106. This might include requesting payments for Hertfordshire County Council, the NHS or Sport England for example.

12.0.11 If the Council has collected money for other bodies, it will transfer the money expediently and demonstrate to the applicant that it has transferred the money.

Deeds of Variation

12.0.12 If a Deed of Variation is required by the applicant, the Deed of Variation must be agreed by the Council and any other bodies affected by the amendment. The cost of implementing the Deed of Variation will lie with the applicant.

13 Monitoring Fees

Monitoring Fees

13.0.1 The Council will request fees to cover monitoring S106 agreements. This includes requesting payments, ensuring transfer and/or expenditure of money, and keeping/publishing records of developer contributions in line with the regulations. Monitoring of S106 is a time-consuming tasks that can remain ongoing for the best part of a decade in many instances.

13.0.2 The Council will seek 2.5% of the value of the contributions being monitoring with a minimum of £750 and a cap of £25,000. This is considered a fair cost that will reflect the value of the S106 agreement and will not affect the viability of a scheme.



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Part I – Release to Press



Meeting Executive / Council
Portfolio Area Environment and Regeneration
Date 18 November 2020 / 16 December 2020



HERTFORDSHIRE GROWTH BOARD – PROPOSED FUTURE GOVERNANCE ARRANGEMENTS

KEY DECISION

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Contact Officer - Simon Banks | 2331

1. PURPOSE

1.1. To seek authority to establish the Hertfordshire Growth Board and Hertfordshire Growth Board Scrutiny Committee as formal joint committees under the Local Government Act 1972 and Local Government Act 2000.

2. RECOMMENDATIONS

2.1. That Executive:

2.1.1. agrees to the establishment of the Hertfordshire Growth Board Joint Committee as a Joint Committee (inaugural meeting being planned to take place in January 2021);

- 2.1.2. nominates the Leader of the Council as the Council's representative on the Hertfordshire Growth Board Joint Committee with delegated authority to appoint a substitute representative as required.
- 2.2. The Executive recommends to Council that it:
 - 2.2.1. agrees to the establishment of the Hertfordshire Growth Board Joint Committee and Hertfordshire Growth Board Scrutiny Committee as Joint Committees (inaugural meetings being planned to take place in January / February 2021);
 - 2.2.2. adopts the Hertfordshire Growth Board Integrated Governance Framework into the Council's Constitution;
 - 2.2.3. notes that the Leader of the Council is nominated as the Council's representative on the Hertfordshire Growth Board Joint Committee with delegated authority to appoint a substitute representative as required;
 - 2.2.4. delegates to the Leader of the Council authority to nominate a Councillor and a substitute as its representative on the Hertfordshire Growth Board Scrutiny Committee (nominees must not be a Member of the Executive).

3. BACKGROUND

- 3.1. Attached at Appendix A is a detailed report prepared on behalf of all Hertfordshire District and Boroughs, the County Council and the Local Enterprise Partnership (LEP), recommending to each authority the setting up of a formal Joint Committee and Joint Scrutiny Committee to manage and oversee the work of the Hertfordshire Growth Board (**the Board**).
- 3.2. The Board has been operating as a non-constituted partnership of the District and Borough Council, the County Council and the LEP since 2018. During the course of the last 12 months a formal memorandum of understanding has been entered into to support the activities of the Board and efforts to secure Growth Deal bids for Hertfordshire. Executive agreed for the Council to enter into the Hertfordshire Growth Board Memorandum of Understanding at its Meeting on Monday 16 December 2019.
- 3.3. In order for Growth Deal funding to be secured it is now necessary for the Board to be formally constituted with an appropriate governance model giving it both legal identity and statutory weight. Approving the formation of Statutory Joint Committee and Joint Scrutiny Committee will demonstrate to the Ministry of Housing, Community and Local Government (MHCLG) a clear commitment on behalf of SBC, and all other Hertfordshire local authorities, to the growth agenda and the required governance structures necessary to support this.
- 3.4. The primary aim of the Board is to coordinate strategic planning and delivery across Hertfordshire, in accordance with the Board's Terms of Reference. The Board will be bidding to central Government to secure Growth Funding through the Single Housing Infrastructure Fund and / or other funding streams which require formal governance models for the purpose of providing accountability and transparency for the local management of any funds received. Where funding is secured the Board will commission appropriate projects and retain overall control

of the project programme. Professional and technical support for the Board will be provided by the County Council.

3.5. It is important to note that, in agreeing to establish the Board, each Council will retain control over the following executive and non-executive functions:

3.5.1. statutory planning functions;

3.5.2. statutory housing functions;

3.5.3. statutory functions relating to economic development;

3.5.4. statutory highways and transport functions.

Together with any matters that are incidental to the exercise of the above functions.

3.6. The Joint Committee will have delegated authority to exercise a range of general and specific functions which are set out in paragraphs 4.1 and 4.2 of the Joint Committee's Term of Reference (pages 11-12 of Appendix A).

3.7. Initially meetings of the Joint Committee will be held using a virtual platform and will move to in-person meetings as and when legislation allows (or requires).

3.8. An All Member Briefing, Chaired by the Leader, was undertaken on Monday 2 November 2020. Patsy Dell, Director, Hertfordshire Growth Board, attended the briefing and supported the Leader along with the SBC officers present by responding to some of the specific questions as they arose.

3.9. Members attending noted that the Board will provide an opportunity for wider strategic engagement across Hertfordshire as well as the wider region. Members also sought assurance on: the funding mechanism for the Board; how the joint scrutiny function would operate; how the Board will communicate effectively with the community at large; the position of Hertfordshire's Members of Parliament on the establishment of the Board and particularly that of the Member of Parliament for Stevenage.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1. The formation of, and participation in, the Joint Committee and Joint Scrutiny Committee will improve the prospects of Hertfordshire securing Growth Deal funding from Government and then enable the Council to access vital funding for wider infrastructure projects; failure to form the Joint Committee and Joint Scrutiny Committee will almost certainly exclude the Council from accessing Growth Deal funding. It is of note that the Joint Committee will maintain a particular focus on the regeneration of the county's new towns.

4.2. There is no direct cost to the Council in the operation of the Joint Committee and Joint Scrutiny Committee as the administrative costs will be met by the Growth

Board Growth fund and funding for any commissioned projects will also be provided from Growth Deal funds.

- 4.3. Should the Council choose not to form the proposed Joint Committee and Joint Scrutiny Committee it will lose the opportunity to access vital infrastructure funding as well as the opportunity to influence and shape the future direction of infrastructure growth and development both in the Borough and across Hertfordshire.

5. IMPLICATIONS

Financial Implications

- 5.1. As set out at paragraph 4.1 above there is no direct cost to the Council in the operation of the Joint Committee as the administrative costs will be met by the Growth Board Growth fund and funding for any commissioned projects will also be provided from Growth Deal funds. Additionally all professional technical and professional support will be provided to the Board by the County Council.

Legal Implications

- 5.2. Local authorities are able to constitute joint committees with other authorities to discharge functions as set out in Sections 101 and 102 of the Local Government Act 1972; Section 9EB of the Local Government Act 2000 and the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.
- 5.3. The functions proposed to be delegated to the Joint Committee are set out in full at section 4 of the Terms of Reference document annexed to this report as Appendix A but Members will note that Section 4.3 clarifies the specific statutory functions which are excluded from this delegation (as noted above).
- 5.4. The Council may withdraw from the Joint Committee by serving a minimum of 6 months' notice with any withdrawal only taking effect from the beginning of the following financial year. Members will note that any withdrawal from the Joint Committee will have very serious implications for the delivery of any Growth Deal programme then in existence (see paragraph 8 of the Terms of Reference). In the event of a Council withdrawing from the Joint Committee, that Council will be liable to pay all additional costs that are reasonably attributable to their decision to withdraw.

Policy Implications

- 5.5. There are no specific policy implications for the Council as it will retain control of its statutory functions on housing, planning and economic development.

Planning Implications

- 5.6. There are no specific planning implications on planning issues as the Council retains control of its Statutory Planning Functions. It is of note that section 33A of the Planning and Compulsory Purchase Act 2004 places a duty on district and county councils to cooperate in relation to matters of sustainable development planning.

Climate Change Implications

- 5.7. The Terms of Reference recognise that the Council has committed to achieving a carbon neutral position for the Borough by 2030.

Equalities and Diversity Implications

- 5.8. When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered, the equalities implications of the decision that they are taking.
- 5.9. Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.
- 5.10. The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.
- 5.11. Officer's consider that the establishment of the Joint Committee and Joint Scrutiny Committee will be of universal impact and as such will not disproportionately affect those in the community with protected characteristics.

BACKGROUND DOCUMENTS

BD1 Notice of Decisions; Executive, Monday 16 December 2019, 2pm

APPENDICES

A Hertfordshire Growth Board Integrated Governance Framework

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Hertfordshire Growth Board Integrated Governance Framework

October 2020



Hertfordshire
Growth Board

Hertfordshire Growth Board Proposed Joint Committees Integrated Governance Framework

1. Background

- 1.1 Hertfordshire Growth Board (HGB) has been operating since late 2018 as a non-constituted partnership of the 11 Local authorities and Local Enterprise Partnership in Hertfordshire. Formed as a coalition of the willing with the purpose of taking a longer term place leadership approach to our place ambitions, growth pressures and economic performance, it has promoted effective joint working and common cause, delivering more than the sum of the parts and seeking to create additionality for all partners and the residents and businesses of Hertfordshire.
- 1.2 The Growth Board Partners have invested significant capital in the work that has been undertaken on developing the Growth Board programmes so far, charting a course of collective action through the dedication of political, officer and financial resources. The Growth Board is a unique construct for Hertfordshire and the progress that it has made in its two years of operation is important. The relationships that have been built between the partners, the set of programmes that have been developed and the outcomes that are being sought in place and economic terms are significant and will extend beyond political horizons. They represent a coherent response to the ambitions that the partners have articulated together, and the challenges that we face, including economic recovery.
- 1.3 Through the Growth Board work, including the joint signing of the collaboration Memorandum of Understanding (MOU) in 2019/20 we have signalled to HM Government unity and joint commitment to the Growth Board programmes across Hertfordshire and to pursuit of a Growth Deal for our area. Bids for the Single Housing Infrastructure Funding will need to be submitted in 2020/2021 and will need to be supported by evidence of an appropriate governance model, best provided by strengthening of the current governance of the Growth Board, to give it a legal identity and statutory weight.
- 1.4 The Growth Board has increased the openness and transparency around its activities in 2020, publishing its board papers and developing a website and greater visibility of its work and ambitions. There is recognition however, that an informal constitution and governance can only take those ambitions so far and formalising the Growth Board into a statutorily constituted Joint Committee with associated scrutiny function will bring benefits for the partnership including:
 - a) signalling the strong and ongoing local commitment to the joint Growth Board work, its pan Herts focus, delivery programmes and co-

ordinating role now and in the future (going above the commitments set out in the existing MOU)

- b) Helps maintain government and investor confidence in the visible alignment of business, political governance and civic support to delivery commitments in Hertfordshire
- c) Would aid openness and transparency in decision making for councils whilst the bidding to and negotiations with HM Government move forward
- d) Provides a governance vehicle that can operate and take advantage of potential opportunities now, building on the progress made so far and maintaining the momentum that has been established by the partnership
- e) Has a neutral impact upon any structural change considerations in Hertfordshire, enabling focus to be maintained on the joint Growth Board work and building on the progress and investment made over the last two years.

- 1.5 Moving to establish a statutory joint committee will bring the work of the Growth Board within a legally prescribed process. Good governance requires an associated scrutiny function to be established alongside. Both of these are now proposed to the Growth Board partners. Subject to all partners agreeing to establish the joint committees, and the local authority partners confirming this decision and taking the legislative steps to establish the joint committees, the first Growth Board joint committee could take place in early 2021. The implementation of the Growth Board Scrutiny Committee should be aligned to confirmation of a successful bid, later in 2021.

2.0 The Integrated Governance Framework – Key components

- 2.1 The Hertfordshire Growth Board and Growth Board Scrutiny Committee will be joint committees of the District, Borough and County Councils, formed under provisions of Local Government legislation¹ which enable councils to come together to discharge various of their functions. The Hertfordshire Local Enterprise Partnership shall also be a member of the HGB, in accordance with the same legislative provisions.
- 2.2 The Integrated Governance Framework attached to this paper provides the proposed Terms of Reference (TOR) and Standing Orders (SO) for the both of the Growth Board and Scrutiny Joint Committees.

Role of the Hertfordshire Growth Board

- 2.3 The HGB has the primary aim of coordinating strategic development planning and delivery across Hertfordshire. The **HGB** is currently operating to provide strategic co-ordination around growth and place leadership for the eleven councils and Local Enterprise Partnership (the **LEP**) in Hertfordshire. Governance is through an agreed Terms of

¹ Sections 101 and 102 of the Local Government Act 1972; Section 9EB of the Local Government Act 2000 and pursuant to the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012

Reference and a collaboration Memorandum of Understanding. The HGB has developed a common purpose and a pan-Hertfordshire programme of projects supporting its vision and ambition for Hertfordshire the place.

- 2.4 HGB will be bidding to HM Government to secure Growth Funding through the Single Housing Infrastructure Fund or other funding streams which will require a formal governance model to provide accountability to government and good governance and transparency in the local management and use of any funds received under such an arrangement. If this is achieved, HGB will be responsible for commissioning the projects which will be funded and for the overall control of the project programme.
- 2.5 Going forward, within the framework of distributed leadership provided by the Growth Board, individual projects may be led by a constituent council, councils or by the HGB, and the HGB may delegate various of its functions to officers of the Councils. The constituent councils will also form a joint Scrutiny Committee to review the work of the HGB, comprising members from each of the constituent councils.

Core Provisions regulating the HGB and the Scrutiny Committee

- 2.6 The Growth Board commissioned the preparation of the Integrated Governance Framework with support and input from the Hertfordshire Heads of Legal/Monitoring Officers Group. The Framework drew on relevant governance models and examples from elsewhere (Oxfordshire and Cambridgeshire) and has also been reviewed in a number of previous iterations through the Chief Executives group. The version attached to this paper has been endorsed by the Growth Board for consideration by constituent councils in their individual democratic processes.
- 2.7 Each of the HGB and the HGB Scrutiny Committee shall operate in accordance with respective Terms of Reference and Standing Orders. Core Provisions of these are set out in summary below and the full framework is attached at Appendix A to this paper:

HGB - Terms of Reference (Summary)	<p><u>Membership and Voting</u> – The HGB shall have twelve members, comprising one member from each council and one member from the LEP. The strong ambition of the HGB shall be for all decisions to be made on a unanimous basis, and issues on which consensus cannot be reached shall be deferred to the following meeting.</p> <p>Only where consensus cannot be achieved at a subsequent meeting will issues be put to a vote. In those cases, and in compliance with the law applicable to joint committees, the voting members shall be the Council members only, and votes shall be decided by majority. The Chair is entitled to a casting vote, but there will be a convention that he/she will not rely on this. Before taking any decision, the local authority members of the HGB will have due regard to the advice and opinions expressed by the LEP member.</p>
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	<p><u>Division of functions between the HGB and constituent councils</u> – Section 4 of the Terms of Reference clarifies those functions that will be given to the HGB, and those that will be retained by the constituent councils and the LEP (where applicable).</p>
HGB Standing Orders (Summary)	<p>The HGB members shall appoint a Chair and two Vice-Chairs. There shall be a two-year non-consecutive limit on the Chair's appointment (i.e. he/she may be reappointed, but only after a different member has been Chair).²</p> <p>Meetings will have a quorum of 9 members.</p> <p>Meetings will be open to public attendance (whether physical or virtual meetings) and will accept questions and petitions from the public.</p>
HGB Scrutiny Committee - Terms of Reference (Summary)	<p><u>Role</u> - The Scrutiny Committee will provide pre-scrutiny of the business of the HGB. It will also act as a forum for discussion with a wider range of members and stakeholders across Hertfordshire. The Scrutiny Committee may review and comment on reports to the HGB, offer advice to HGB on the discharge of its functions and may review its work.</p> <p><u>Membership</u> – the Scrutiny Committee shall have 12 members including the LEP. Members must not be executive members of their appointing authority.</p>
HGB Scrutiny Committee - Standing Orders (Summary)	<p>Meetings of the Scrutiny Committee will normally be scheduled shortly prior to meetings of the HGB, in order to facilitate its pre-scrutiny function.</p> <p>The HGB members shall appoint a Chair and one Vice-Chair to the Scrutiny Committee. There shall be a two-year non-consecutive limit on the Chair's appointment (i.e. he/she may be reappointed, but only after a different member has been Chair).³</p>

² For both the HGB and the HGB Scrutiny Committee, there will be an exception to the term limits for the initial appointment of the chair at the first meeting.

³ See footnote 2.

	<p>Meetings shall have a quorum of 7 members.</p> <p>Voting where required shall be by simple majority, in accordance with legislative requirements. As with the HGB, the Chair shall be entitled to a casting vote, but there will be a convention that he/she will not rely on this.</p> <p>Meetings will be open to public attendance (whether physical or virtual meetings) and will accept questions and petitions from the public.</p>
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3.0 Implications

- 3.1 The financial implications of establishing joint committees for the Hertfordshire Growth Board consist primarily of time for the attendees (Members and officers), secretariat and support, accommodation (for when meetings are hybrid or in a single location) and cost of ICT/live streaming of meetings. These costs will be met from the Hertfordshire Growth Board Growth Fund. The Growth Board Growth Fund is overseen by the Growth Board and accounted for by the s.151 Officer at Hertfordshire County Council who are the accountable body for the fund.
- 3.2 The legal implications of setting up the joint committees relate primarily to governance, meeting and publications arrangements and conduct of members. The proposed Integrated Governance Framework addresses the governance requirements and also to the way that meetings will operate. The publications and procedures rules that both committees will need to operate within are also addressed in the document, where not the normal statutory rules will apply including those related to Covid-19 arrangements for virtual meetings. Local Government and LEP members, alternates and substitutes are covered by the general code of conduct for their organisations.
- 3.3 Environmental and sustainability implications. The Growth Board partners have established separate but also joint approaches to sustainability and climate change impacts/mitigation measures for Hertfordshire. There is crossover with the Growth Board work that will ensure that environmental considerations and programmes are taken forward and implications considered.
- 3.4 Equalities implications. A formal EQIA has not been deemed necessary because there is nothing to suggest that the creation of these statutory joint committees will adversely affect any equalities requirements. Moving to statutory joint committees will increase transparency and openness in the work of the Hertfordshire Growth Board.

4.0 Next Steps for Constituent Councils in establishing the Joint Committees

- 4.1 The constituent councils are asked to put forward to their full council a motion to approve the formation of the HGB and its scrutiny committee as statutory joint committees, with functions delegated to them as set out in the attached Terms of Reference and Standing Orders of the HGB and Scrutiny committees.
- 4.2 Councils and the Local Enterprise Partnership are then asked to appoint a member to each of the HGB and the HGB Scrutiny Committee. If endorsed by votes of the constituent councils as above, the HGB will be constituted. It is hoped to schedule a first meeting of the HGB in January/February 2021. The HGB Scrutiny Committee work programme is largely triggered by securing infrastructure and growth-related funding from Government therefore its first meeting should be aligned to successful achievement and confirmation of funding.

5.0 Recommendations

- 5.1 The Constituent Councils of the Hertfordshire Growth Board are recommended to:
 1. Confirm the establishment of the Growth Board and Growth Board Scrutiny Joint Committees (to hold their inaugural meetings in January/February 2021 and then HGB Scrutiny aligned to confirmation of securing Government funding in 2021)
 2. Adopt the Growth Board Integrated Governance Framework into the Councils own constitutional framework
 3. Agree the Council's nominated representative on the Growth Board and Scrutiny Committee
- 5.2. The Hertfordshire Local Enterprise Partnership is recommended to:
 1. Endorse the establishment of the Growth Board and Growth Board Scrutiny Joint Committees
 2. Note the requirements of the Growth Board Integrated Governance Framework
 3. Agree the LEP nominated representative on the Growth Board and Growth Board Scrutiny Committee

HERTFORDSHIRE GROWTH BOARD - INTEGRATED GOVERNANCE FRAMEWORK

Hertfordshire Growth Board (**HGB**) is currently operating to provide strategic co-ordination around growth and place leadership for the eleven councils and Local Enterprise Partnership (the **LEP**) in Hertfordshire. Governance is through an agreed Terms of Reference (**TOR**) (incorporated below) and a collaboration Memorandum of Understanding (**MOU**).

HGB is also in negotiation with HM Government to secure a Growth Deal which will require a formal governance model to provide accountability to government and good governance and transparency in the local management and use of any funds received under such an arrangement.

HGB comprises twelve local partners, namely the County Council, the Hertfordshire District and Borough councils⁴ and the LEP. Its governance framework consists of the Board itself, with twelve members, supported by a Scrutiny Committee also of twelve members.

1. Hertfordshire Growth Board

Summary of Functions

- 1.1 HGB is established to ensure the effective coordination of strategic planning and delivery and to ensure that the objectives of a future Growth Deal for Hertfordshire are met.
- 1.2 HGB will also be responsible for the commissioning of projects funded by money provided through a Growth Deal, and for overall control of that programme of projects. For each individual project, HGB may act as lead, with budget responsibility; alternatively, it may appoint as lead a constituent council, who will be responsible for the delivery of that budget, under the oversight of the HGB. This shall also apply to circumstances in which funding is provided to the HGB by the member Councils or by other parties, such as the LEP.
- 1.3 HGB shall also support the development of local planning policy that promotes (1) the UK Government's stated aim of net zero carbon by 2050, and (2) constituent Councils' 2030 targets, and contributes towards biodiversity gain whilst embracing the changes needed for a low carbon world.

⁴ Hertfordshire County Council, Borough of Broxbourne Council, Dacorum Borough Council, East Hertfordshire District Council, Hertsmere Borough Council, North Hertfordshire District Council, St Albans City and District Council, Stevenage Borough Council, Three Rivers District Council, Watford Borough Council, Welwyn Hatfield Borough Council.

- 1.4 The Councils agree to delegate the exercise of their functions to the HGB to the extent necessary to enable the HGB to pursue and achieve the purposes in paragraphs 4.1 and 4.2 of the Terms of Reference, and to undertake any actions necessary, incidental or ancillary to achieving those objectives. The Councils shall make the necessary changes to their respective schemes of delegation accordingly.
- 1.5 The HGB may further delegate to officers of the Councils.
- 1.6 The HGB will consider any reports and recommendations from the HGB Scrutiny Committee as appropriate.
- 1.7 The HGB shall develop its own Forward Plan.

Terms of Reference and Standing Orders

- 1.8 The HGB's Terms of Reference and Standing Orders are set out in Appendix 1 and the accompanying Annex.

2. HGB Scrutiny Committee

Summary of Functions

- 2.1 The HGB Scrutiny Committee has delegated authority to exercise the following functions:
 - a. Advise the HGB in connection with the achievement of the functions set out at paragraph 1 above;
 - b. Prepare and submit reports and/or recommendations to the HGB; and
 - c. Carry out all other statutory scrutiny functions in relation to the HGB.

Terms of Reference and Standing Orders

- 2.2 The HGB Scrutiny Committee's Terms of Reference and Standing Orders are set out in Appendix 2 and the accompanying Annex.

Appendix 1

TERMS OF REFERENCE OF THE HERTFORDSHIRE GROWTH BOARD

1. Parties

Hertfordshire County Council
Borough of Broxbourne Council
Dacorum Borough Council
East Hertfordshire District Council
Hertsmere Borough Council
North Hertfordshire District Council
St Albans City and District Council
Stevenage Borough Council
Three Rivers District Council
Watford Borough Council
Welwyn Hatfield Borough Council
Hertfordshire Local Enterprise Partnership (**LEP**)

2. Status

- 2.1 The Hertfordshire Growth Board (**HGB**) has been established by Hertfordshire County Council and the District and Borough Councils listed above. It is a joint committee of these Councils, established by the Councils under sections 101 and 102 of the Local Government Act 1972, section 9EB of the Local Government Act 2000 and pursuant to the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.

3. Membership

- 3.1 Twelve members, comprising one elected member from each Council (anticipated to be the Leader/Directly Elected Mayor of each Council) with full voting rights, and a member nominated by the LEP (anticipated to be the Chair of the LEP) who is a co-opted non-voting member. The elected members shall be obliged to have due regard to the representations made by the LEP member.
- 3.2 Each constituent council may appoint a substitute from time to time. The substitute member shall have the same rights of speaking and voting at the meetings as the member for whom the substitution is made.
- 3.3 The HGB, with the agreement of its members, may co-opt other non-voting members to its membership where it is considered conducive to the effective consideration of any matter.

- 3.4 The HGB may appoint representatives to other outside bodies of which the HGB has membership.

4. Functions

General Functions

- 4.1 The HGB has delegated authority to exercise the following functions:
- a. Exercising strategic direction, monitoring, delivery and co-ordination of current and future Growth Board strategy, programmes and implementation of any Growth Deal Project;
 - b. Effective place leadership, ensuring that interests relating to spatial planning, economic prosperity, infrastructure provision, health provision, sustainability and climate change mitigation are effectively taken into account, coordinated and incorporated in place-making, in order to safeguard and maintain Hertfordshire's unique quality of life and prosperity;
 - c. Securing strategic collaboration and delivery across the councils and with the LEP in accordance with the policy objectives of the partner organisations;
 - d. Acting as the place leadership body for Hertfordshire that may act as a single voice to Government (and other national and sub-national bodies) on issues relevant to its ambit;
 - e. Coordinating the prioritisation of Growth Board funding from devolved and other funding sources for infrastructure schemes, to ensure that decisions are made in one place and supported by all relevant partners and stakeholders;
 - f. Promoting and lobbying for Hertfordshire's interests and for funding;
 - g. Oversight, accountability for and prioritisation of the Growth Board Growth fund;
 - h. To bring together the work of the emerging South West Herts Joint Planning and North, East and Central Herts Joint Planning groups, ensure strategic infrastructure requirements are identified and fed into the Hertfordshire Infrastructure and Funding prospectus.
 - i. To maintain a current understanding of infrastructure needs through the Hertfordshire Infrastructure and Funding prospectus and other sources so key infrastructure priorities needed to support economic and housing growth can be determined

- j. To maintain particular focus on the successful regeneration of Hertfordshire's New Towns, the health of Town Centres and development and delivery of new Garden Towns and Communities.

Specific Functions

4.2 The HGB also has delegated authority to:

- a. Approve single position statements in relation to strategic Growth Deal issues;
- b. Approve projects, including the allocation of project funding, which fall within the ambit of a future Growth Deal agreement;
- c. Approve the major priorities under the auspices of a future Growth Deal;
- d. Approve plans and strategies necessary or incidental to the implementation of a Growth Deal; and
- e. Consider recommendations from the HGB Scrutiny Committee.

4.3 For the avoidance of doubt, the following non-executive and executive functions of the constituent Councils (and where applicable, the LEP) are excluded from the delegations to the HGB:

- a. Statutory planning functions;⁵
- b. Statutory housing functions;
- c. Statutory functions relating to economic development;
- d. Statutory highways and transport functions;
- e. Matters incidental to the exercise of the above functions.

5. Professional and Administrative Support

- 5.1 Hertfordshire County Council shall act as the accountable body for the HGB in respect of financial matters and its financial procedure rules will apply in this context. It will provide Section 151 and Monitoring Officer roles to the Committee in accordance with its internal procedures.
- 5.2 Hertfordshire County Council's Director of Finance (Section 151 Officer) will provide the HGB with quarterly financial reports for funding that has been allocated directly to Hertfordshire County Council as the Accountable Body. These reports will provide the HGB with an overview of the funds spent and funds committed against funds allocated.

⁵ This includes acting as Local Planning Authority on strategic planning matters, applications, approval and designation, consultations/referendums revocation (or recommend revocation of) neighbourhood plans, Article 4 Directions and orders

- 5.3 For those programmes and funding streams where another local authority is the Accountable Body, the relevant Section 151 Officer will provide the financial and performance information to the County Council's Section 151 Officer, for integration into the quarterly reporting process.
- 5.4 Committee management and administrative support to the HGB will be provided by Hertfordshire County Council.
- 5.5 The lead role on projects shall be determined by the HGB, subject to the guiding principle that the lead council should normally be the Council primarily responsible for the service in question for their area. The procurement and other rules of the lead council will apply in respect of projects.

6. Standing Orders

- 6.1 The HGB will be governed by the Standing Orders set out in Annex A attached to these Terms of Reference.

7. Advisory Sub-Groups

- 7.1 The HGB may establish Programme Boards/Advisory Sub-Groups to oversee specific work programmes or broader thematic areas as required. Programme Boards/Sub-Groups, reporting into the HGB, will be managed in accordance with separate terms of reference as agreed by the HGB.
- 7.2 The role, remit and membership of Programme Boards/Advisory Sub-Groups will be reviewed regularly to ensure they remain flexible to the demands of ongoing and new programmes of work.

8. Withdrawal

- 8.1 The firm intention is that HGB will continue until the programme is completed. Recognising the very serious implications of withdrawal from the HGB for the delivery of any Growth Deal programme, if a Council decides to withdraw from its role within HGB, it commits to sharing this with HGB members at the earliest possible opportunity, and to entering into constructive discussions to avoid this happening or to reach a way forward.
- 8.2 In all cases:
 - a. A minimum of six months' prior notice shall be given before withdrawal; and
 - b. Withdrawal shall take effect from the beginning of the financial year.

9. Costs

- 9.1 The costs of running the HGB will be funded from the HGB Growth Fund in combination with officer time contributions from constituent councils.
- 9.2 Each Council makes a legally binding commitment that, should it withdraw from the HGB, it shall pay all additional costs (such as increased project costs) that fall to be met by the other partner Councils that are reasonably attributable to that withdrawal. This could include, for example, the costs that are locked into projects that have already been committed to, or the costs of dissolving integrated officer and Member arrangements and re-establishing independent arrangements.

10. Dispute Resolution

- 10.1 This section 10 governs disputes which may arise between the members and former members (including the LEP member, but not including any other co-opted member) in relation to these Terms of Reference or the Standing Orders of the HGB, or the decisions or operations of the HGB (a **Dispute**).
- 10.2 Each member as defined in paragraph 10.1 shall be entitled to refer a Dispute to the Heads of Paid Service of the member Councils and the Chief Executive of the LEP (together the **Dispute Panel**), who shall seek to agree a resolution. If the Dispute Panel is unable to resolve the matter within 1 month of it being referred to them, it shall agree any further dispute resolution procedure that it deems appropriate. This may include but is not limited to mediation via the Centre for Effective Dispute Resolution (CEDR).

Annex A to Appendix 1

HERTFORDSHIRE GROWTH BOARD STANDING ORDERS

1. Membership

- 1.1 The HGB will have a voting membership of eleven, each Council being entitled to appoint one voting member.
- 1.2 The HGB may agree to co-opt other non-voting members to its membership where it is considered conducive to the effective consideration of any matter.

2. Alternate or Substitute Members

- 2.1 Each Council will be entitled to appoint from time to time one named alternate or substitute member who may act in all aspects as a voting member of the HGB in the absence of the voting member appointed.
- 2.2 The LEP and any other co-opted members will be entitled to nominate an alternate or substitute member to act in the absence of their principal co-opted member.
- 2.3 Subject to the discretion of the Chair, the relevant member shall notify the HGB at least 5 working days in advance of the relevant meeting of the identity of their substitute.

3. Term of Office

- 3.1 The term of office of voting and alternate or substitute voting members shall end:
 - a. if rescinded by the appointing Council; or
 - b. if the member ceases to be a member of the appointing Council.
- 3.2 The LEP member and any co-opted members may at any time ask the HGB to replace their nominated co-opted member and alternate or substitute member by way of further nomination.

4. Appointment of Chair and Vice-Chair

- 4.1 The HGB shall appoint a Chair and two Vice-Chairs at its first meeting. At the time of appointing the Vice-Chairs, the HGB shall decide which of them takes priority if the Chair is absent and both of them are present.

4.2 The appointment of the Chair described in 4.1 shall be for a term up to the first meeting of the HGB that follows both the 2021 local elections and the 2021 Annual Meetings of the constituent Councils (the **Post-Election Meeting**). At the Post-Election Meeting, the Board may either re-appoint the same member as Chair or appoint a new Chair for a term of two years. Save in the above case, the Chair shall serve a single consecutive term of two years.

4.3 There shall be no term limits for Vice-Chairs.

4.4 The co-opted members of the HGB shall not act in the role of either the Chair or the Vice-Chair of the HGB.

5. Quorum

5.1 The quorum for meetings of the HGB will be 9 voting members.

5.2 If there is no quorum at the published start time for the meeting, a period of ten minutes will be allowed, or longer, at the Chair's discretion. If there remains no quorum at the expiry of this period, the meeting will be declared null and void.

5.3 If there is no quorum at any stage during a meeting, the Chair will adjourn the meeting for a period of ten minutes, or longer, at their discretion. If there remains no quorum at the expiry of this period, the meeting will be closed and the remaining items will be declared null and void.

6. Member Conduct

6.1 HGB members appointed by the eleven Councils shall be bound by the Code of Conduct of their nominating authority. The HGB member appointed by the LEP (and those nominated by other co-opted members) will be bound by the Code of Conduct of Hertfordshire County Council.

6.2 If a member persistently disregards the ruling of the Chair, or person presiding over the meeting, by behaving improperly or offensively or deliberately obstructs business, the Chair, or person presiding over the meeting, may move that the member be not heard further. If seconded, a vote will be taken without discussion.

6.3 If the member continues to behave improperly after such a motion is carried, the Chair, or person presiding over the meeting, may move that either the member leaves the meeting or that the meeting is adjourned for a specified period. If seconded, a vote will be taken without discussion.

7. Notice of and Summons to Meetings

- 7.1 Notice will be given to the public of the time and place of any meeting of the HGB in accordance with the Access to Information rules of the Council providing HGB secretariat functions.
- 7.2 At least seven clear working days before a meeting, a copy of the agenda and associated papers will be sent to every member of the HGB. The agenda will give the date, time and place of each meeting and specify the business to be transacted, and will be accompanied by such details as are available.

8. Meeting Frequency

- 8.1 The HGB will meet on at least a quarterly basis, or as determined by the HGB, with one of those meetings acting as the annual meeting.
- 8.2 Extraordinary Meetings may be summoned by (i) the Chair, or (ii) any nine councils writing to the Chair to request one. The notice from the Chair or the letter from the nine councils shall state the business of the meeting, and no other business shall be considered.

9. Virtual Meetings

- 9.1 The following provisions shall apply to meetings which are scheduled during the period that **The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020**, or such other legislation as permits meetings to take place remotely, remain in force.
- 9.2 The HGB may hold any meeting remotely using Zoom, Microsoft Teams, or any other suitable platform, and may live-stream the meeting.
- 9.3 Where it elects to do so, notice of this shall be given to the public in advance, and the platform used shall enable the public to see and hear the proceedings. A link will be made available to enable members of the public whose questions have been selected in accordance with Standing Order 12 to address the HGB. Where a public questioner is unable to access the meeting, or cannot be heard by the Members during the time allocated for his or her question, the Chair shall have discretion to move on to deal with another question, or if the question is the last to be heard, to move on to other business.
- 9.4 Voting shall be managed by the Chair, by either (i) requiring members to vote using the applicable poll function, (ii) requiring members to vote orally in turn, or (iii) any other convenient method.

9.5 Where the public and press are excluded under Standing Order 16, members will be required to confirm that there are no other persons present with them who are not entitled to hear or see the proceedings.

9.6 The Quorum provisions at paragraph 5 shall apply equally to virtual meetings.

10. Voting

10.1 Before taking any decision, the local authority members of the HGB will have due regard to the advice and opinions expressed by the LEP member and other co-opted members.

10.2 HGB members commit to seek, where possible, to operate on the basis of consensus.

10.3 Should it not be possible in a specific instance to find a consensus, the issue shall stand deferred to a later meeting of the HGB. At the next meeting, a vote will be again taken and, if a consensus is still not achievable, the decision will be made on the basis of a simple majority.

10.4 The Chair shall have a casting vote; however, the convention of the HGB is that the Chair shall not exercise this.

11. Reports from the HGB Scrutiny Committee

11.1 The HGB will receive reports and recommendations from the HGB Scrutiny Committee as appropriate and the Chair of the HGB Scrutiny Committee, or a nominated representative on his or her behalf, will be entitled to attend meetings of the HGB to present them.

12. Questions by the Public and Public Speaking

12.1 At the discretion of the Chair, members of the public may ask questions at meetings of the HGB. This standard protocol is to be observed by public speakers:

(a) There shall be a maximum of six public questions in each meeting, subject to a time limit of 30 minutes. Questions will be addressed on a first-come-first-served basis with reference to when they were submitted to the HGB, save that questions which in the opinion of the Chair are vexatious shall not be addressed;

(b) Notice of the question should be submitted to the Chief Legal Officer of Hertfordshire County Council by 10am at least five working days before the meeting, stating to whom the question is to be put;

- (c) Questions must be limited to a maximum of 300 words;
- (d) Answers will be given in writing and will be published on the HGB website by 5pm on the day preceding the relevant meeting;
- (e) With the Chair's permission, the questioner may ask a supplementary question relevant to the original question (or its answer). The questioner's supplementary question must not last longer than two minutes. The answer to the supplementary question may be: (i) an oral answer lasting no more than three minutes; or (ii) where the desired information is contained in a publication of the Council, a reference to that publication; or (iii) in writing (to be available within seven days); or (iv) a combination of the above;
- (f) Questioners will not be permitted to raise the competence or performance of a member, officer or representative of any partner on the HGB, nor any matter involving exempt information (normally considered as 'confidential');
- (g) Questioners cannot make any abusive or defamatory comments, or raise points which in the opinion of the Chair are vexatious;
- (h) If any clarification of what the questioner has said is required, the Chair will have the discretion to allow other HGB members to ask questions;
- (i) The questioning member will not be permitted to participate in any subsequent discussion and will not be entitled to vote;
- (j) In the event that one of the questions considered by the Chair is duplicated by later questions, it may be necessary for a spokesperson to be nominated to put forward the question on behalf of other questioners. If a spokesperson cannot be nominated or agreed, the questioner of the first such question received will be entitled to put forward their question; and
- (k) Questions should relate to items that are on the agenda for discussion at the meeting in question. The Chair will have the discretion to allow questions to be asked on other issues.

13. Petitions

13.1 At the discretion of the Chair, members of the public may submit and present petitions to the HGB. This standard protocol is to be observed by petitioners:

- (a) Petitions should include a clear statement of the petition organiser's concerns and what they would like the HGB to do;
- (b) Petitions must relate to something which is within the responsibility of the HGB, or over which it has influence;
- (c) Petitions must include the name and contact details of the petition organiser;
- (d) Petitions must include at least 500 signatures of people living or working in Hertfordshire. Petitions below this threshold will not be presented to the HGB, but HGB members will be notified of them as long as they contain at least 50 signatures;

- (e) Petitions must be submitted either (i) in hard copy, or (ii) via the HGB e-petition platform, in the format prescribed on the HGB portal, at least 10 clear working days before the date of the meeting. Petitions shall be administered by the Democratic Services Team of Hertfordshire County Council;
- (f) Subject to the discretion of the Chair, a maximum of two petitions will be considered at any one meeting;
- (g) Petition organisers will be permitted to present their petitions to the meeting and will be allowed to address the meeting for a maximum of three minutes;
- (h) Where more than one petition is received in time for a particular meeting and they are considered by the Chair as supporting the same outcome or being broadly similar in intent, it may be necessary for a spokesperson to be nominated and present the petitions. If a spokesperson cannot be nominated or agreed, the petition organiser of the first petition received will be entitled to present their petition;
- (i) Petitions will be rejected if the Chair considers them to be abusive or libellous, frivolous, vague or ambiguous, rude, offensive, defamatory, scurrilous or time-wasting or require the disclosure of exempt information (normally considered as 'confidential');
- (j) Petitions on the same subject matter will not be accepted within a six-month period, unless there has been a material change of circumstances. Whether there has been a material change in circumstances will be determined by the Chief Legal Officer of Hertfordshire County Council in consultation with the Chair (or Vice-Chair).

13.2 Any matters arising from petitions considered by the HGB Scrutiny Committee can be reported to the HGB, as per Standing Order 11.

14. Participation at HGB Meetings by Other Members of Partner Councils or Other Representatives of Partner Bodies

14.1 At the discretion of the Chair, other elected members of the Councils or the LEP or co-opted members may be entitled to speak and participate at meetings of the HGB.

15. Minutes

15.1 The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record.

- 15.2 The minutes will be accompanied by a list of agreed action points, which may be discussed in considering the minutes of the previous meeting should they not be specifically listed as items on the agenda for the meeting.

16. Exclusion of the Public and Press

- 16.1 Members of the public and press may be excluded from meetings in accordance with the Access to Information rules of legislation as applied by the administering authority with regard to the consideration of exempt or confidential information.

17. Recording of Proceedings

- 17.1 The recording in any format of meetings of the HGB is permitted, except:
- a. Where the Chair, or person presiding over the meeting, rules that filming is being undertaken in such a way that is disruptive or distracting to the good order and conduct of the meeting;
 - b. Where the public have been excluded from the meeting during the consideration of exempt or confidential information (see Standing Order 16).

18. Disturbance by Public

- 18.1 If a member of the public interrupts proceedings, the Chair, or person presiding over the meeting, will warn the person concerned. If that person continues to interrupt, the Chair will order his or her removal from the meeting room.
- 18.2 If there is a general disturbance in any part of the meeting room open to the public, the Chair, or person presiding over the meeting, may call for that part of the room to be cleared.
- 18.3 If there is a general disturbance making orderly business impossible, the Chair, or person presiding over the meeting, may adjourn the meeting for as long as he or she thinks is necessary.

19. Interpretation of Standing Orders

- 19.1 The ruling of the Chair of the HGB as to the application of these Standing Orders shall be final.

20. Suspension of Standing Orders

- 20.1 With the exception of Standing Orders 4, 5, 7.1, 8, 10 and 15, and as far as is lawful, any of these Standing Orders may be suspended by motion passed unanimously by those entitled to vote.

Appendix 2

HERTFORDSHIRE GROWTH BOARD SCRUTINY COMMITTEE **TERMS OF REFERENCE**

1. Parties

Hertfordshire County Council
Borough of Broxbourne Council
Dacorum Borough Council
East Hertfordshire District Council
Hertsmere Borough Council
North Hertfordshire District Council
St Albans City and District Council
Stevenage Borough Council
Three Rivers District Council
Watford Borough Council
Welwyn Hatfield Borough Council

2. Status

The Hertfordshire Growth Board Scrutiny Committee has been established by the Councils listed above. It is a joint advisory committee of these Councils, established under section 102(4) of the Local Government Act, 1972.

3. Membership

- 3.1 One elected member appointed by each of the member Councils and one member appointed by the LEP (total 12).

4. Functions of the HGB Scrutiny Committee

- 4.1 The HGB Scrutiny Committee is established to advise the HGB with regard to the latter's role in achieving the objectives in the HGB Terms of Reference.
- 4.2 The HGB Scrutiny Committee will act as a forum for discussion with a wider range of members and stakeholders across the Hertfordshire area, so that the HGB benefits from a wider range of expertise in making its decisions.
- 4.3 To this end, the HGB Scrutiny Committee may receive and comment on ("pre-scrutinise") reports to the HGB, may offer advice to the HGB on the discharge of its functions and may review its work.

- 4.4 The HGB Scrutiny Committee shall develop its own Forward Plan and may submit reports or recommendations to the HGB for consideration, as appropriate.

5. Professional and Administrative Support

- 5.1 Committee management and administrative support to the HGB Scrutiny Committee will be provided by Hertfordshire County Council.
- 5.2 Other professional support will be provided to the HGB Scrutiny Committee on an ad hoc basis as agreed between the Councils.

6. Standing Orders

The HGB Scrutiny Committee will be governed by the Standing Orders set out in Annex A attached to these Terms of Reference.

7. Costs

The costs of running the HGB Scrutiny Committee will be funded from the HGB Growth Fund.

Appendix 2 – Annex A

HERTFORDSHIRE GROWTH BOARD SCRUTINY COMMITTEE STANDING ORDERS

1. Membership

- 1.1 The HGB Scrutiny Committee will have a membership of 12, with each Council and the LEP being entitled to appoint one member. Members must not be executive members of their appointing authority.

2. Alternate or Substitute Members

- 2.1 Each Council will be entitled to appoint one named alternate or substitute member who may act in all aspects as a voting member of the HGB in the absence of the voting member appointed.
- 2.2 Subject to the discretion of the Chair, the relevant member shall notify the HGB at least 5 working days in advance of the relevant meeting of the identity of their substitute.

3. Term of Office

- 3.1 The term of office of members from the Councils shall end:
- a. if rescinded by the appointing Council; or
 - b. if the member ceases to be a member of the appointing Council.

4. Appointment of Chair and Vice-Chair

- 4.1 The HGB Scrutiny Committee will appoint a Chair and Vice-Chair at its first meeting.
- 4.2 The appointment of the Chair described in 4.1 shall be for a term up to the first meeting of the HGB Scrutiny Committee that follows both the 2021 local elections and the 2021 Annual Meetings of the constituent Councils (the **Post-Election Meeting**). At the Post-Election Meeting, the HGB Scrutiny Committee may either re-appoint the same member as Chair, or appoint a new Chair for a term of two years. Save in the above case, the Chair shall serve a single consecutive term of two years.
- 4.3 There shall be no term limits for Vice-Chairs.

- 4.4 Where there are three or more candidates for appointment and there is, after balloting, no candidate with a clear majority, meaning in this case the votes of more than 50% of members present and voting, the candidate with the least number of votes will withdraw and there will be a fresh ballot of remaining candidates; and so on until a candidate has that majority.

5. Quorum

- 5.1 The quorum for meetings of the HGB Scrutiny Committee will be 7 members.
- 5.2 If there is no quorum at the published start time for the meeting, a period of ten minutes will be allowed, or longer, at the Chair's discretion. If there remains no quorum at the expiry of this period, the meeting will be declared null and void.
- 5.3 If there is no quorum at any stage during a meeting, the person presiding over the meeting will adjourn for a period of ten minutes, or longer, at their discretion. If there remains no quorum at the expiry of this period, the meeting will be closed and the remaining items will be declared null and void.

6. Member Conduct

- 6.1 HGB Scrutiny Committee members appointed by the Councils shall be bound by the Code of Conduct of their nominating authority.
- 6.2 If a member persistently disregards the ruling of the Chair, or person presiding over the meeting, by behaving improperly or offensively or deliberately obstructs business, the Chair, or person presiding over the meeting, may move that the member be not heard further. If seconded, a vote will be taken without discussion.
- 6.3 If the member continues to behave improperly after such a motion is carried, the Chair, or person presiding over the meeting, may move that either the member leaves the meeting or that the meeting is adjourned for a specified period. If seconded, a vote will be taken without discussion.

7. Notice of and Summons to Meetings

- 7.1 Notice will be given to the public of the time and place of any meeting of the HGB Scrutiny Committee in accordance with the Access to Information rules of Hertfordshire County Council.
- 7.2 At least five clear working days before a meeting, a copy of the agenda and associated papers will be sent to every member of the HGB Scrutiny Committee. The agenda will give the date, time and place of each meeting; specify the business to be transacted, and will be accompanied by such details as are available.

8. Meeting Frequency

- 8.1 The HGB Scrutiny Committee may set its own timetable for meetings, normally on a date preceding meetings of the HGB in order to allow the HGB Scrutiny Committee to consider issues the HGB will be taking decisions on and advise accordingly.

9. Virtual Meetings

- 9.1 The following provisions shall apply to meetings which are scheduled during the period that **The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020**, or such other legislation as permits meetings to take place remotely, remain in force.
- 9.2 The HGB may hold any meeting remotely using Zoom, Microsoft Teams, or any other suitable platform, and may live-stream the meeting.
- 9.3 Where it elects to do so, notice of this shall be given to the public in advance, and the platform used shall enable the public to see and hear the proceedings. A link will be made available to enable members of the public whose questions have been selected in accordance with Standing Order 12 to address the HGB. Where a public questioner is unable to access the meeting, or cannot be heard by the Members during the time allocated for his or her question, the Chair shall have discretion to move on to deal with another question, or if the question is the last to be heard, to move on to other business.
- 9.4 Voting shall be managed by the Chair, by either (i) requiring members to vote using the applicable poll function, (ii) requiring members to vote orally in turn, or (iii) any other convenient method.
- 9.5 Where the public and press are excluded under Standing Order 16, members will be required to confirm that there are no other persons present with them who are not entitled to hear or see the proceedings.
- 9.6 The Quorum provisions at paragraph 5 shall apply equally to virtual meetings.

Voting

- 10.1 All HGB Scrutiny Committee members will be voting members.
- 10.2 Voting for meetings of the HGB Scrutiny Committee will be conducted on the basis of a simple majority. The Chair shall have a casting vote; the convention shall be that the Chair shall not exercise this.

11. Reports from the HGB Scrutiny Committee to the HGB

- 11.1 The Chair of the HGB Scrutiny Committee, or a nominated representative on his or her behalf, will be entitled to attend meetings of the HGB to present reports from the HGB Scrutiny Committee as appropriate.

12. Questions by the Public and Public speaking

- 12.1 At the discretion of the Chair, members of the public may ask questions at meetings of the HGB Scrutiny Committee. This standard protocol is to be observed by public speakers:

- (a) There shall be a maximum of six public questions in each meeting, subject to a time limit of 30 minutes. Questions will be addressed on a first-come-first-served basis with reference to when they were submitted to the HGB, save that questions which in the opinion of the Chair are vexatious shall not be addressed;
- (b) Notice of the question should be submitted the Chief Legal Officer of Hertfordshire County Council at the latest by 10am three working days before the meeting;
- (c) Questions must be limited to a maximum of 300 words;
- (d) Answers will be given in writing and will be circulated at the meeting;
- (e) With the Chair's permission, the questioner may ask a supplementary question relevant to the original question (or its answer). The questioner's supplementary question must not last longer than two minutes. The answer to the supplementary question may be: (i) an oral answer lasting no more than three minutes; or (ii) where the desired information is contained in a publication of the Council, a reference to that publication; or (iii) in writing (to be available within seven days); or (iv) a combination of the above;
- (f) Questioners will not be permitted to raise the competence or performance of a member of the HGB Scrutiny Committee or the HGB, nor any matter involving exempt information (normally considered as 'confidential');
- (g) Questioners cannot make any abusive or defamatory comments, or raise points which in the opinion of the Chair are vexatious;
- (h) If any clarification of what the questioner has said is required, the Chair will have the discretion to allow other HGB Scrutiny Committee members to ask questions;
- (i) The questioning member will not be permitted to participate in any subsequent discussion and will not be entitled to vote;
- (j) In the event that one of the questions considered by the Chair is duplicated by later questions, it may be necessary for a spokesperson to be nominated to put forward the question on behalf of other questioners. If a

spokesperson cannot be nominated or agreed, the questioner of the first such question received will be entitled to put forward their question; and

(k) Questions should relate to items that are on the agenda for discussion at the meeting in question. However, the Chair will have discretion to allow questions to be asked on other issues.

13. Petitions

13.1 At the discretion of the Chair, members of the public may submit and present petitions to the HGB Scrutiny Committee. This standard protocol is to be observed by petitioners:

(a) Petitions should include a clear statement of the petition organiser's concerns and what they would like the HGB Scrutiny Committee to do;

(b) Petitions must relate to something which is within the responsibility of the HGB Scrutiny Committee, or over which it has influence;

(c) Petitions must include the name and contact details of the petition organiser;

(d) Petitions must include at least 500 signatures of people living or working in Hertfordshire. Petitions below this threshold will not be presented to the HGB Scrutiny Committee, but HGB Scrutiny Committee members will be notified of them as long as they contain at least 50 signatures;

(e) Petitions must be submitted either (i) in hard copy, or (ii) via the HGB e-petition platform, in the format prescribed on the HGB portal, at least 10 clear working days before the date of the meeting. Petitions shall be administered by the Democratic Services Team of Hertfordshire County Council;

(f) Subject to the discretion of the Chair, a maximum of two petitions will be considered at any one meeting;

(g) Petition organisers will be permitted to present their petitions to the meeting and will be allowed to address the meeting for a maximum of three minutes;

(h) Where more than one petition is received in time for a particular meeting and they are considered by the Chair as supporting the same outcome or being broadly similar in intent, it may be necessary for a spokesperson to be nominated and present the petitions. If a spokesperson cannot be nominated or agreed, the petition organiser of the first petition received will be entitled to present their petition;

(i) Petitions will be rejected if the Chair considers them to be abusive or libellous, frivolous, vague or ambiguous, rude, offensive, defamatory, scurrilous or time-wasting or require the disclosure of exempt information (normally considered as 'confidential');

(j) Petitions on the same subject matter will not be accepted within a six-month period, unless there has been a material change of circumstances.

Whether there has been a material change in circumstances will be determined by the Chief Legal Officer of Hertfordshire County Council in consultation with the Chair (or Vice-Chair).

- 13.2 Any matters arising from petitions considered by the HGB Scrutiny Committee can be reported to the HGB as per Standing Order 10.

14. Participation at HGB Scrutiny Committee Meetings by Other Members of Partner Councils or Other Representatives of Partner Bodies

- 14.1 At the discretion of the Chair, other elected members of the Councils, or representatives from the LEP or other co-opted members, may be entitled to speak and participate at meetings of the HGB Scrutiny Committee.

15. Minutes

- 15.1 The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record. The only part of the minutes that can be discussed is their accuracy.
- 15.2 The minutes will be accompanied by a list of agreed action points, which may be discussed in considering the minutes of the previous meeting should they not be specifically listed as items on the agenda for the meeting.

16. Exclusion of the Public and Press

- 16.1 Members of the public and press may be excluded from meetings in accordance with the Access to Information legislation as applied by the administering authority with regard to the consideration of exempt or confidential information.

17. Recording of Proceedings

- 17.1 The recording in any format of meetings of the HGB Scrutiny Committee is permitted, except:
- a. Where the Chair, or person presiding over the meeting, rules that filming is being undertaken in such a way that is disruptive or distracting to the good order and conduct of the meeting; and/or
 - b. Where the public have been excluded from the meeting during the consideration of exempt or confidential information (see standing order 16).

18. Disturbance by the Public

- 18.1 If a member of the public interrupts proceedings, the Chair, or person presiding over the meeting, will warn the person concerned. If the individual continues to interrupt, the Chair will order his or her removal from the meeting room.
- 18.2 If there is a general disturbance in any part of the meeting room open to the public, the Chair, or person presiding over the meeting, may call for that part of the room to be cleared.
- 18.3 If there is a general disturbance making orderly business impossible, the Chair, or person presiding over the meeting, may adjourn the meeting for as long as he or she thinks is necessary.

19. Interpretation of Standing Orders

- 19.1 The ruling of the Chair as to the application of these Standing Orders shall be final.

20. Suspension of Standing Orders

- 20.1 With the exception of Standing Orders 5, 7.1, 10 and 15, and as far as is lawful, any of these Standing Orders may, as far as is lawful, be suspended by motion passed unanimously by those entitled to vote.



Meeting: **Audit Committee / Executive /
Council**

Agenda Item:

Portfolio Area: Resources

Date: **17 November 2020 / 18 November
2020 / 16 December 2020**



2020/21 MID YEAR TREASURY MANAGEMENT REVIEW

NON-KEY DECISION

Author	– Belinda White	Ext No. 2515
Contributors	– Lee Busby	Ext No. 2730
Lead Officer	– Clare Fletcher	Ext No. 2933
Contact Officer	– Clare Fletcher	Ext No. 2933

1. PURPOSE

1.1 To update Members on the Treasury Management activities in 2020/21 and review effectiveness of the 2020/21 Treasury Management and Investment Strategy including the 2020/21 prudential and treasury indicators.

2. RECOMMENDATIONS

2.1 That subject to any comments from Executive and the Audit Committee, recommend to Council to approve the 2020/21 Treasury Management Mid-Year review.

2.2 That subject to any comments from Executive and the Audit Committee, recommend Council to approve the latest approved Countries for investments (Appendix D).

2.3 That the updated authorised and operational borrowing limits are approved (paragraph 4.4.7).

2.4 Comments from the Audit Committee meeting of 17 November will be verbally updated to the Executive and incorporated into the report to Council on 16 December 2020.

3. BACKGROUND

3.1 This report covers one of three reporting requirements under the Prudential and Treasury Management Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), the other reports being;

- Annual Treasury Strategy (in advance of the year) (last reported to Council 26 February 2020)
- Annual Treasury Management Review after the year end (2019/20 was reported to Council 14 October 2020)

3.2 In December 2017, CIPFA revised the Code to require, all local authorities to report on:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

These elements are covered in the annual Capital Strategy reported to Council in February each year.

3.3 This report summarises:

- Capital expenditure and financing for 2020/21;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Reporting of the required prudential and treasury indicators, including the impact of the expenditure on the Council's underlying indebtedness (the Capital Financing Requirement);
- Update on the Treasury Management Strategy Position;
- An economic update for the first part of 2020/21.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 The Council's Capital Expenditure and Financing 2020/21

4.1.1 Capital expenditure¹ can be financed either by capital resources the Council has on its balance sheet (e.g. capital receipts and capital grants) or by making a revenue contribution to capital. If sufficient capital resources are not available to fund the expenditure the council would need to borrow to meet the funding gap. This borrowing may be taken externally in new loans or internally from cash balances held by the council (see also 4.3.3). The need to borrow is measured and reported through the prudential indicators.

4.1.2 The Treasury Management Strategy and Prudential Indicators for 2020/21 were originally approved by Council on the 26 February 2020. Since then, capital budget changes have been approved and the Prudential Indicators updated in

¹ Council expenditure can be classified as capital when it is used to purchase assets with a life of more than one year, exceeds £5,000 in value and meets the guidelines laid out in CIPFA accounting practices.

the 2019/20 Annual Treasury Management Review (approved by Council 14 October 2020). The Treasury Management Mid-Year Review Indicators have been updated based on the 1st quarter capital programme reported to Executive (16 September 2020).

4.1.3 Table One (shown below) shows the original capital programme, the revised capital programme (approval Executive 16 September 2020) and financing.

Table One: 2020/21 Capital Expenditure and Financing		
	2020/21 Original Capital Strategy (Council February 2020) £'000	2020/21 Revised Mid-Year Review (Q1 Capital Strategy -Executive September 2020) £'000
Capital Expenditure:		
General Fund Capital Expenditure	20,429	35,271
HRA Capital Expenditure	50,384	34,057
Total Capital Expenditure	70,813	69,328
· Capital Receipts	(13,515)	(9,389)
· Capital Grants / Contributions	(14,196)	(11,111)
· Capital Reserves	(2,449)	(2,295)
· Revenue contributions	(59)	(176)
· Major Repairs Reserve	(11,662)	(4,247)
Total Resources Available	(41,881)	(27,219)
Capital Expenditure Requiring Borrowing	(28,932)	(42,110)

4.2 The Council's overall borrowing position.

4.2.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR)². Whether physical borrowing is taken out depends on the level of cash balances held by the Council. The treasury service manages the Council's cash position to ensure sufficient cash is available to meet the capital payments, based on the Capital Strategy and Treasury Management Strategy. This may be through internal borrowing from utilising cash balances held by the Council in the short to medium term or external borrowing such as using the Government, through the Public Works Loan Board (PWLb) or the money markets.

4.2.2 The 2020/21 Capital Strategy identified the need for borrowing for financing elements of the capital programme. The Council has not undertaken any new external borrowing to date in 2020/21.

4.2.3 On 9 October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 100bps³ on top of the current margin of 80bps. The

² Capital Financing Requirement (CFR) represents the amount of debt the Council needs to/has taken to fund the capital programme after debt repayments and Minimum Revenue Provision (MRP) are taken into account

³ 100bsp is 100 basis points, the equivalent of 1%.

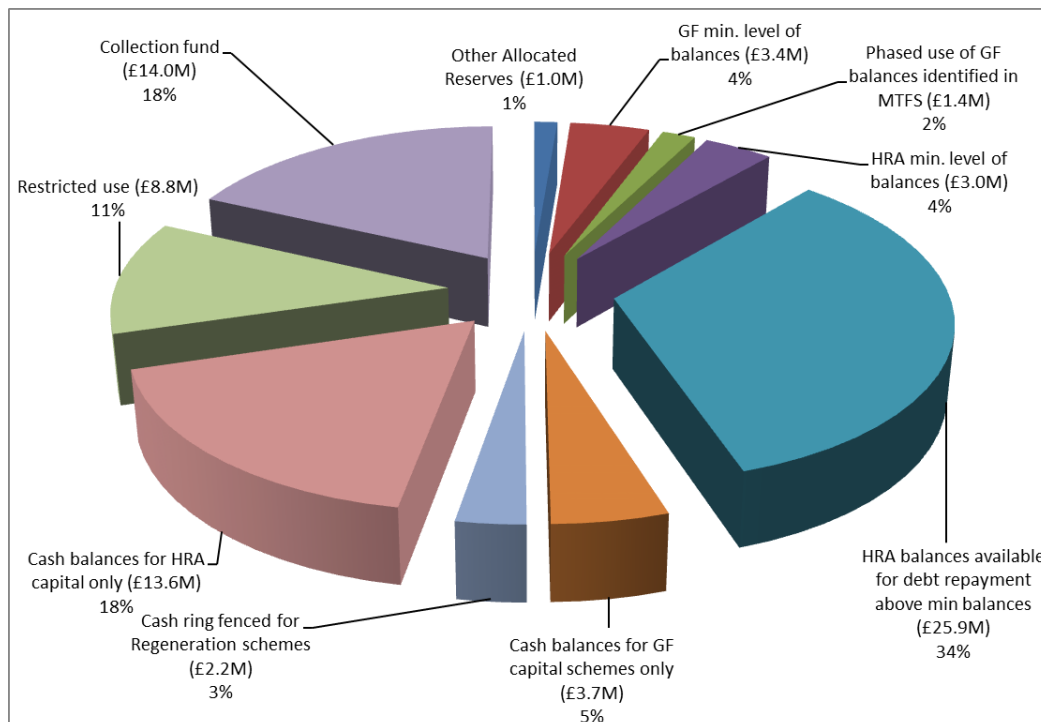
margin of 80bps was used for all Council project appraisals including the HRA business plan, Wholly Owned Housing company and investment portfolio. Subsequently the Government announced a separate margin for housing which returned the rate to the previous margin over gilts, after representations were made that this should not be subject to such a large increase in borrowing cost. Other Council schemes were re-assessed in light of this unscheduled increase by the Treasury, and the business plan for the Wholly Owned Housing Company is being reviewed and a report will be taken to Executive. As reported in the Annual Treasury Management Review of 2019/20, there has also been a consultation into the lending arrangements for PWLB funding. The deadline for the consultation was extended to 31 July 2020, and the date for the outcome of the consultation has yet to be confirmed. Changes may be introduced that prohibit Council's use of PWLB borrowing for investment property purchases, and this could impact on the Commercial Property budgets in 2020/21 of £13.2 Million for Investment Property and £613K for Commercial Properties Refurbishment (MRC Programme).

- 4.2.4 In 2020/21 the average cash holding between April and September was £62Million (£63Million April to September 2019/20). While investment returns are low the "internal" borrowing rate is significantly cheaper than the cost of external borrowing and remains a prudent use of the Council's cash balances, unless it is prudent to secure long term borrowing in accordance with the HRA business plan.
- 4.2.5 As at the 30 September 2020 the Council had total external borrowing of £209,097,845 which is projected to increase to £247,840,036 by 31 March 2021 if all approved borrowing is taken as per the revised capital programme approved by Executive 16 September 2020.
- 4.2.6 The General Fund currently has £2,413,845 external borrowing with the PWLB, comprising an Equal Instalments of Principal (EIP) loan with the final principal repayment in February 2022, and a Maturity loan of £1.756Million which matures in March 2028.
- 4.2.7 The HRA has external borrowing of £206,684,000 with the PWLB, with the majority of the HRA debt (£194,911,000) taken out in March 2012 to finance the payment required to central government for self-financing. This debt was arranged over a number of loans at fixed rates and with varying maturities and is not impacted by the recent changes in PWLB rates.
- 4.2.8 The HRA borrowing includes £7,763,000 used to fund the pre 2012 Decent Homes programme. This debt was called 'supported borrowing' under the former HRA subsidy system but now forms part of the HRA debt portfolio. An additional £4,010,000 was taken in 2019/20 to fund more recent Decent Homes expenditure.
- 4.2.9 Since the lifting of the HRA Debt Cap, which was formerly £217,685,000, HRA borrowing limits are based on affordability rather than legislation. These limits are now reviewed as part of the annual HRA Business Plan. An MTFs update HRA 2020/21 - 2024/25 is being reported to Executive on 18 November 2020.

4.3 Cash balances and cash flow management

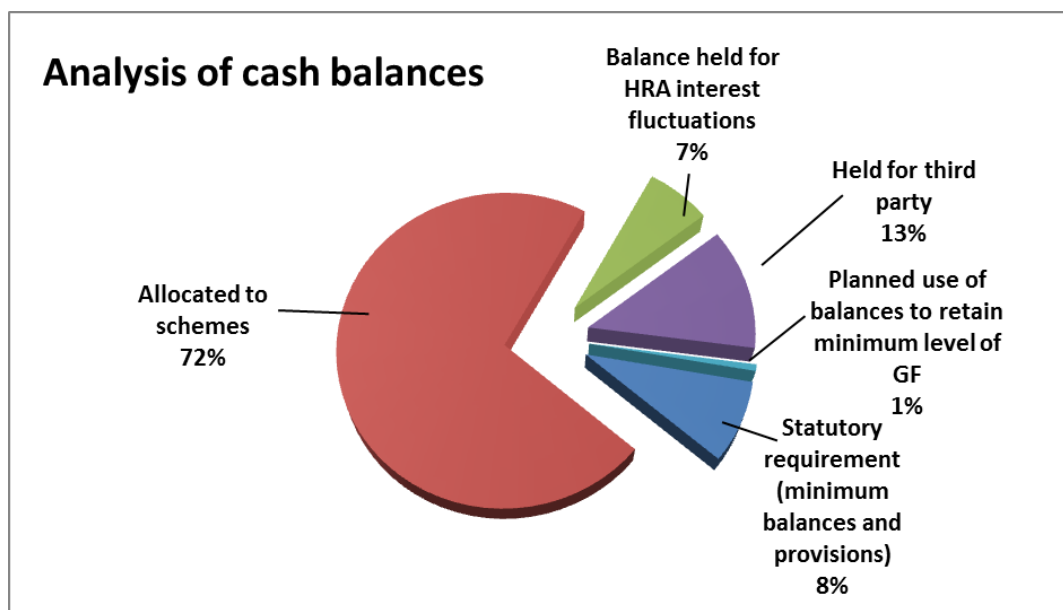
4.3.1 As at 1 April 2020 cash balances held by SBC totalled £54.1 Million. The revised cash balance expected to be held as at 31 March 2021 is £60.6 Million. The breakdown of these cash balances is shown in the following chart.

Chart One: Cash Balances expected as at 31 March 2021



4.3.2 These cash balances can be further analysed between allocated, held for statutory requirements and held for third parties. This identifies that of the £60.6 Million, all cash resources have been allocated, so unless allocated reserves are no longer needed in the future, there are **currently no cash resources available** for new projects.

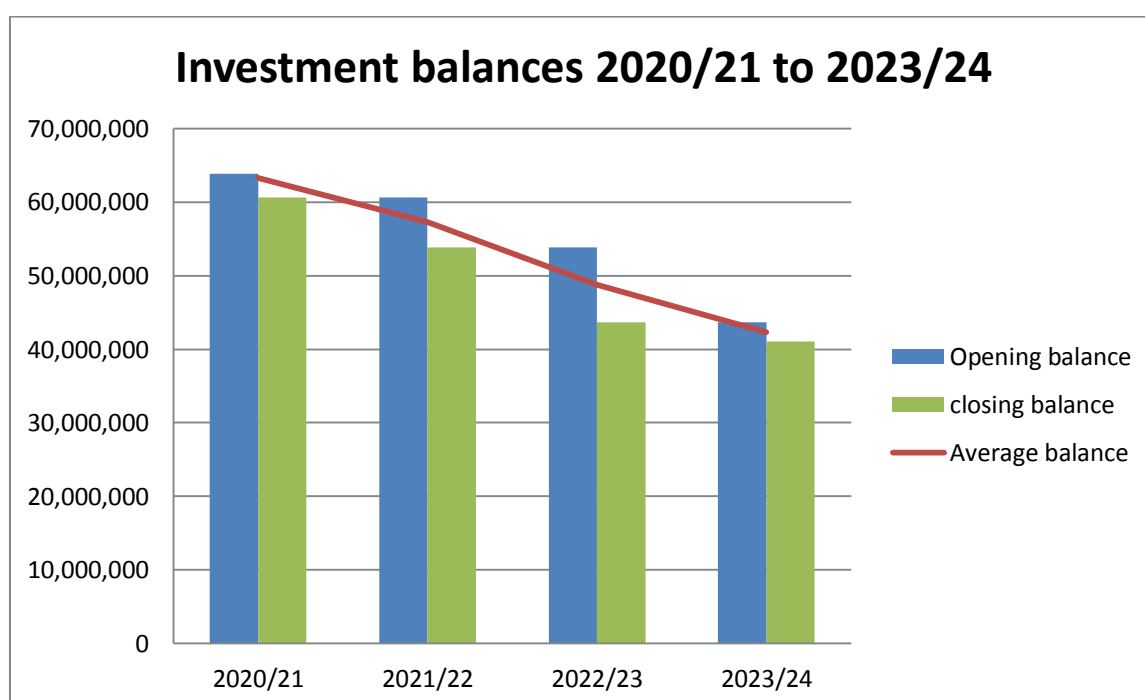
Chart Two: Analysis of Cash Balances



4.3.3 Cash investment balances are expected to be £60.6 Million by 31 March 2021 (reserves and balances of £77.0 Million less actual internal borrowing of £16.4 Million), but is dependent on current spending projections and approved borrowing included in the capital strategy and current HRA business plan (General Fund - £15.071 Million and HRA - £23.803 Million) for 2020/21. Decisions as to when to take this borrowing will be considered based on cash balances and anticipated interest rates.

4.3.4 The forecast investment balances to 2023/24 has been updated to reflect the latest General Fund MTFS and HRA MTFS projections and the revised capital programme. Note that, like the pie chart in paragraph 4.3.2, the balances in the chart below includes those being held on behalf of third parties.

Chart Three: Investment Balances forecast



4.4 Prudential Indicators

4.4.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators, (which measures affordability limits), are included in the approved Treasury Management Strategy and an update on those indicators is included in this report. During the year to date, the Council has operated within the treasury and prudential indicators set out in that strategy. Further explanation of key prudential indicators is given below and is also shown in Appendix A.

4.4.2 **Borrowing and the 2020/21 Capital Financing Requirement (CFR)** - The Council's underlying need to borrow for capital expenditure is referred to as the Capital Financing Requirement (CFR). The Council's original estimate and latest CFR for the year is shown below. The estimate of the CFR for 2020/21 has been updated for the capital strategy approved by Members (16 September 2020 Executive). Further updates may be required pending completion of the external audit of the 2019/20 accounts.

4.4.3 The HRA MTFS update (HRA 2020/21 - 2024/25) will be reported to the 18 November 2020 Executive, and the Final HRA and Rent Setting Report 2021/22 to Executive to the 20 January 2021 Executive and to Council on 28 January 2021. The CFR and prudential indicators included in this report have been updated to reflect the current projections for the HRA revised business plan.

Table Two: Capital Financing Requirement 2020/21			
	2020/21 Original: Annual TM Strategy (Approved Council February 2020)	2020/21 Revised: Annual TM Review of 2019/20 (Approved Council October 2020)	2020/21 Revised: Mid- Year Review (Executive November 2020)
CFR Calculation	£'000	£'000	£'000
Opening Balance	258,141	241,724	241,987
Closing Capital Financing Requirement (General Fund)	45,544	46,004	42,918
Closing Capital Financing Requirement (Housing Revenue Account)	239,627	233,771	237,474
Closing Balance	285,171	279,775	280,391
Increase/ (Decrease)	27,030	38,051	38,404

4.4.4 Total debt repayments made in the first half of 2020/21 relating to principle on PWLB General Fund loans were £131,579 (paid in August). A further repayment of £131,579 will be made in February 2021 in relation to General Fund debt.

4.4.5 The Council could further reduce its CFR by:

- The application of additional capital financing resources (such as unapplied capital receipts) if available; or
- Charging more than the statutory revenue charge (Minimum Revenue Provision (MRP)) each year through a Voluntary Revenue Provision (VRP) which would increase the cost to the General Fund

4.4.6 The **net borrowing position** of the Council at 31 March 2021 is estimated to be **£187.2M** (total borrowings/loans of £247.8M less total investments held of £60.6M). This updated position also reflects the current projections for the HRA revised business plan.

4.4.7 The **operational boundary and authorised limit** refer to the borrowing limits within which the treasury team operate. To date there have been **no breaches** of either limit in 2020/21).

4.4.8 As raised in the Treasury Management report to Council, at the time of publication of this report the external audit of the 2019/20 accounts had yet to

be completed. Any changes following the completion of the external audit will be reported to Members in subsequent reports.

4.4.9 **Minimum Revenue Provision (MRP)**⁴ – In 2020/21 the MRP calculated on previous years' borrowing is £411,021, however there will be no MRP charge to the General Fund with respect to borrowing for regeneration assets of £193,703, due to the overpayment calculated following the MRP review, which reviewed the asset lives used in calculating MRP. Based on the current forecasts this 'MRP holiday' period for regeneration assets will result in no MRP charges to the General Fund until 2025/26. Further detail can be found in Appendix E MRP Policy.

4.4.10 MRP needs to be made regardless of whether actual external borrowing has been taken and hence differs from the treasury management arrangements, the latter considers utilising cash balances when borrowing rates are higher than investment interest rates.

4.4.11 The **ratio of financing costs to net revenue stream** is equal to General Fund interest costs divided by the General Fund net revenue income from Council Tax and business rates.

4.4.12 The treasury management indicators for 2020/21 onwards have been calculated based on the 1st quarter capital programme reported to Executive 16 September 2020. There will be subsequent updates to the capital programme including the capital bidding process for the period 2021/22 to 2025/26 and as such the data relating to future years is indicative only and will be subject to change. The full list of Treasury Prudential Indicators is shown in Appendix A.

4.5 Update on Treasury Management Strategy Position 2020/21

4.5.1 The Council's debt and investment position is managed by the treasury management section to ensure adequate liquidity for revenue and capital activities. In addition, investment decisions are based on the security of the investments and spread over a number of counter parties to manage the Council's exposure to risk.

4.5.2 The Council's **average investment returns** are modest due to historically low Bank of England Base Rate which is currently 0.10% and the risk appetite in the treasury management strategy. As at 30 September 2020 the 2020/21 average rate of interest being earned on investments was 0.98% (compared to 0.98% earned in 2019/20). This exceeded the 7 day LIBID benchmark rate of 0.53% (source: LINK Asset Services 29-9-20).

4.5.3 At current interest rates it is still prudent to utilise the Council's cash balances (as shown in paragraph 4.3.1) for short-term internal borrowing. However, PWLB borrowing costs will be kept under review and officers will determine

⁴ MRP- The Council must base its borrowing decisions in accordance with the Prudential Code which requires the Council to demonstrate a need to borrow and to show the cost of that borrowing for the General Fund is affordable. The Council's MRP policy, as required by CIPFA guidance, is approved annually by Council as part of the Treasury Management Strategy. The calculation of MRP is based upon prior years' borrowing requirement and the life of the assets for which borrowing was required.

whether it may be prudent to take some borrowing at lower interest rates based on the forecast reduction of future cash balances and borrowing identified in the HRA business plan. The decision and timing of when to borrow is being monitored by officers.

4.5.4 The Council's treasury position for the first half of year was as follows:

Table three: Treasury Position 2020/21						
	30 Sep 2020 Principal £'000s	Rate / Return %	Average Life (Yrs)	31 Mar 2021 Principal £'000s	Rate / Return %	Average Life (Yrs)
Fixed rate loans - PWLB	209,098	3.37	14	208,966	3.37	13
General Fund Prudential Borrowing				15,071		
HRA Borrowing				23,803		
Total Borrowing	209,098	3.37	14	247,840	3.37	13
CFR				280,391		
less finance lease and other technical adjustments				(10,248)		
less self financing agreement				(5,929)		
Over/(under) borrowing*				(16,375)		
Investments Portfolio	56,560	0.98	N/A	60,629	0.69	N/A

* financed by internal borrowing (£4.857Million HRA £11.517Million General Fund)

4.5.5 The maturity structure of the debt portfolio was as follows (see also Appendix B):

Table four: Maturity of Debt Portfolio for 2019/20 and 2020/21		
Time to maturity	31 March 2020 Actual £'000's	30 September 2020 Actual £'000's
Maturing within one year	263	263
1 year or more and less than 2 years	263	263
2 years or more and less than 5 years	263	132
5 years or more and less than 10 years	39,156	39,156
10 years or more	169,284	169,284
Total	209,229	209,098

4.5.6 There are six investments with **maturities over one year** as detailed below:

Table five: Maturities Over One Year					
Counterparty	Country	Rating	Deposit amount	Start date	Maturity on
Birmingham City Council	UK	AA	3,000,000	15/04/2020	14/04/2021
Great Yarmouth BC	UK	AA	2,000,000	16/05/2018	17/05/2021
Barnsley Metropolitan Borough Council	UK	AA	2,700,000	15/09/2017	15/09/2021
Kingston Upon Hull City Council	UK	AA	5,000,000	28/09/2020	27/09/2021
Worthing Borough Council	UK	AA	5,000,000	05/12/2019	06/12/2021
Bury M.B.C.	UK	AA	2,300,000	18/05/2020	18/11/2024

Table five: Maturities Over One Year					
Counterparty	Country	Rating	Deposit amount	Start date	Maturity on
			20,000,000		

4.5.7 All other investments held during the first half of 2020/21 are due to mature within one year. A summary of the Council's exposure to fixed and variable rate investments is shown below in Table Six. (See also Appendix B).

Table Six : Fixed and Variable Rate Investment Totals		
	31 March 2020 Actual	30 September 2020 Actual
	£'000's	£'000's
Fixed rate principal	48,000	48,000
Variable rate principal	6,072	8,560
Total	54,072	56,560

4.5.8 Since the last Treasury report, no further Money Market funds have been added to the portfolio, however an application is in progress to add the CCLA Public Sector Deposit Fund due to the recent closure of the Amundi Money Market fund (see paragraph 4.6.6 for additional information).

4.5.9 There have been **no breaches** of treasury **counter party limits**, with the investment activity during the year conforming to the approved strategy. Any breach would be notified to the Chief Finance Officer. The Council has had no liquidity difficulties and no funds have been placed with the Debt Management Office (DMO) during 2020/21 to date, demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy are working

4.5.10 The use of "Ultra Short Dated Bond" (USDB) funds was approved in February 2017 and added to the Specified/Non-specified Investments is detailed in Appendix C. No investments have been made to date with USDB funds.

4.5.11 The list of "Approved Countries for Investments" is detailed in Appendix D.

4.5.12 **Money Market Fund Regulatory Change** took place in early 2019, and Liquidity (non-government) Funds have been converted from Constant Net Asset Value (CNAV) funds to Low Volatility Net Asset Value (LVNAV) pricing. Government-type funds will remain as "CNAV" funds under the new regulations. This change has continued to have no impact on the Treasury Management strategy.

4.5.13 As part of the Council regeneration programme and financial security objectives officers have establishing special purpose vehicles (SPV) to deliver regeneration in the town and to improve the offer in the private rented sector. These SPV's have included a Limited Liability partnership and a wholly owned company. As completely separate legal entities the board of Directors of the SPV needed to delegate authority for the treasury management function to the Council, for officers to invest monies on behalf of the SPV's subject to Director's delegation. Any sums invested on behalf of theses SPV's are to be

done in accordance with the Councils own treasury management policies. No such investments have been made on their behalf to date.

4.6 Economic Review & Interest Rate Outlook

4.6.1 UK Growth

The Bank of England's Monetary Policy Report August 2020 reports that UK GDP is expected to have been over 20% lower in 2020 Q2 than in 2019 Q4. But other indicators imply that spending has recovered significantly since April. Payments data suggest that household consumption in July was less than 10% below its level at the start of the year. Housing market activity appears to have returned to close to normal levels, despite signs of a tightening in credit supply for some households. There is less evidence available on business spending, but surveys suggest that business investment is likely to have fallen markedly in Q2 and investment intentions remain very weak.

4.6.2 Inflation and Bank Rate

Twelve-month CPI inflation increased to 0.6% in June from 0.5% in May but then reduced to 0.2% in August as a result of the impact of energy prices and the temporary cut in VAT for hospitality, holiday accommodation and attractions. The latest CPI figure (September was 0.5%) which is used to set HRA rents and Business rate increases. CPI inflation is expected to fall further below the 2% target, largely reflecting the direct and indirect effects of Covid-19. However as these effects unwind, inflation rises, supported by a gradual strengthening of domestic price pressures as spare capacity diminishes. In the Monetary Policy Committee (MPC) central projection, CPI inflation is expected to be around 2% in two years' time. At its meeting ending on 4 August 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%, which has been the rate since 19 March 2020 in response to the Coronavirus pandemic. The assumption is that Bank Rate remains at 0.1% throughout the three years of the MPC forecast period, before moving towards the market path over the subsequent three years.

4.6.3 Wage inflation

Unemployment has increased, including job losses arising from business closures due to the Coronavirus pandemic. Lockdown measures, such as school closures, mean that some people who have lost their jobs are likely to have not been actively searching for work, or have not been available to start work. As a result, the proportion of the population classed as inactive has also increased. Wage growth has been significantly affected by the impact of the Coronavirus Job Retention Scheme. Underlying wage growth is likely to have weakened. There is evidence from the Bank of England's agents that wage pressures are muted.

4.6.4 Brexit

The UK left the European Union on 31 January 2020. Under the Withdrawal Agreement, we are now in a transition period until the end of 2020, however the details of any trading agreements following the transition period remain unclear. The MPC's central projections assume that there is an immediate but orderly move to a comprehensive free trade agreement between the UK and the EU on 1 January 2021. Some restrictions on trade between the UK and EU are assumed to come into place at that point as the UK leaves the EU's Single

Market and Customs Union. Market uncertainty makes forecasting of interest rates challenging.

- 4.6.5 The Council registered with HMRC's Transitional Simplified Procedures to simplify import procedures should we procure goods from the EU post Brexit. Mitigation plans have been put in place for contracts which may be affected by Brexit and continuity plans have been reviewed for service areas including fuel supplies.
- 4.6.6 Although the advice from our treasury advisors is that there should be no issues with the placing of investments domiciled within the EU after the Brexit transition period ends, the Amundi fund based in Luxembourg has closed. Officers received a communication on 14 October that the fund would be closed to all new investments effective immediately, and any remaining deposits not called back by clients would be settled on 22 October. Treasury staff redeemed the SBC deposit of £1.2Million on 15 October. As per paragraph 4.5.8, an application is in progress to the UK-domiciled CCLA Public Sector Deposit Fund to retain an available pool of investment options.

5. IMPLICATIONS

5.1 Financial Implications

- 5.1.1 This report is of a financial nature and reviews the treasury management function for 2020/21 to date. Any consequential financial impacts of the Strategy will be incorporated into the Capital Strategy updates and subsequent quarterly budget monitoring reports.
- 5.1.2 During the financial year to date officers have operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

5.2 Legal Implications

- 5.2.1 Approval of the Prudential Code Indicators and the Treasury Management Strategy Indicators are intended to ensure that the Council complies with relevant legislation and best practice.
- 5.2.2 The potential changes to PWLB borrowing arrangements in paragraph 4.2.3 refer to the use of PWLB for 'Investment for Yield' schemes. Councils may be prohibited from the use of this borrowing source for commercial investment property purchases. This could have an impact on the plans currently in the Council's Capital Strategy.

5.3 Risk Implications

- 5.3.1 The current policy of minimising external borrowing only remains financially viable while cash balances are high and the differentials between investment income and borrowing rates remain. Should these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.

- 5.3.2 There remains uncertainty on the impact of exiting the EU on UK economy and borrowing rates. Officers monitor interest rate forecasts to inform the timing of borrowing decisions.
- 5.3.3 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.
- 5.3.4 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.

5.4 Equalities and Diversity Implications

- 5.4.1 This purpose of this report is to review the implementation of the Treasury management policy in 2020/21 to date. Before investments are placed with counter parties the Council has the discretion not to invest with counter parties where there are concerns over sovereign nations' human rights issues.
- 5.4.2 The Treasury Management Policy does not have the potential to discriminate against people on grounds of age; disability; gender; ethnicity; sexual orientation; religion/belief; or by way of financial exclusion. As such a detailed Equality Impact Assessment has not been undertaken.

5.6 Climate Change Implications

- 5.6.1 The council's investment portfolio is sterling investments and not directly in companies. However the TM team will review the use of Money Market funds in 2020/21 to ensure, where possible, money market funds that invest in environmentally sustainable companies are used. In this way the TM team will align with the Councils ambition to attempt to be carbon neutral by 2030.

BACKGROUND DOCUMENTS

BD1 Prudential Code Indicators and Treasury Management Strategy 2020/21 (26 February 2020 Council)

BD2 Annual Treasury Management Review of 2019/20 (14 October 2020 Council)

APPENDICES

- Appendix A – Prudential Indicators for Mid Year Review.
- Appendix B – Investment and Loan Portfolios
- Appendix C – Specified & Non-Specified Investment Criteria
- Appendix D – Approved Countries for Investments
- Appendix E – MRP Policy

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Appendix A	2020/21 Treasury Management Strategy - Mid year review					
Treasury Management Prudential Indicators						
	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24
Capital Expenditure (Based on Q1 Capital report September 2020):	Original February 2020	Revised September 2020 (TM report)	Revised Mid year review 20-21	Revised Mid year review 20- 21	Revised Mid year review 20- 21	Revised Mid year review 20- 21
	£000	£000	£000	£000	£000	£000
General Fund	20,429	36,715	35,271	10,216	18,041	24,141
HRA	50,384	34,763	34,057	49,286	45,389	36,314
Total	70,813	71,478	69,328	59,502	63,429	60,455
	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24
Ratio of financing costs to net revenue stream:	Original February 2020	Revised September 2020 (TM report)	Revised Mid year review 20-21	Revised Mid year review 20- 21	Revised Mid year review 20- 21	Revised Mid year review 20- 21
	%	%	%	%	%	£000
General Fund Capital Expenditure	6.43%	6.43%	8.17%	14.50%	15.78%	15.96%
HRA Capital Expenditure	18.68%	18.68%	15.93%	16.14%	15.76%	15.29%
General Fund: Net revenue stream is the RSG, NNDR grant and Council Tax raised for the year.						
HRA: The net revenue stream is the total HRA income shown in the Council's accounts from received rents, service charges and other incomes. The ratio of financing costs to net revenue stream reflects the high level of debt as a result of self financing.						
	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24
Authorised Limit for external debt	Original February 2020	Revised September 2020 (TM report)	Revised Mid year review 20-21	Revised Mid year review 20- 21	Revised Mid year review 20- 21	Revised Mid year review 20- 21
	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	73,544	70,004	49,918	52,624	56,288	55,699
Borrowing - Queensway residential			15,000	15,000	15,000	15,000
Borrowing - HRA	247,627	241,771	245,474	272,076	287,716	298,196
Total	321,171	311,775	310,391	339,700	359,004	368,895
The authorised limit in that it is the level up to which the Council may borrow without getting further approval from Full Council. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The authorised limit allows for £8m headroom above the Operational Boundary (£2m General Fund and £6m HRA), which is in addition to our capital plans.						
	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24
Operational Boundary for external debt	Original February 2020	Revised September 2020 (TM report)	Revised Mid year review 20-21	Revised Mid year review 20- 21	Revised Mid year review 20- 21	Revised Mid year review 20- 21
	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	71,544	68,004	47,918	50,624	54,288	53,699
Borrowing - Queensway residential			15,000	15,000	15,000	15,000
Borrowing - HRA	241,627	235,771	239,474	266,076	281,716	292,196
Total	313,171	303,775	302,391	331,700	351,004	360,895
The operational boundary differs from the authorised limit in that it is the level up to which the Council expects to have to borrow. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The operational boundary allows for £7m headroom in addition to our capital plans (£5m General Fund and £2m HRA).						
	31/03/2021	31/03/2021	31/03/2021	31/03/2022	31/03/2023	31/03/2024
Gross & Net Debt	Original February 2020	Revised September 2020 (TM report)	Revised Mid year review 20-21	Revised Mid year review 20- 21	Revised Mid year review 20- 21	Revised Mid year review 20- 21
	£000	£000	£000	£000	£000	£000
Gross External Debt - General Fund	20,752	20,963	17,353	20,262	24,340	24,340
Gross External Debt - HRA	235,033	226,784	230,487	257,089	272,729	283,209
Gross External Debt	255,785	247,747	247,840	277,351	297,069	307,549
Less Investments	(47,240)	(61,176)	(60,629)	(53,880)	(43,624)	(41,037)
Net Borrowing	208,545	186,571	187,211	223,471	253,445	266,512
The Gross External Debt is the actual debt taken out by the Council plus any relevant long term liabilities. The Gross External Debt should not exceed the Operational						
The Net Borrowing is defined as gross external debt less investments. The net borrowing requirement may not, except in the short term, exceed the total capital financing requirement in the preceding year, plus the estimates of any additional financing.						
	31/03/2021	31/03/2021	31/03/2021	31/03/2022	31/03/2023	31/03/2024
Capital Financing Requirement	Original February 2020	Revised September 2020 (TM report)	Revised Mid year review 20-21	Revised Mid year review 20- 21	Revised Mid year review 20- 21	Revised Mid year review 20- 21
	£000	£000	£000	£000	£000	£000
Capital Financing Requirement GF	45,544	46,004	42,918	45,624	49,288	48,699
Capital Financing Requirement HRA	239,627	233,771	237,474	264,076	279,716	290,196
Total Capital Financing Requirement	285,171	279,775	280,391	309,700	329,004	338,895
The Capital Financing Requirement (CFR) reflects the amount of money the Council would need to borrow to fund it's capital programme. This is split between the Housing Revenue Account CFR (HRACFR) and the General Fund CFR (GFCFR).						

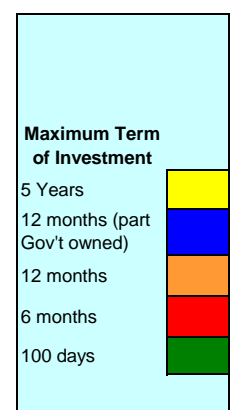
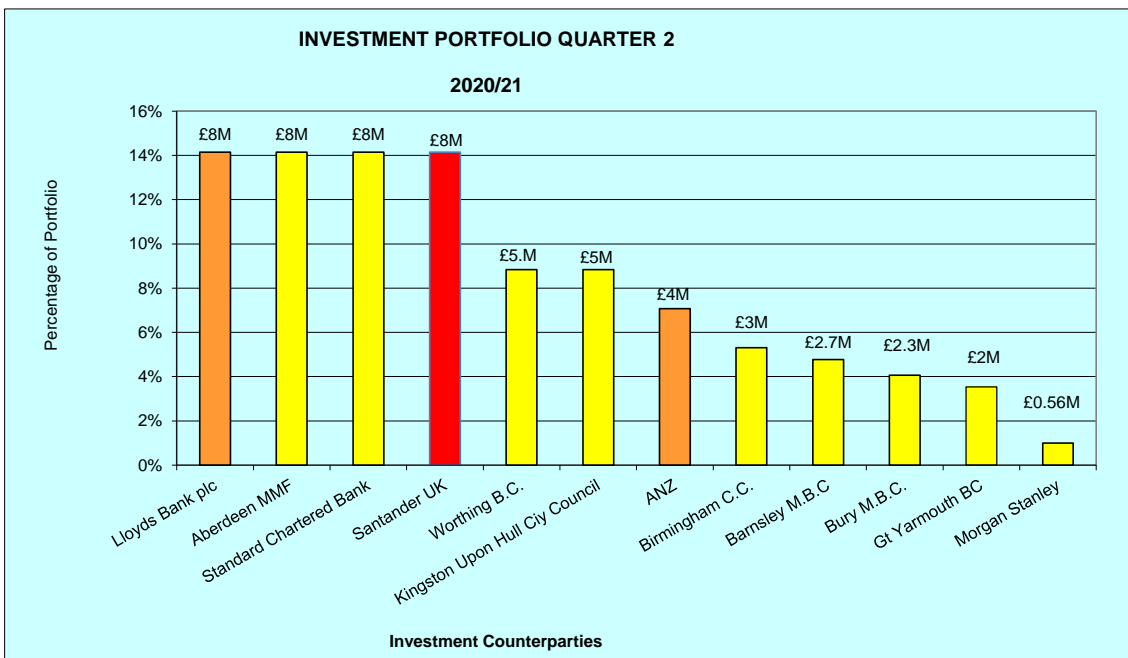
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INVESTMENT PORTFOLIO QUARTER 2 (30th September 2020)

Appendix B

Average interest rate - 2019/20	0.98%
Average interest rate - 2020/21	0.76%
Bank of England Bank Rate	0.10%

<u>Borrower</u>	<u>Nation</u>	<u>Sovereign Rating</u> <u>(Fitch)</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Rate %</u>
<u>Money Market Funds (Instant Access)</u>						
Morgan Stanley MMF	UK		560,000			0.01
Aberdeen MMF	UK		8,000,000			0.09
<u>95 Day Notice</u>						
Standard Chartered Bank	UK	AA-	7,000,000			0.36
<u>Fixed Term Deposit</u>						
Lloyds Bank plc	UK	AA-	5,000,000	22-Nov-19	20-Nov-20	1.10
Santander UK	UK	AA-	8,000,000	02-Jul-20	31-Dec-20	0.40
Australia & New Zealand Banking Corporation	AUS	AAA	4,000,000	16-Jul-20	18-Jan-21	0.24
Lloyds Bank plc	UK	AA-	3,000,000	22-Jan-20	20-Jan-21	1.10
Standard Chartered Bank	UK	AA-	1,000,000	12-Aug-20	12-Feb-21	0.19
Birmingham City Council	UK	AA-	3,000,000	15-Apr-20	14-Apr-21	1.15
Great Yarmouth Borough Council	UK	AA-	2,000,000	16-May-18	17-May-21	1.45
Barnsley Metropolitan Borough Council	UK	AA	2,700,000	15-Sep-17	15-Sep-21	0.98
Kingston Upon Hull City Council	UK	AA-	5,000,000	28-Sep-20	27-Sep-21	0.32
Worthing Borough Council	UK	AA-	5,000,000	05-Dec-19	06-Dec-21	1.50
Bury M.B.C.	UK	AA-	2,300,000	18-May-20	18-Nov-24	2.00
			56,560,000			



LOAN PORTFOLIO QUARTER 2 (30th September 2020)

Decent Homes Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/Maturity	4.75	2,000,000	04/03/2010	04/03/2035	25 years
PWLB	Fixed Rate/Maturity	4.28	1,800,000	25/05/2010	25/05/2035	25 years
PWLB	Fixed Rate/Maturity	4.24	963,000	17/08/2010	17/08/2035	25 years
PWLB	Fixed Rate/Maturity	4.65	3,000,000	25/03/2010	25/09/2035	25 1/2 years
PWLB	Fixed Rate/Maturity	1.72	510,000	25/03/2020	25/03/2045	25 Years
PWLB	Fixed Rate/Maturity	1.60	3,500,000	25/03/2020	25/03/2037	17 years
			11,773,000			

Self Financing Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/Maturity	2.92	500,000	28/03/2012	28/03/2026	14 years
PWLB	Fixed Rate/Maturity	3.01	8,000,000	28/03/2012	28/03/2027	15 years
PWLB	Fixed Rate/Maturity	3.08	8,700,000	28/03/2012	28/03/2028	16 years
PWLB	Fixed Rate/Maturity	3.15	9,600,000	28/03/2012	28/03/2029	17 years
PWLB	Fixed Rate/Maturity	3.21	10,600,000	28/03/2012	28/03/2030	18 years
PWLB	Fixed Rate/Maturity	3.26	11,000,000	28/03/2012	28/03/2031	19 years
PWLB	Fixed Rate/Maturity	3.30	16,000,000	28/03/2012	28/03/2032	20 years
PWLB	Fixed Rate/Maturity	3.34	17,500,000	28/03/2012	28/03/2033	21 years
PWLB	Fixed Rate/Maturity	3.37	17,600,000	28/03/2012	28/03/2034	22 years
PWLB	Fixed Rate/Maturity	3.40	17,300,000	28/03/2012	28/03/2035	23 years
PWLB	Fixed Rate/Maturity	3.42	15,300,000	28/03/2012	28/03/2036	24 years
PWLB	Fixed Rate/Maturity	3.44	21,000,000	28/03/2012	28/03/2037	25 years
PWLB	Fixed Rate/Maturity	3.46	18,200,000	28/03/2012	28/03/2038	26 years
PWLB	Fixed Rate/Maturity	3.47	19,611,000	28/03/2012	28/03/2039	27 years
PWLB	Fixed Rate/Maturity	3.48	4,000,000	28/03/2012	28/03/2040	28 years
			194,911,000			

Prudential Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/EIP	2.37	657,895	19/08/2013	19/02/2022	9 1/2 years
PWLB	Fixed Rate	2.29	1,755,950	19/03/2018	19/03/2028	10 years
			2,413,845			

Total Borrowing

209,097,845

Appendix C **TM Review Update**
Specified and Non-specified Investment Criteria
(including Treasury Limits and Procedures)

Table 1

Specified Investments are sterling denominated with maturities up to maximum of one year and must meet the following minimum high credit quality criteria:

Investment Counterparty	Investment Instrument	Minimum High Credit Quality Criteria	Investment Duration
Banks or Building Societies	Overnight Deposit	Fitch: Short Term F1 and Long Term A and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different OR Part-nationalised or Nationalised UK banking institutions (subject to regular reviews of government share percentage).	Maximum duration as per Treasury Advisor's (Link Asset Services (LAS)) colour coded Credit List, and less than one year
	Notice Account		
	Short Term Deposit		
Debt Management Office or UK Local Authority	Any deposit	No limit	
Money Market Funds	Instant Access	AAA rated	Instant Access

Table 2

Non-Specified Investment are sterling denominated with a maturity longer than one year but no longer than five years, and must meet the following criteria:

Investment Counterparty	Investment Instrument	Minimum High Credit Quality Criteria	Investment Duration
Banks or Building Societies	Any deposits with maturity over one year up to a maximum of five years	Fitch: Short Term F1+ and Long Term AA- and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different	Maximum duration suggested by Treasury Advisor's (LAS) colour coded Credit List, and not in excess of five years
Debt Management Office or UK Local Authority		No Limit	

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Table 3 **Treasury Limits**

Investment Instrument	Cash balances less than £30Million	Cash balances higher than £30Million
	Limits	Limits
Variable Rate Investments (Excluding Enhanced Cash Funds)	Maximum holding £30M	Maximum holding 100%
Counterparty limits (to encompass all forms of investment)	Maximum £5M	Maximum £8M
Instant Access Or Overnight Deposit	Maximum holding 100%	
Fixed Rate less than 12 month maturity	Maximum holding 100%	
Fixed Rate more than 12 months to maturity (includes all types of Fixed Rate Investments i.e. Certificates of Deposits)	Maximum £5M	Maximum £20M
Money Market Funds - Traditional Instant Assess (Counterparty Limit per Fund)	Maximum £5M per MMF	Maximum £8M per MMF
	No limit on total cash held	
Enhanced Cash Funds	Maximum £3M	
Certificates of Deposits	Maximum £5M	
Property Funds	Maximum of £3M - No durational limit. Use would be subject to consultation and approval	

Procedures of Applying the Criteria and Limits	
	Before the Treasury Team makes an investment, the Team will follow the follow procedure to ensure full compliance with the Specified and Non-Specified Criteria and Treasury Limits:
1	Check that the Counterparty is on the Counterparty List (also known as Current Counterparty Report for Stevenage) produced LAS, specifically meeting the Council's Specified and Non-specified Minimum High Credit Quality Criteria in the above Table 1 & 2. If it is not on the list, the Treasury Team will not invest with them.
2	If the Counterparty is on the list, then the Treasury Team refers to the Credit List produced by LAS in colour coding, to determine the maximum investment duration suggested for the deposit, as per the column of Suggested Duration (CDS Adjusted with manual override).
3	Refer to the Treasury Limits in the above Table 3 to ensure the amount invested complies with the Treasury Limits.

APPENDIX D: Approved Countries (with Approved counterparties) for Investments (October 2020)

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- United Arab Emirates
- France

AA-

- Belgium
- Qatar

The UK is exempt from the sovereign rating criteria as recommended by Link Asset Services

The above list includes the possible countries the Council may invest with. Not all of these countries are used or will be used in treasury management investments

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Minimum Revenue Provision Policy

Minimum Revenue Provision Policy Statement 2020/21

From 2013/14, the council has not had a fully funded capital programme, and although there has not been a need to borrow in full externally, due to the use of investment balances, it will be necessary to make adequate provision for the repayment of debt in the form of Minimum Revenue Provision in 2019/20 for the unfunded element of 2013/14 and 2014/15 expenditure. The **preferred method for existing underlying borrowing is Option 3 (Asset Life Method)** whereby the MRP will be spread over the useful life of the asset. Useful life is dependent on the type of asset and was reviewed in 2019/20. Following that review asset lives now ranges from 7 years (ICT equipment) to 50 years (Investment properties, regeneration sites and carparks for example).

In applying the new asset lives historic MRP had been overpaid and in accordance with MHCLG MRP Guidance can be reclaimed in future years. The council has a policy to ring fence costs and income associated with regeneration assets and as such has shown these MRP changes separately, see table below. The overpayment of £1,057,660.39 results in no MRP needing to be charged to the accounts for the regeneration assets until 2025/26, when a partial charge will be required, utilising the remainder of the overpayment balance.

voluntary MRP made	
	Regeneration
2012/13	£46,929.65
2013/14	£140,788.95
2014/15	£163,165.30
2015/16	£141,355.30
2016/17	£141,355.30
2017/18	£141,355.30
2018/19	£141,355.30
2019/20	£141,355.30
cumulative total	£1,057,660.39

The Council has approved a **Property Investment** Strategy – an investment of £15Million in property funded from prudential borrowing. The MRP calculation will be calculated under **Option 3 (Asset Life Method) and the annuity method** which links the MRP to the flow of benefits from the properties.

The forecast annual MRP for 2020/21 is £411,021 based on the capital expenditure in the draft 2019/20 Financial Accounts, with the lower figure of £217,318 needing to be charged to the 2020/21 Financial Accounts taking into account the overpayment on the regeneration assets.

In addition finance lease payments due as part of the Queensway regeneration project are also applied as MRP, funded from the payments received in the year.

Additional Information

1. What is a Minimum Revenue Provision (MRP)?

The Minimum Revenue Provision is a charge that Councils which are not debt free are required to make in their accounts for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). The underlying debt is needed to finance the capital programme. Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It is therefore prudent to charge an amount for the repayment of debt over the life of the asset or some similar proxy figure, allowing borrowing to be matched to asset life. Setting aside an amount for the repayment of debt in this manner would then allow for future borrowing to be taken out to finance the asset when it needs replacing at no incremental cost. The manner of spreading these costs is through an annual Minimum Revenue Provision, which was previously determined under Regulation, and is now determined by Guidance.

2. Statutory duty

Statutory Instrument 2008 no. 414 s4 lays down that:

“A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”

The above is a substitution for the previous requirement to comply with regulation 28 in S.I. 2003 no. 3146 (as amended).

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

The share of Housing Revenue Account CFR is not subject to an MRP charge.

3. Government Guidance

Along with the above duty, the Government issued guidance which came into force on 31st March 2008 which requires that a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

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

Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

The four recommended options are thus:

Option 1: Regulatory Method

Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for “Adjustment A”) on a reducing balance method (which in effect meant that MRP charges would stretch into infinity).

This historic approach must continue for all capital expenditure incurred in years before the start of this new approach. It may also be used for new capital expenditure up to the amount which is deemed to be supported through the Supported Capital Expenditure (SCE) annual allocation.

Option 2: Capital Financing Requirement Method

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

This is not applicable to the Council as it is for existing non supported debt

Option 3: Asset Life Method.

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

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

Longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2.

No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an ‘MRP holiday’). This is not available under options 1 and 2.

There are two methods of calculating charges under option 3:

equal instalment method – equal annual instalments,

annuity method – annual payments gradually increase during the life of the asset.

This is the preferred method as it allows costs to be spread equally over the life of the asset.

Option 4: Depreciation Method

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

This method is not favoured by the Council as if the asset is subject to a downturn in value, then that amount would have to be written off in that year, in addition to the annual charge

4. Date of implementation

The previous statutory MRP requirements ceased to have effect after the 2006/07 financial year. Transitional arrangements included within the guidance no longer apply for the MRP charge for 2009/10 onwards. Therefore, options 1 and 2 should only be

used for Supported Capital Expenditure (SCE). The CLG document remains as guidance and authorities may consider alternative individual MRP approaches, as long as they are consistent with the statutory duty to make a prudent revenue provision.

Meeting: EXECUTIVE

**Agenda
Item:**

**Portfolio
Area:** HOUSING/RESOURCES

Date: 18 NOVEMBER 2020



HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY UPDATE (2020/21 – 2024/25)

Author –	Clare Fletcher	Ext.No. 2933
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1. PURPOSE

- 1.1. To update Members on the Housing Revenue Account (HRA) Medium Term Financial Strategy(MTFS) since the last update of the HRA Business Plan (BP) at the 2019 November Executive and the Final HRA Budget to the January 2020 Council.
- 1.2. To advise Members on the current and future position of the Council's HRA Budget over the next five years, including the projected impact of COVID on the HRAs financial resources in the current and future years.
- 1.3. To update Members on the 2nd Quarter monitoring adjustments for the HRA in 2020/21.
- 1.4. To update Members on the growth included in the HRA BP for 2021/22 totalling £588,650.
- 1.5. To update Members on revised inflation projections and pressures for the HRA MTFS and compare the HRA MTFS is in line with the business plan approved at the November 2019 Executive.
- 1.6. To update Financial Security targets for the period 2021/22 – 2023/24.

2. RECOMMENDATIONS

- 2.1 That Members approve the change to the Medium Term Financial Strategy principles, as outlined in paragraph 4.1.5 to this report.
- 2.2 That, for modelling purposes, the HRA 2021/22 rents will increase by 1.5% (based on the formula of CPI+1% with September CPI at 0.5%).
- 2.3 That the updated inflation assumptions used in the Medium Term Financial Strategy (section 4.2 refers) be approved.
- 2.4 That a HRA Financial Security Target of £878K be approved for the period 2021/22- 2023/24, (paragraph 4.9.8 refers).
- 2.5 That the approach to Financial Security as set out in section 4.9 be approved.
- 2.6 That an amount of £100,000 for 2021/22 and 2022/23, be approved for inclusion in the budget setting process as a Transformation Fund, to help deliver the Financial Security Target, (paragraph 4.9.10 refers).
- 2.7 That the HRA COVID impacts and 2nd Quarter changes to the HRA, as outlined in section 4.3 and 4.4 are approved.
- 2.8 That Members note the financial impact of COVID in 2020/21 and future years.
- 2.9 That the Leader's Financial Security Group oversee the development of the 2021/22 – 2023/24 savings package.
- 2.10 That the MTFS is regularly updated for any material financial pressures so forecasts are updated and is re-presented to the Executive for approval.
- 2.11 That public consultation be commissioned in line with the requirements of the Council's Consultation and Engagement Strategy.
- 2.12 That the Trade Unions and staff be consulted on the key messages contained within the Medium Term Financial Strategies and more specifically when drawing up any proposals where there is a risk of redundancy.

3. BACKGROUND

- 3.1 The HRA Business Plan was last presented to the December 2019 Executive and this included an additional £206M of borrowing as a result of the lifting of the HRA debt cap by the government on 29 October 2018. This meant local authorities were free to borrow to support their HRA capital expenditure, in line with the Prudential Code.
- 3.2 The additional borrowing in the 2019 plan included delivery of 2,433 new council homes over 30 years, 271 more homes than in the 2018 BP. This

included new borrowing for an additional 249 homes in the first 10 years of the BP.

3.3 The access to additional borrowing also meant Members were able to approve additional works to the Council's existing stock (30 year period) which is summarised below:

- Implement building safety legislation once confirmed - £11.7Million
- Introduce changes to the decent homes standard when regulations are confirmed -£11Million
- Implement a 5 year cyclical electrical testing programme - £9Million
- Deliver a cyclical programme of planned maintenance - £11.2Million
- Increase the asset review budget - £6.75Million
- Redevelop or remodel the high rise flat blocks - £7Million

3.4 The BP also assumed a 2% repairs efficiency target to reduce spend on responsive repairs, incrementally over the life of the Business Plan, as a result of increased investment through planned works. It was proposed to that officers will undertake a review of responsive repairs spend, taking into consideration the impact of the planned maintenance programme and the need to deliver this target. This report will update Members on the progress of all of these initiatives.

3.5 The 2019 HRA BP took account of the government's increase to Public Works Loan Board(PWLB) borrowing rates by a 1% in October 2019, which increased the cost of borrowing in the 2019 HRA BP by an additional £38Million in interest costs over 30 years. However, this was later reversed for HRA borrowing in the Chancellor's budget speech in March 2020 and the reduced borrowing costs over the MTFS period are included in this update.

3.6 The 2019 HRA BP included a Financial Security savings target of £200k per annum as summarised below. In the current revision, this has been reduced to £100k per annum throughout the life of the plan.

	2020/21	2021/22	2022/23	2023/24
Inflation-Applied to:				
Salaries - % increase	2.25%	2.25%	2.25%	2.25%
CPI indices increases	1.70%	2.20%	2.20%	2.20%
RPI indices increases	2.40%	3.20%	3.20%	3.20%
BCIS	4.40%	4.60%	4.60%	4.60%
Utilities	10.83%	10.81%	9.76%	8.89%
Other Assumptions:				
RTB Sales	35	35	35	35
Void Rates	0.69%	0.69%	0.69%	0.69%
Bad Debts	0.52%	0.54%	0.54%	0.54%
Interest Earned on Balances	1.16%	1.41%	1.66%	1.91%

	2020/21	2021/22	2022/23	2023/24
Service Charge Increase (excl Utils)	2.40%	3.20%	3.20%	3.20%
New Borrowing	£23.8M	£26.6M	£15.6M	£10.5M
HRA Minimum Balance	£2.9M	£3.0M	£3.1M	£3.2M

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Purpose of the Medium Term Financial Strategy

4.1.1 The MTFS and the HRA Business Plan are the Council's key Housing Revenue Account financial planning documents, setting out the Council's strategic approach to the management of its housing stock. This includes:

- Rent Projections
- New Build Projections
- Treasury Management
- Review of the debt scheduling
- Funding of the Capital programme
- Projections of Financial Security targets
- Future pressures and risks
- Inflation projections

4.1.2 The HRA Business Plan is the 30 year plan which demonstrates that the Council's management of the housing stock and capital works are affordable within the funds available and allows sufficient funding to be available to pay for the interest and debt repayments. The MTFS looks at these plans over a five year horizon and is a check that the HRA Business Plan is still financially viable.

4.1.3 The MTFS underpins the Council's key housing priorities for Stevenage as set out in the Future Town Future Council agenda "Excellent Council Homes" and "Housing Development" and in the Housing Asset Management Strategy. The Council continues to work co-operatively with housing customers to help shape these priorities and associated delivery programmes

4.1.4 The need to set annual Financial Security targets within the MTFS is not a Council priority in itself, it is rather a tool to facilitate the Council in achieving its Future Town Future Council priorities and maintaining adequate funding for the services the Council provides, while retaining a prudent level of reserves. The Council's 'Financial Security' methodology has been revised to be a four strand approach for achieving this (see also section 4.8). The MTFS identifies the level of financial reduction required and the Financial Security priority helps deliver this reduction. The MTFS is reviewed annually and this report is a refresh of those assumptions.

- 4.1.5 There are some overarching strategic financial objectives of the MTFS and business plan and the MTFS principles for financial planning purposes. These have been amended to reflect the 2019 HRA BP update which included the lifting of the HRA borrowing cap and the MTFS principles are summarised below with the changes:

MTFS principles – borrowing (2019 Update)
Debt repayments are spread evenly over the life of the plan to avoid peaks in repayments.
The cost of servicing debt has been kept proportionate to income. (In the revised plan the maximum percentage of debt payments to income is 39%, with an average across the plan of 26%).
Loan periods have been optimised to minimise interest payments and allow capacity for future borrowing to support the service.
Setting a Treasury Management borrowing rate target for future loans to ensure that the Business Plan assumptions are either matched, or bettered when future loans are taken out.
A £5Million reserve has been set up to cover potential interest rate volatility

MTFS principles - HRA
To provide funding to build 1,900 new homes over 30 years, new social and affordable rented homes that contribute to meeting local housing demand and the needs of an ageing population.
To provide funding for investment in the existing housing stock to ensure the ongoing quality and sustainability of the assets and levels of decency retained.
To consider as part of the budget setting process, and throughout the year as necessary, what support can be given to the tenants and leaseholders in times of particular hardship.
To use the Council's reserves in a cost-efficient and planned manner to deliver the Council's priorities.
To maximise the Council's income by promptly raising all monies due and minimising the levels of arrears and debt write-offs.
In setting HRA balances a % for overruns (currently 1.5%), specific known risks, loss of savings & risks associated with new ventures and the cost of borrowing for the capital programme is included.
To identify variations to the approved budget via quarterly monitoring and only incur additional on-going spending when matched by increased income, identified savings or additional resources.

MTFS principles - HRA
To set rents and service charges at levels that are affordable and offer value for money to tenants and leaseholders (within national policy constraints), whilst ensuring that a healthy HRA is maintained to enable ongoing investment.
To offer 50% of new build units at affordable rent levels, subject to individual affordability assessments being undertaken and the outcomes of this approach being kept under review.
To propose service charges that are recovered at full cost to ensure adequate resources are maintained in the Business Plan and to keep this under regular review.
Maintaining a £100K per annum saving target in the plan to enable greater future flexibility, if more resources are needed to service debt. (New 2019)
To ensure that resources are aligned with the Council's Corporate Plan and FTFC priorities.

4.2 HRA Inflation Pressures

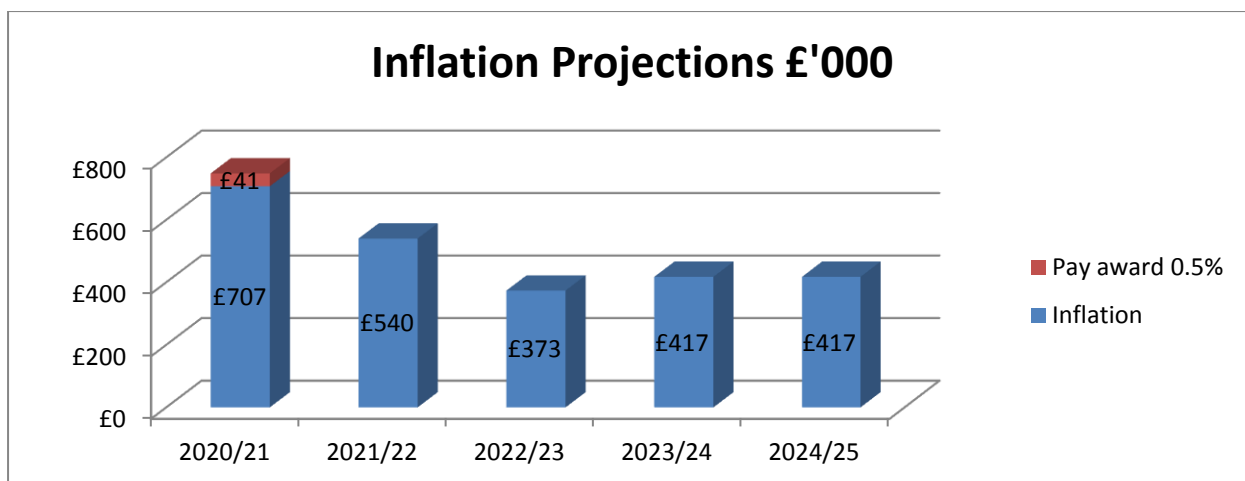
- 4.2.1 It is difficult to predict future inflationary increases due to the uncertainty around the lasting impact of COVID-19 on the economy. Government hospitality initiatives such as VAT reductions contributed to a reduction in the Consumer Price Index (CPI) which saw the August figure dip to 0.2%, a reduction from the July CPI figure of 0.8%. This is much lower than CPI in April 2019 (2.1%), the September 2020 CPI figure which rents are pegged to was 0.5%.
- 4.2.2 CPI is the tracked measure for inflation used by the government and for increases in council rents using the September CPI. The Bank of England target is a 2% inflation rate. The inflation in the HRA is based on projections as outlined in the General Fund September MTFS projections, updated for the lower CPI figure for September. The rationale for the inflation assumptions in the MTFS are shown below.

	2020/21	2021/22	2022/23	2023/24	2024/25
Inflation-Applied to:					
September CPI for Rent Increases	1.70%	0.50%	2.00%	2.25%	2.50%
Salaries - % increase	2.75%	2.25%	2.25%	2.25%	2.25%
Pension Increase	0.00%	0.00%	0.00%	1.00%	0.00%
CPI indices increases	1.70%	1.40%	2.00%	2.25%	2.50%
RPI indices increases	2.40%	2.40%	3.00%	3.25%	3.50%
BCIS	4.40%	5.00%	5.00%	5.00%	5.00%
Fuel Increases	4.64%	2.00%	3.00%	4.00%	4.00%
Gas (unit charge only)	7.38%	7.38%	7.38%	7.38%	7.38%

	2020/21	2021/22	2022/23	2023/24	2024/25
Electricity (unit charge only)	11.56%	11.56%	11.56%	11.56%	11.56%

Rationale for inflation assumption	
Salaries - % increase	Salary inflation is estimated at 2.25% in the MTFS. The 2020/21 pay award was 2.75%, however the Chancellor has said there will be a need for wage restraint in future years. As pay is one of the largest inflationary pressure for the MTFS it has been modelled on 2.25% for the MTFS term which is above CPI but lower than RPI forecast for the same term. A lower pay offer in line with CPI would increase balances, but a prudent level of cost has been assumed in light of the current draw on balances and other calls on resources.
Pension Increase	An assumption has been made that as a result of the impact of COVID and BREXIT the next actuaries projection will mean an increase in the employers contribution of 1%. This would be for 2023/24 at the next revaluation date.
Consumer Price Index (CPI) indices increases	Current projections from the Bank of England show an increase up to 2% by 2025. However, due to the current uncertainty around inflation 2.5% has been modelled in the Strategy.
Retail Price Index (RPI) indices increases	This is based on a 1% differential between the CPI forecast.
Fuel Increases	Fuel prices have been low and have been modelled on 2% increase in 2021/22, rising to a 4% increase by 2025.
Gas/Electricity (unit charge only)	This has proved difficult to forecast and the MTFS contains the average increase annually which the council has experienced in addition to the current forecasts

4.2.3 The amount of inflation projected in the MTFS (including recharges from the General Fund is shown in the table below). This includes an estimated £41K additional pay inflation from the final pay award which was 0.5% higher than estimated.



**2020/21 higher due to increase in recharges to HRA based on time allocations including CSC*

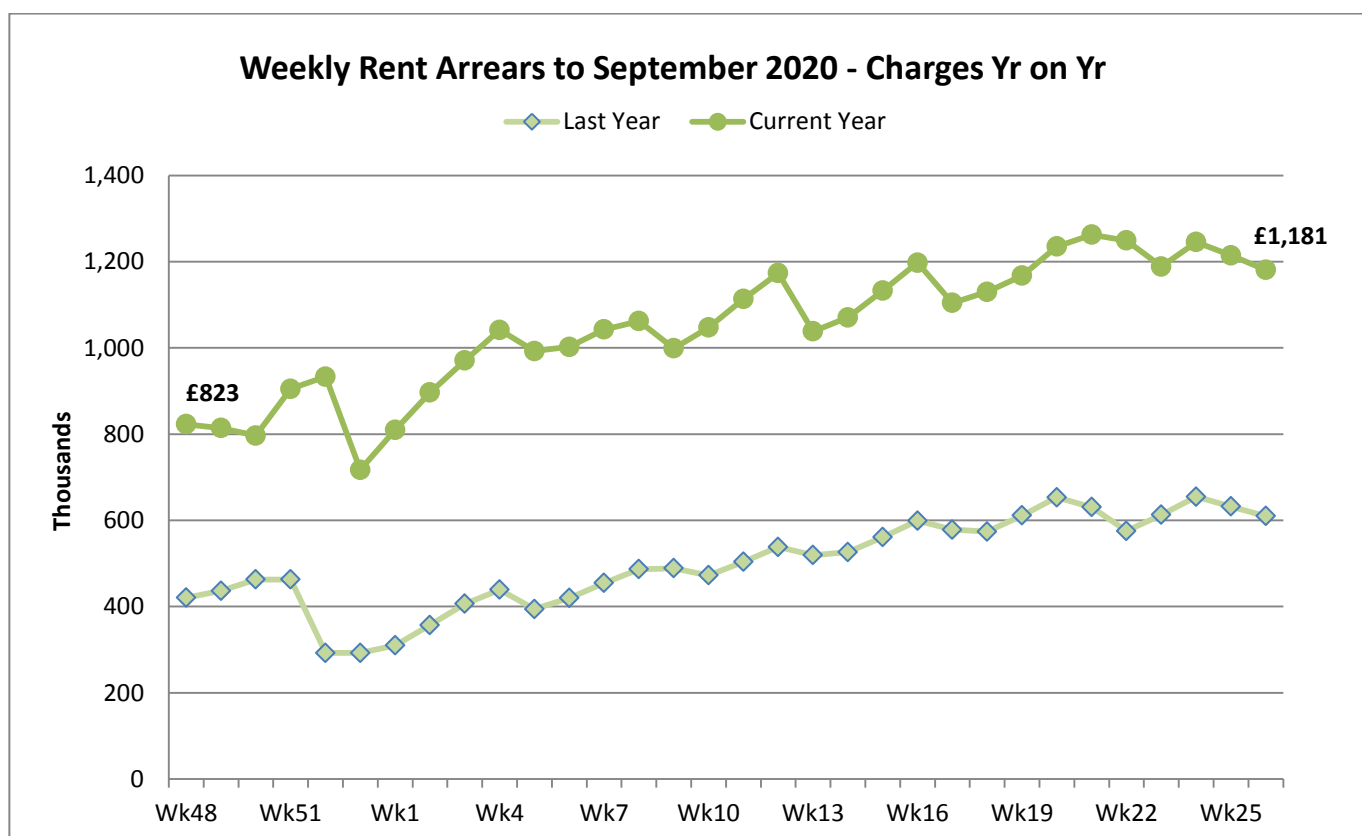
4.3 COVID Budget Pressures

4.3.1 The MTFs contains some funding pressures arising from increased demand for services and the need to keep services resilient. This is estimated to be a cost of **£327K** and was approved in September as an urgent decision by the Portfolio holder for Resources with the Chair of Scrutiny and Overview waiving call in. The costs related to:

- Two additional Temporary Accommodation Officers, fixed term for 18 months to manage the increase in the number of clients in council owned temporary and emergency accommodation. The total number of applicants accommodated within Emergency/ Temporary Accommodation stood at 144 on 17 September, (31 of these cases being placed in B+B). Since the start of March 2020 the Council has experienced a 48% increase in B+B use and a steady increase in the number of households accommodated in the Council's own Emergency/ Temporary Accommodation due to the Covid-19 pandemic.
- Three additional posts in the Income team, fixed term for 18 months to support council tenants and aid the recovery of arrears that have accrued due to the impact of COVID 19. Rent arrears have doubled from £620K at the end of August 2019 to £1.2Million at the end of August 2020. There has been an increase in the number of cases claiming Universal Credit and the value of arrears attributed to these cases has increased to £821K.
- Three additional Specialist Support workers, fixed term for six months in the Independent Living Team to support the delivery of services to vulnerable customers who rely on the interaction with their support workers

4.3.2 As stated above COVID has impacted on rental arrears which saw arrears double by the end of August compared to the previous year, hence the need for additional posts. The chart below illustrates the impact on rents, which is compounded by the Council's inability to take any enforcement action on

those tenants who won't pay rent. This is due to government legislation that has deferred any evictions until after the end of March 2021 and has introduced notice periods of 6 months in most cases. At this time these are debts outstanding on the system not actual losses, but it is likely that the current situation will lead to a higher level of bad debt in the future, as some of this rent will not be collectable.



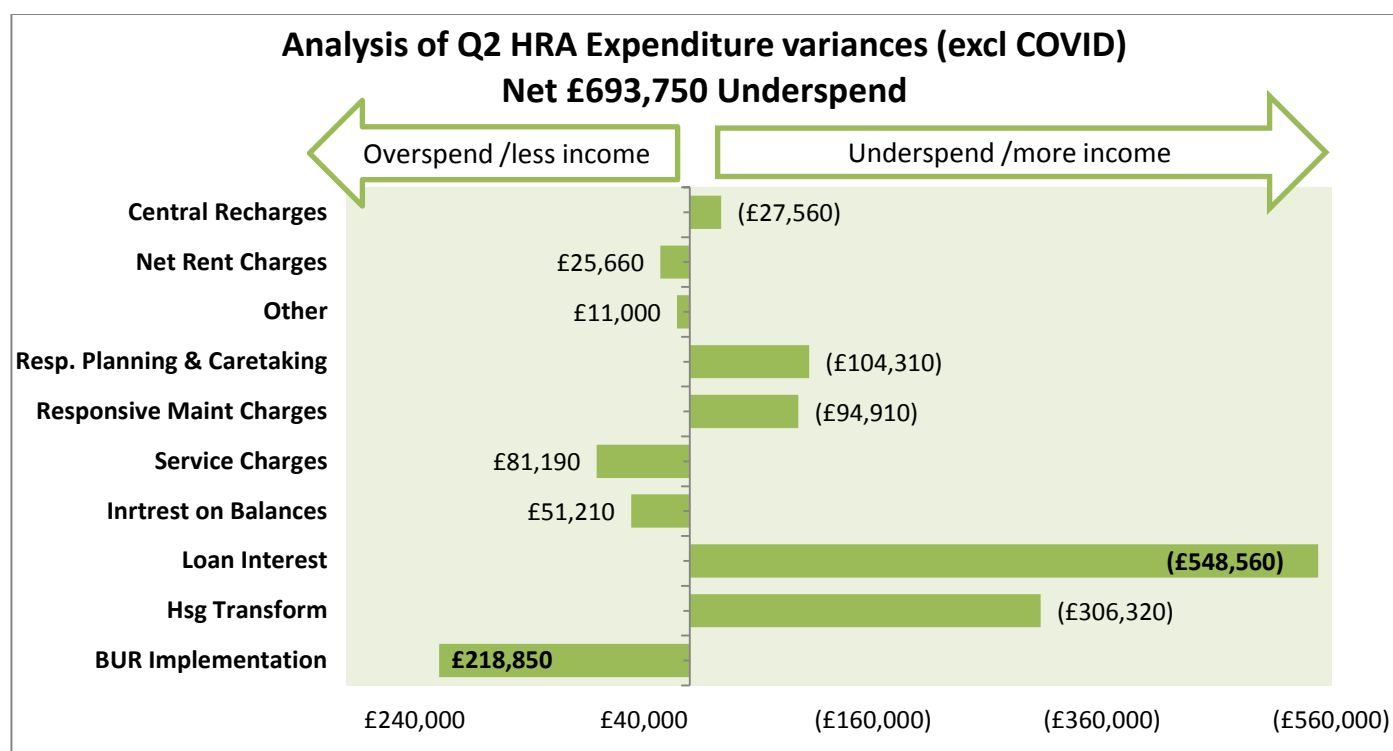
4.3.3 The impact of the COVID related pressures on the 2020/21 budget are summarised in the table below. The first year impact of the COVID posts detailed above is expected to be £119k. Additional overtime of £40k has been included in the Independent Living Service, to be able to apply the required safety measures for the schemes. There is a net projected overspend of £62K, across several accounts, which mainly relates to additional personal protective equipment (PPE) costs. Bad debt provision has also been increased by £105K in response to the increase in rent arrears over this time.

2020/21 COVID Pressures	£
COVID related Posts	119,040
Overtime in Independent Living linked to COVID work	39,600
Net Other COVID impacts (incl. PPE costs)	61,820
Increase in Bad Debt Provision	105,350
Total	325,810

- 4.3.4 The Government's funding of COVID pressures for Councils does not include any HRA related pressures and this means any costs have had to be borne 100% by the HRA.

4.4 Non COVID Pressures 2nd Quarter Monitoring

- 4.4.1 The Graph below summarises the projected variances on the HRA for the first half of 2020/2, excluding the COVID pressures highlighted in section 4.3 above. This projects an underspend of £694k, predominately as a result of lower borrowing costs in year. An explanation for the main variances is given below.



- 4.4.2 **Loan Interest** - The largest variance expected on the HRA is on loan interest. As detailed later in the report, interest rates are currently much lower than initially anticipated, and applying these rates to the projected loans for this year and interest payments on current loans, there is a £549K saving. These interest calculations have been projected forward as part of the MTFS model.
- 4.4.3 **Interest on Balances** – Where the Council has gained by having a lower interest rate for loan repayments there is also some loss of income on the interest on balances for the HRA. This is currently estimated to be £51K less than originally budgeted.

- 4.4.4 **Housing Transformation Fund** - The Q2 working budget has been corrected for an error in the roll forward amounts from last year. The final balance of the £1.5Million transformation fund should be £324K, but it was rolled forward in Q3 and Q4 of 2019/20, doubling the budget needed. This has been removed at Q2 giving a net £306K budget reduction in 2020/21.
- 4.4.5 **Business Unit Review (BUR)** – The Housing and Investment staffing and agency costs have increased by **£218.8K** in 2020/21. However this is partly due to more staff joining the pension scheme, evaluation of new jobs on a higher grade and shift costs of £48K being omitted from the budget. Since the budget was set the structure has undergone a staff consultation process and the posts have also been re-evaluated in line with the Council's policies. There a number of transitional fixed term posts which fall out in the next two years and the COVID related posts are also currently time limited.
- 4.4.6 **Net Rent Charges** – Overall, rent charges are currently projected at £26K below the original estimate. Currently, rent from the general needs stock is down, but this is mainly due to a higher level of stock being held for temporary accommodation, where income is higher. These figures only represent the charges made to customers and do not take account of the large rise in rent arrears experienced by the Council since last year.
- 4.4.7 **Service Charges** – An adjustment to Leaseholder's service charges, based on last year's actuals, has led to a reduction in income charged of £81K. As this is based on last year's actual costs the HRA balances would have reflected less expenditure on these chargeable items and this will be neutral on the account over the two years.
- 4.4.8 **Responsive Maintenance Charges** – The net position for the HRA on responsive work carried out by the Repairs and Voids team is a saving against the budget of £95K. However, this is made up of a number of large variances. The level of work carried out by the team has reduced by £498K, during the current crisis. This lower turnover has increased the size of the trading deficit by £403K and this has led to the projected net saving to the HRA.
- 4.4.9 **Responsive Planning and Caretaking** – Both of these areas are projected to have a saving on the budget for the current year, with caretaking £5K less and responsive planning £100K less than estimated. The main reason for the saving is vacant posts and the unit is currently undertaking a business unit review, which could lead to more permanent changes in future periods.
- 4.4.10 **Central Recharges and Other variances** – Central recharge savings have been identified as part of the Q2 monitoring process, reducing charges by £28K, and the details of these variances have been covered in the 2nd quarter General Fund monitoring report. This saving has been offset by other

overspends on a number of budgets in the HRA that have a projected net overspend of £11K for 2020/21.

4.5 2nd Quarter HRA Capital monitoring

4.5.1 The latest HRA capital position has been summarised in the table below. The table shows the main capital programme elements and the current funding plan for the forecast expenditure. Overall there are no significant changes from the position outlined in the first quarter. The IT related budgets are currently being reviewed and this may lead to some slippage to be reported at Q3.

4.5.2 The housing development budgets may also need to be revised to reflect any further timing impact on schemes during the COVID pandemic and these will be included in Q3 and Q4 reports. At this time no variances have been reported for the housing major works programmes.

Q2 HRA Capital Monitoring	2020/2021 £000	2021/2022 £000	2022/2023 £000	2023/2024 £000	2024/2025 £000
Expenditure					
Capital Programme Excluding New Build	22,921	18,633	17,655	16,238	19,216
Special Projects & Equipment	149	0	0	0	0
New Build (Housing Development)	9,916	30,518	35,373	18,533	12,577
IT Including Digital Agenda	1,071	135	51	51	51
TOTAL HRA CAPITAL PROGRAMME	34,057	49,286	53,079	34,822	31,844
Funding					
Borrowing	23,803	26,602	15,640	10,480	4,871
MRR (Self Financing Depreciation)	3,698	8,494	21,637	19,391	18,424
Revenue Contribution to Capital	0	0	0	0	3,447
Section 20 Contributions	3,173	1,364	1,382	73	76
New Build Receipts	1,844	8,945	7,127	3,902	3,968
Other Receipts	1,540	3,881	7,293	976	1,058
TOTAL FUNDING	34,057	49,286	53,079	34,822	31,844

4.6 Update on HRA Business Plan Growth

4.6.1 The HRA BP recommended new growth of £16.2Million over the MTFS period relating to impending changes in legislation and improving our existing homes. An update on the activities to date are summarised in the table below. Part of the programme has been impacted by COVID which has delayed the commencement of a number of the programmes.

Growth Bids in HRA BP November 2019	Funding in the MTFS	Update on programme
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Growth Bids in HRA BP November 2019	Funding in the MTFS	Update on programme
Implement building safety legislation once confirmed	£500K 2020/21-2024/25 per year	The draft bill for building safety is published (20/7/20) and provides further detail on requirements. Budget in year 1 is funding the recruitment of a Building Safety Manager, fire stopping surveys/remedial works to flat blocks and fire door inspections/audits. The works have been slower to progress than anticipated as a result of COVID and the delayed release of the government response to consultation.
New decent homes standard	£200K 2021/22-2024/25 per year	The housing white paper is due to be released later in 20/21 and will provide greater details on the requirements. Spend is anticipated to start from year 2021/22.
cyclical electrical testing programme	£200K 2020/21-2024/25 per year	The budget supports the move to a five year testing programme for electrical installations. This programme was already underway and although put on hold due to COVID the work has recommenced on site.
cyclical programme of planned maintenance	£250K 2020/21-2024/25 per year	The budget for year one is supporting cyclical works carried out in-house by repairs and through existing contracts. A review and potential procurement will take place in year two to establish the long term arrangements for the delivery of cyclical maintenance.
Increase the asset review budget	£250K 2022/23-2024/25 each year	The additional budget will support the continued delivery of the asset review programme and improvement works.
Redevelop or remodel the high rise flat blocks	£1.75Million 2022/23-2024/25 each year	The nature of this work will be determined by the options work and surveys being carried out in 2020/21.
Redevelop or remodel sheltered	£2Million 2023/24-2024/25 each year	The nature of this work will be determined by the options work and surveys being carried out in 2020/21.
Damp and Mould increase in spend	£100K 2020/21-2024/25 per year	Delivery of this work will be in line with the recently approved policy. The greater spend in this area is required to support the policy and meet reactive demand for the service

4.6.2 Additional 2021/22 growth of circa £124K has been modelled in the HRA MTFS for posts that the AD Housing and Investment will be putting forward in the Financial Security Report to the December Executive and Draft HRA budget for consideration. These include the following posts

- Aids and Adaptation officer- to support the Aids and Adaptation policy
- Older Persons Strategy Delivery Post to implement the Strategy when it comes forward for Members in December.
- Systems Support officer to help implement more functionality for the housing system

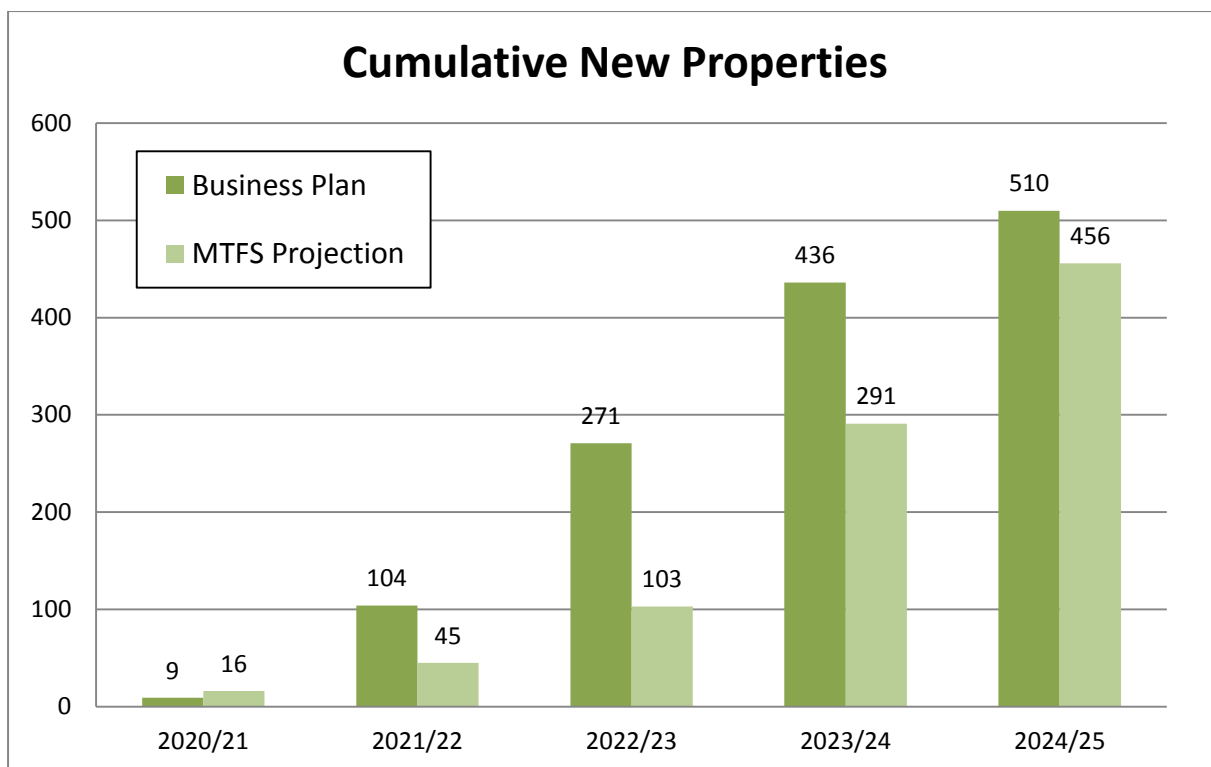
4.7 Update on Housing Development delivery

- 4.7.1 The Council's plans to deliver greater levels of affordable housing have continued over the past year and a pipeline of schemes has been developed. In addition in 2019/20 for the first time the number of homes delivered has exceeded the numbers lost through right to buy. With 54 homes delivered in 2019/20 (versus 42 RTB's) and 305 homes are on site or about to commence on site during 2020.
- 4.7.2 However the pace of change in society and the construction industry as a result of COVID 19 is unprecedented and has led to the re-profiling of the schemes planned. The RICS professional body reports that construction projects have, understandably, been much affected with 69% project delays reported, 47% of construction sites being closed and 29% of projects being cancelled*. Whilst no projects have been cancelled in Stevenage, the team will need to consider what projects are prioritised over the coming five year period to take into account the changing residential and commercial development landscape.* [RICS 2020, Impact of Covid-19 on UK property & Construction Market Survey. A survey conducted to cover the period 12 March to its publication in 27th May 2020.](#)
- 4.7.3 The COVID-19 pandemic and resultant economic crisis is likely to impact on the housing sector. The impact of the end of government intervention measures e.g. the mortgage holiday and the ban on repossessions as well as reduced stamp duty charges in the owner occupied and rental sectors during 2020/21. This with the ending of the furlough scheme for employees could lead to significant readjustment in the housing market as incomes are likely to be squeezed, if unemployment rises and consumer confidence begins to decline.
- 4.7.4 As a result of this the Council's Housing Development team will need to adjust its planned future scheme profiling, in particular schemes that required significant levels of private sale to generate cross subsidy and neighbourhood retail to underpin the commercial offer. It is not a case that such schemes will be ended, but instead, profiled in line with market demand and professional advice. It may also be possible to identify smaller phased opportunities linked to these larger schemes that are more viable and deliverable in the immediate future that complement the wider scheme.
- 4.7.5 Despite the uncertainty it is expected that there will be further opportunity to expand the housing delivery programme through government capital subsidies, not least because these will promote economic recovery but also because we expect an increase in the demand for affordable and social housing.
- 4.7.6 Updates on **New Developments** are summarised below for Members:

- Postponement of neighbourhood regeneration schemes such as the Oval and Mary Mead neighbourhood centres, and their substitution with smaller infill schemes that will deliver more housing outputs at a quicker pace.
- Other windfall opportunities are also expected to arise from the Council's locality reviews.
- Proposals for the Kenilworth regeneration scheme will progress as the scheme is in an advanced stage.
- In line with a rise in the demand expected on the Council's homelessness service there will be a need to increase the resources focused towards delivering appropriate supported housing schemes for this client group as well as additional general stock of "fit for purpose" temporary accommodation

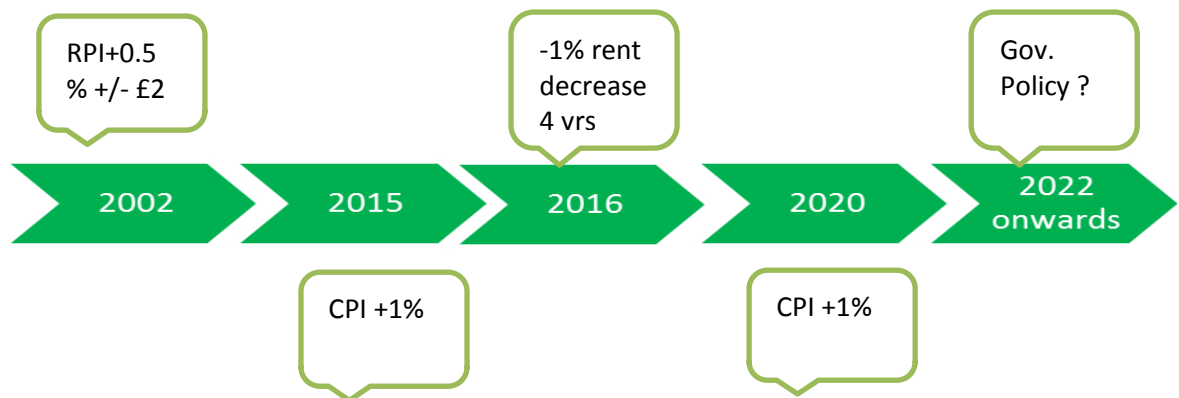
4.7.7 The proposed cash flows have been changed to reflect the above and are contained within the revised business plan. A budget of £2Million is being reviewed for new strategic open market acquisitions and infill schemes. This will be detailed in coming months through the Council's Quarterly Capital monitoring process, one certainty is also provided on the success of potential government capital funding bids that have been submitted.

4.7.8 The graph below compares the current projected property numbers, over the next five years, to the business plan from last year. This clearly shows the expected impact of the pandemic on the timing of projects. However, this is projected to be mainly recovered over the reporting period, with total cumulative new property numbers down by 54 units in 2024/25. It is still planned for these 54 units to be delivered later in the development programme, as planned projects are completed.

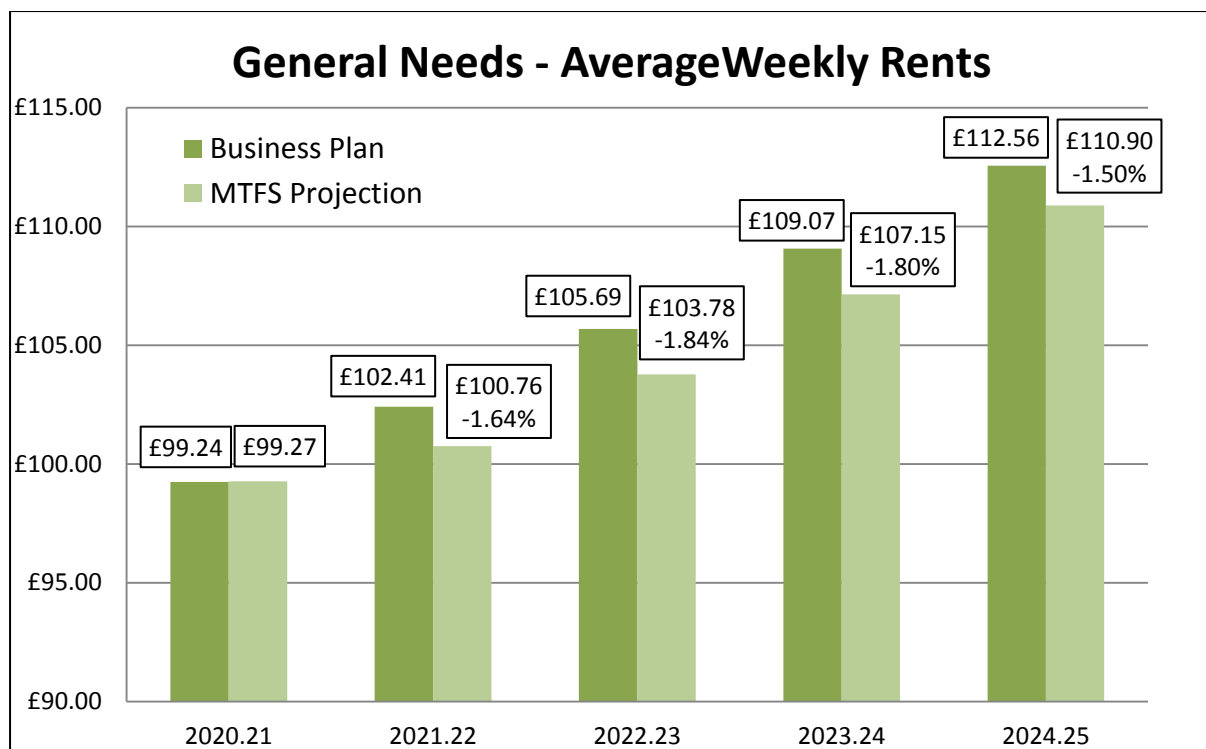


4.8 Rent Projection and 2021/22 Rents

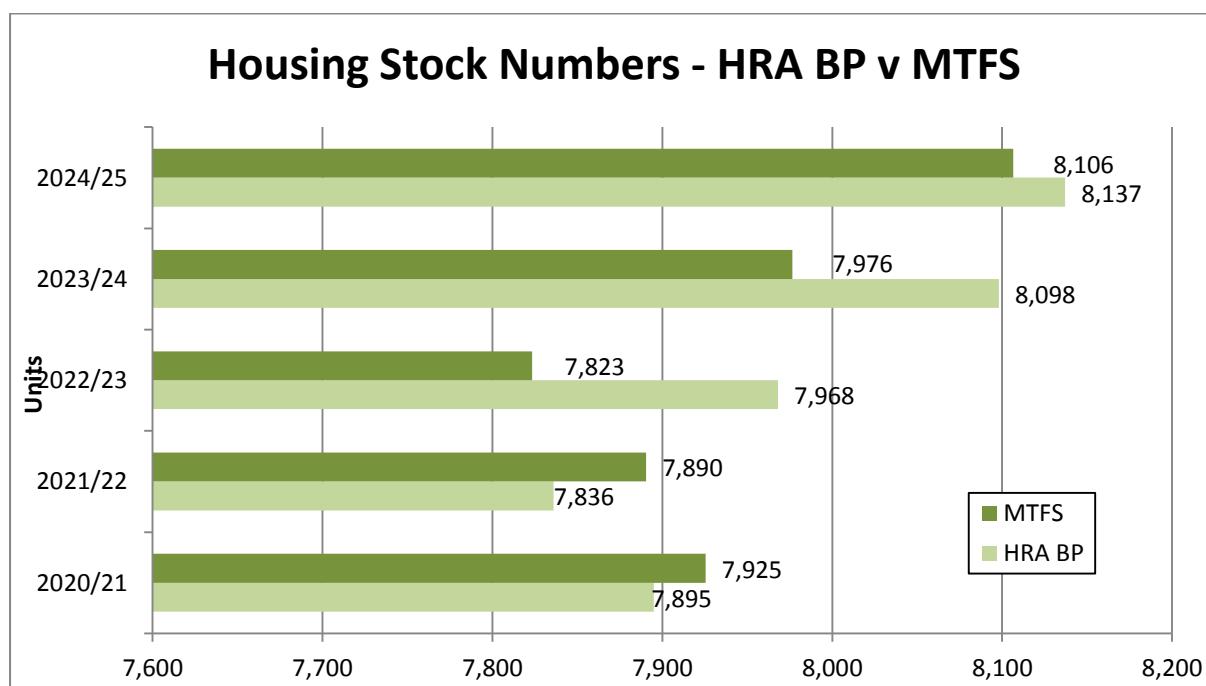
- 4.8.1 Since 2001, rents for properties let at 'social rent' have been set based on a formula determined by Government. This creates a 'formula rent' for each property, which is calculated based on the relative value of the property, relative local income levels, and the size of the property.
- 4.8.2 The original self-financing settlement was based on the assumption, used by the Government in deciding how much debt each council could afford to take on, that rents would rise annually by 0.5% above inflation as measured by the Retail Prices Index, throughout the business plan period of 30 years. There was also a +/-£2.00 adjustment to rents based on whether they had reached the formula rent set out in the paragraph 4.9.1. However, since then, Government policy on annual rent increase/decreases has altered over time, as illustrated below:



- 4.8.3 The changes in government policy have had a significant adverse impact on the HRA finances, the 1% rent decrease between 2016/17 and 2019/20 was estimated to cost the HRA £225Million over the 30 year business plan. This subsequently restricted the amount of investment in new houses which was much needed, to stem the losses from right to buy properties and meet the need of those on the housing waiting list. In addition Investment in existing properties was also affected.
- 4.8.4 Constant changes in government policy make investing over the business plan period very difficult, particularly when borrowing decisions are made over a 25-30 year fixed period predicated on a level of rents to be received. All these impacts have meant the HRA has required an annual review of the HRA BP in terms of future investment that is affordable and a Financial Security target as set out in section 4.8. The current Government rent policy should be in force for five years until March 2025.
- 4.8.5 The 2019 HRA BP update assumed a CPI+1% rent increase of CPI 2.20%+1% (3.2%) from 2021/22 onwards, compared to the CPI of 0.5% for September. Inflation has been suppressed partly due to measures taken by the Chancellor to support the hospitality sector through the COVID 19 Pandemic and this means the 2021/22 rental increase will be 1.5%, this is much lower than that assumed in the 2019 BP. If all things in the BP remained the same e.g. stock numbers a 1.5% rent increase versus a 3.2% increase for 2021/22 reduces rental income in the BP by £20Million over the 30 year period.
- 4.8.6 The graph below shows the impact of the expected lower inflation rate on 2021/22 rents and then projects this forward on the latest inflation estimates for the following years. This shows that average general needs rents are projected to be lower than the BP, however, they do recover slightly by 2024/25, due to higher projected inflation in future years. On current forecasts rents would be 97p lower per week than the BP, for the average rent.



4.8.7 To update the rent projections the likely housing stock levels have also been revised for the MTFS and are shown in the graph below. As explained earlier in the report, the pandemic has led to expected delays in development and this can be seen in the number of properties in the MTFS compared to the BP. While new development is expected to produce 54 less homes than initially anticipated over the five years, this has been offset slightly by more units being delivered last year and lower RTB numbers in the current year. By 2024/25 this shows a net lower position of 31 units.



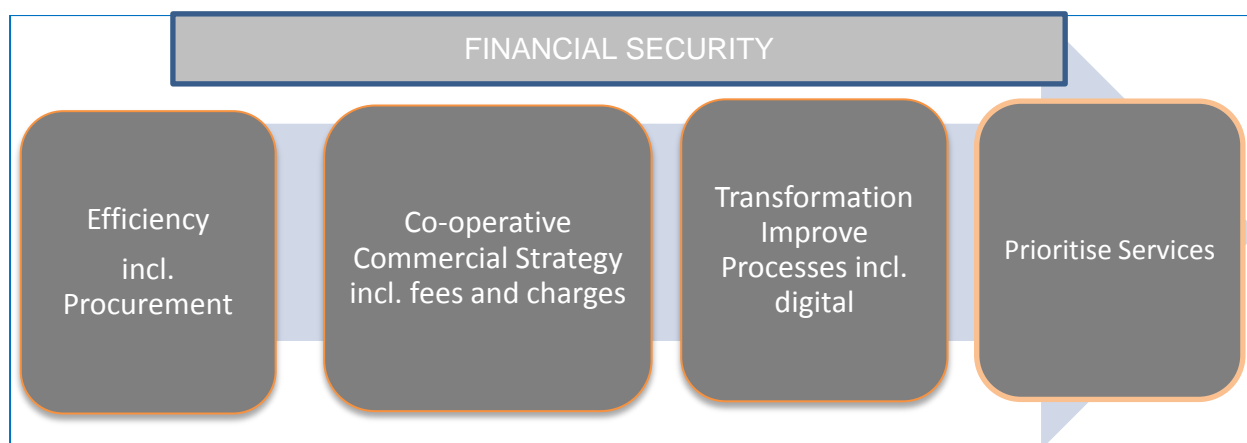
4.8.8 The combined impact of the change to property numbers and the level of annual rents, compared to the BP, can be seen in the table below.

Rent Forecasts			
Year	HRA BP £Million	MTFS £Million	Variance £Million
2020/21	-40.16	-40.23	-0.07
2021/22	-41.30	-40.75	0.55
2022/23	-43.03	-41.77	1.26
2023/24	-45.41	-43.39	2.02
2024/25	-47.48	-46.06	1.42
Total	-217.37	-212.19	5.17

4.8.9 The projections show that rents for the current year are broadly in line with the BP, but lower inflation for next year's rent setting creates a £500k shortfall. In later years, the estimated delays in the development programme also add to the gap between the BP and the MTFS. However, by year five the gap begins to close, to £1.4Million per annum, as property numbers increase and projected CPI returns to normal levels. The immediate fall in rents has been compensated by lower borrowing costs for the HRA (see section 4.9), but the longer term impact on the 30 year plan will need to be monitored closely to ensure that it remains viable in the medium to long term.

4.9 Financial Security

4.9.1 The Financial Security priority is the vehicle to deliver budget reductions across the General Fund and HRA and consists of four, streams. The graphic below sets out the process for 2021/22 onwards.



4.9.2 **Efficiency savings** are reported and removed from the HRA as part of the quarterly monitoring process. However, there may be some generated from changing the way we work as a result of COVID, these have increasingly been more difficult to extract and in the main cost pressures have been

reported. This places more emphasis on savings from the other strands to deliver budget reductions.

4.9.3 **Commercialisation and insourcing**-The Council approved its Co-operative Commercial and Insourcing Strategy at the 12 August 2020 Executive, this set a number of work streams and the setting up of an Executive sub-committee to review initiatives. This work is expected to contribute to future Financial Security targets, however this may not be in time to deliver 2021/22 options to be included as part of the Budget and Policy framework.

4.9.4 **Improve Processes (including digital)** –With the reduction in scope for efficiency options there is a renewed importance in the delivery of commercial and improved processes. The AD ICT and Transformation is currently developing the scope to procure a partner to help the Council deliver this agenda and identify options to deliver savings. This will be in conjunction with the implementation of the digital platform and customer account. It is intended that cutting bureaucracy and stream lining processes will lead to cost reductions by transferring transactions online, efficient workflow processes and other such initiatives. It should be noted that the Housing and Investment team have already implemented a number of revised processes and digital solutions to improve efficiency through the Housing transformation programme such as an Electronic Document Management system, RAPID forms and Housing online.

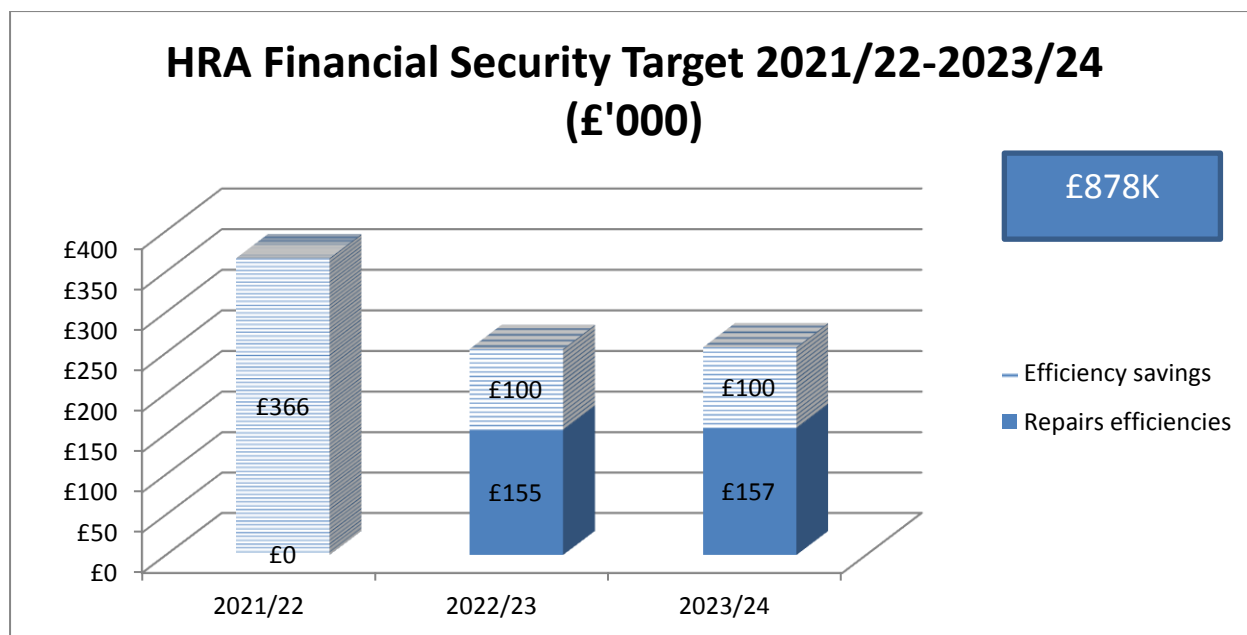
4.9.5 Options will be brought forward as part of the Budget and Policy Framework process but it is likely that this will contribute to savings targets from 2022/23 onwards.

4.9.6 The last strand of Financial Security is to review the **prioritisation of services**, to date this work has not been progressed to a large extent. The HRA financial position may not require as higher level of financial savings but there is still a need to ensure resources are directed to priority services.

4.9.7 A report will be presented to the December Executive on options for the General Fund and HRA, this is later than the normal October date, but is to allow a review of services to take place. This report will focus on one year only 2021/22. This is because of the considerable at the Council is able to meet the Financial Security target as set out in paragraph 4.9.8 below.

4.9.8 The Financial Security Target for the period 2021/22-2023 includes a target of £878K which is to:

- Efficiencies to help balance the capital programme
- A target to reduce responsive repairs as a result of the investment in the Council's housing stock
- To mitigate the impact of inflationary pressures particular when rent inflation is low



4.9.9 The impact of COVID on the Council's finances has led to significant uncertainty about future years financial projections. The Council's Executive has agreed a one year view of savings for 2021/22 as a result of this. These will be presented to the December Executive and included in the draft 2021/22 HRA budget.

4.9.10 The CFO recommends a further £100K is included in the following two years to fund transformation and commercial business cases, (The General Fund has projected £200K for two years).

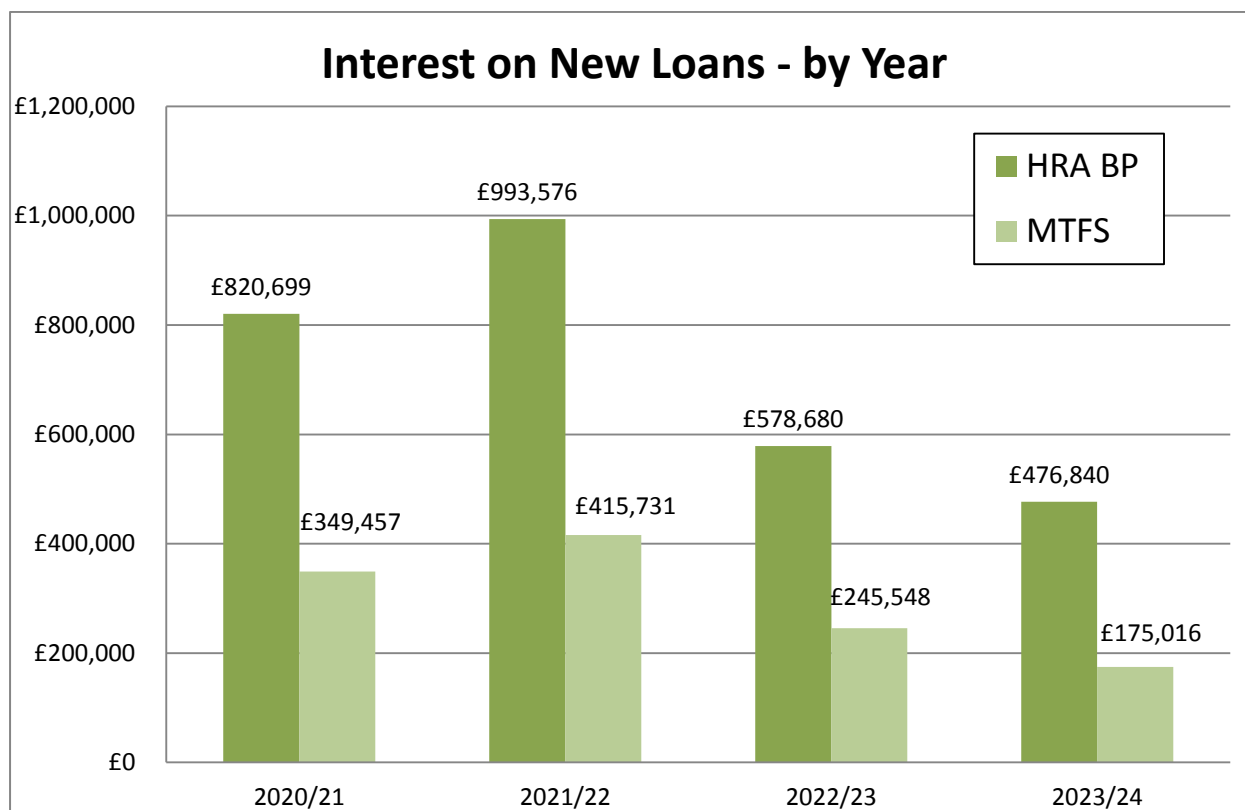
4.10 Borrowing assumptions in the MTFS

4.10.1 As already mentioned in 3.5 of the report, the HRA BP was completed on the basis of a 1% interest rate rise that the Government placed on PWLB loans in October 2019. However, this was reversed specifically for housing borrowing in March of this year and this has given the HRA a positive impact from the original forecasts. The BP is now also projecting lower investment interest as a result of the base rate reduction to 0.1%. The table below compares the target interest rates used in the BP and the updated MTFS.

Year	HRA Business Plan	2020/21 MTFS	Variance
2020/21	3.45%	1.47%	1.98%
2021/22	3.73%	1.56%	2.17%
2022/23	3.70%	1.57%	2.13%
2023/24	4.55%	1.67%	2.88%
2024/25*	0.00%	0.00%	0.00%

* No new loans in this year.

4.10.2 This table shows that rates are likely to stay at lower levels over the coming years and not return to the long term averages that were anticipated when the BP was completed. The graph below compares the projected interest on new borrowing in the BP to the MTFS.

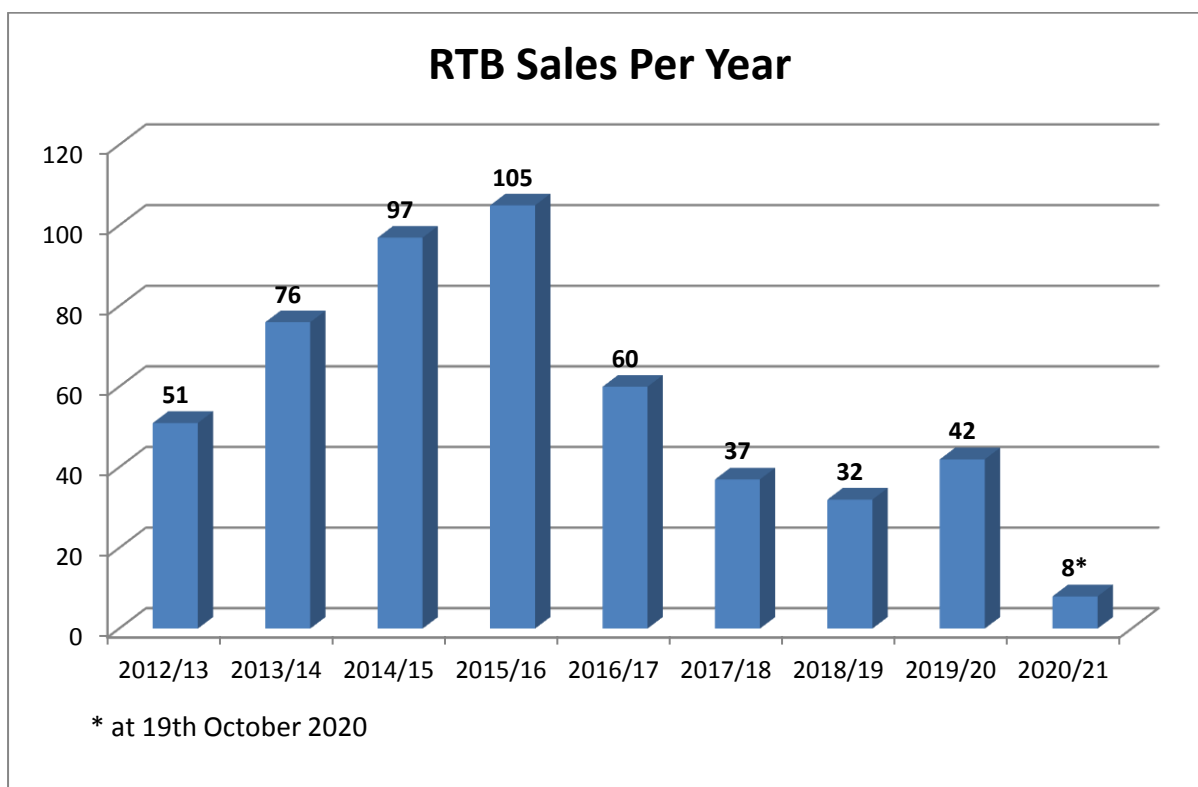


4.10.3 Based on the current anticipated borrowing levels, interest on loans taken out over the next four years could be **£1.7 Million per year less** than expected in the BP (no new borrowing is currently planned in 2024/25). This would be a considerable saving going forward and would help to offset pressures caused by lower rent charges and the current pandemic.

4.10.4 The figures above are based on the current estimate of required borrowing that was set out in the BP last year. These levels have not been revised as part of the MTFS process due to the uncertainty caused by the current COVID crisis and the potential impact of future events like Brexit. The Chief Finance Officer (CFO) will continue to minimise financing costs to the HRA, while seeking to take advantage of historically low interest rates, when determining capital financing in each financial year.

4.11 Right to Buy Assumptions

4.11.1 The level of property sales under the Right to Buy (RTB) scheme are very difficult to predict, as can be seen in the graph below. Also the revenue generated from the sales can vary widely depending on the type of property sold and the complex calculations required by the Government's receipts pooling regulations.

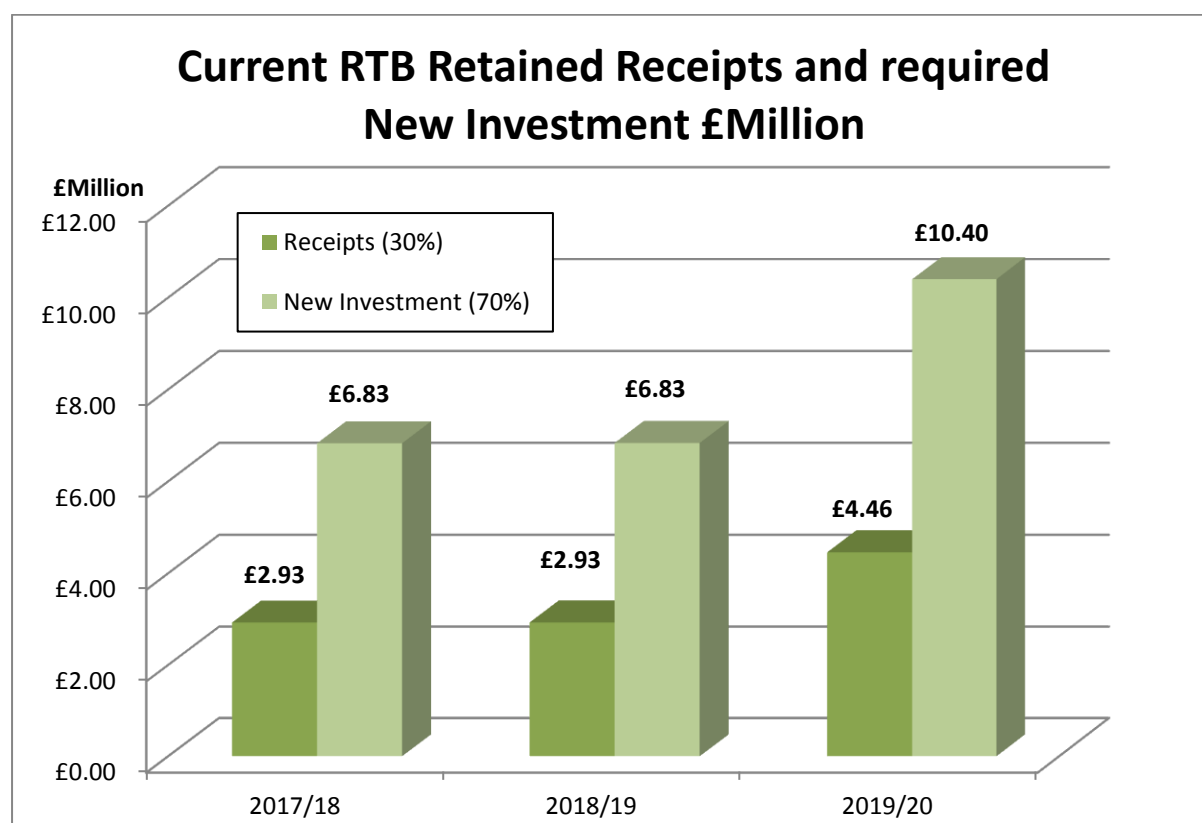


4.11.2 The HRA BP projected that there would be 35 sales in 2020/21, however, based on the current status and number of applications being processed, this figure has been revised down to 27 for this year. At the 19th October the Council had sold only 8 properties, as sales have clearly been impacted by the current pandemic. However, it is possible that a backlog is building and that sales will increase between now and the year end. Using last year's averages for RTB sales proceeds and this year's rent, the table below illustrates the potential impact of the lower figure on the HRA.

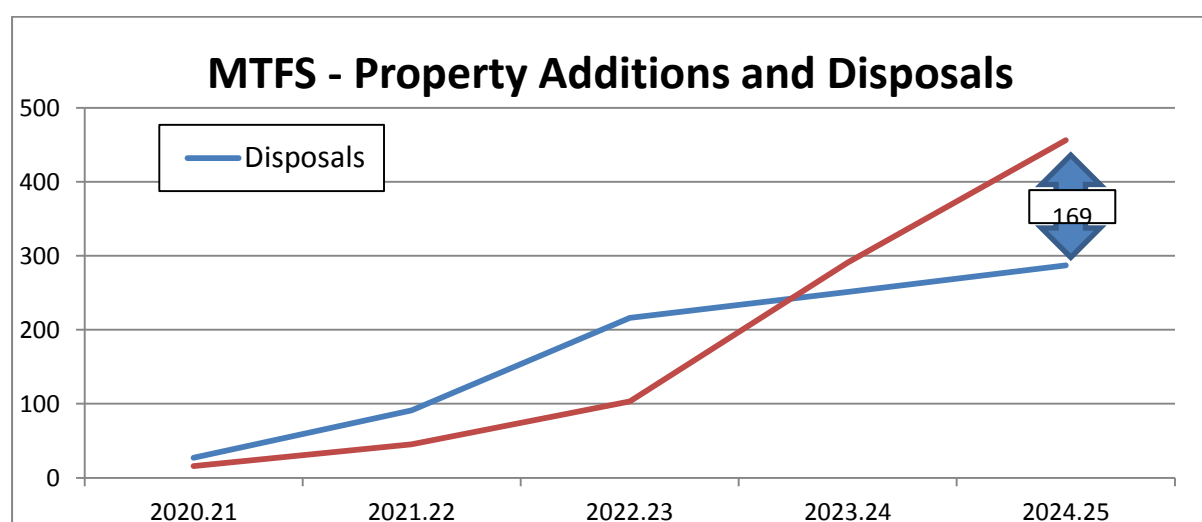
	Unit Sum	HRA BP	MTFS	Variance
Properties		35	27	8
Revenue Impact				
Rent loss	£99.27	£180,671	£139,375	£41,296
RTB Admin Fees	(£1,300)	(£45,500)	(£35,100)	(£10,400)
Net revenue Loss		£135,171	£104,275	£30,896
Capital Impact				
Residual Debt	(£29,206)	(£1,022,195)	(£788,550)	(£233,644)
Net 141 Receipt (30%)	(£108,714)	(£3,804,990)	(£2,935,278)	(£869,712)
Replacement Funding (70%)		£8,878,309	£6,848,981	£2,029,328
Net Additional Costs to spend receipts		£5,073,319	£3,913,704	£1,159,616

Capital figures based on 2019/20 averages

4.11.3 The table shows that rent loss would be £41k less and that the net capital position would be £1.2Million better, with reduced property sales. This is mainly caused by the requirement for the Council to provide an extra £7 for every £3 that it keeps from a sale, to invest in replacement properties. The chart below shows the current retained receipts and the additional investment required by the Council to invest in new homes.



4.11.4 The graph below shows the impact of the current RTB forecast sales compared to the other projected additions and disposals over the years covered by the MTFS. **The current forecast would see a net increase in properties of 169 by 2024/25**, which is slightly lower than the BP that projected a net increase of 215 over the same period. However, this shortfall is expected to be closed in the following years.



4.11.5 Overall, the reduced projection on RTB sales in this year should have a positive impact on the HRA and has helped to compensate for the lower development numbers caused by delays due to the current pandemic.

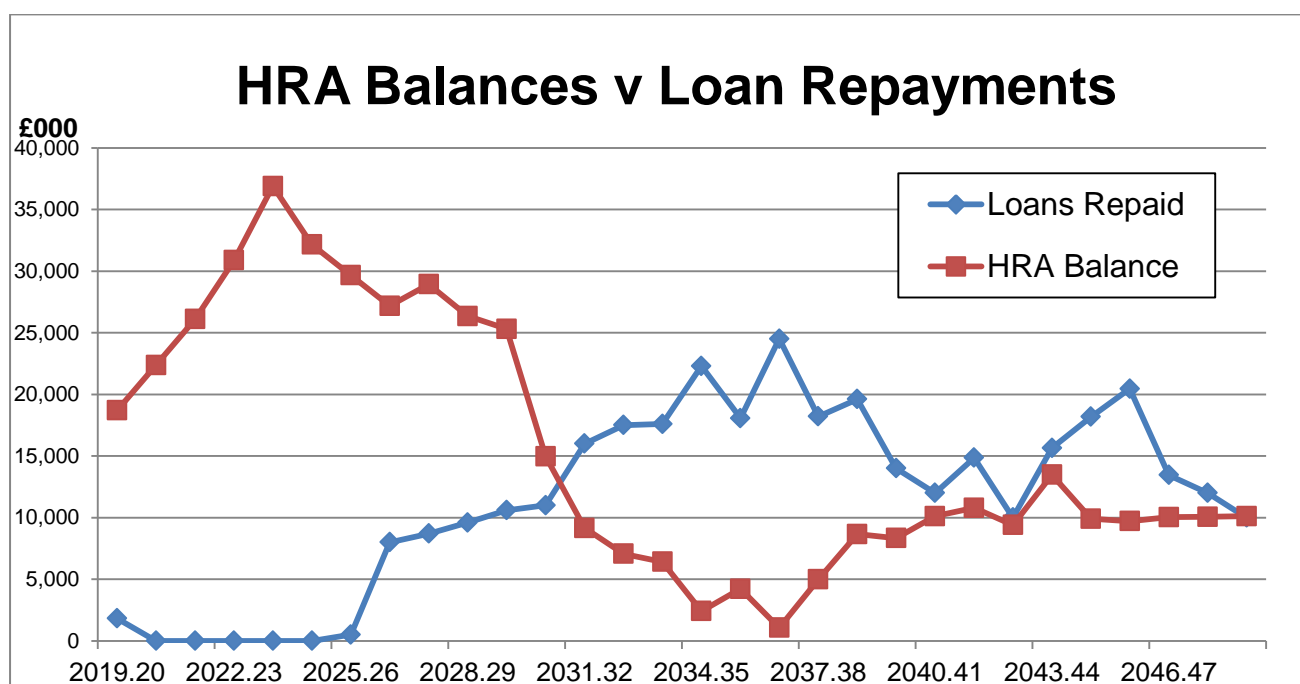
4.12 HRA balances

4.12.1 The Council's HRA reserve is designed to cushion the impact of unexpected events/emergencies and help absorb the impact of uneven cash flows.

4.12.2 Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies; and
- A means of building up funds to meet known or predicted liabilities. (This is often referred to as allocated reserves).

4.12.3 The Council's HRA balances as at 1 April 2020 were £19.8million. Currently, there is a need to build relatively high balances in the HRA in order to pay back loans taken out for the self-financing agreement with the Government. The graph below shows the annual projection of balances in the business plan and the annual loan repayments over the 30 years. By the mid part of the plan balances are expected to be at the minimum requirement, but should recovery in later years.

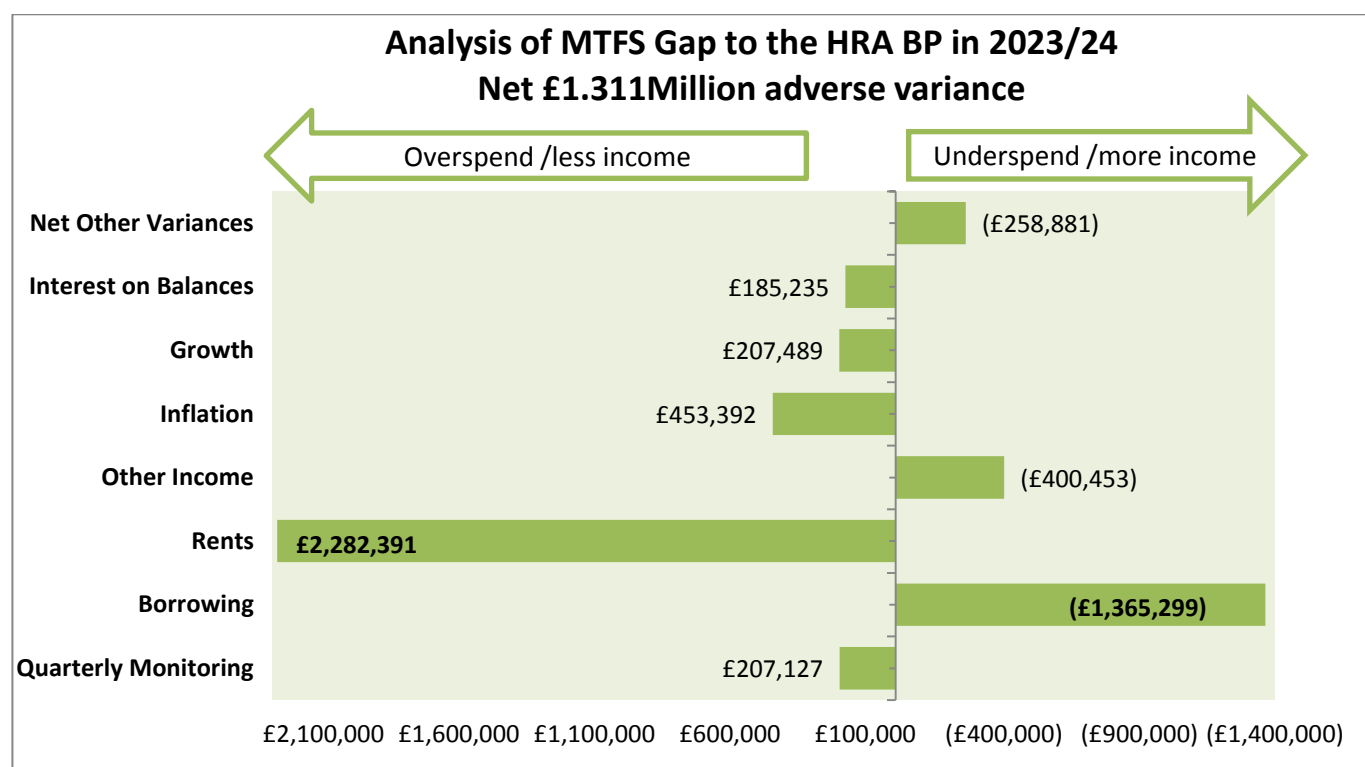


4.12.4 The HRA projections based on the MTFS are summarised in the table below., compared to the HRA BP for the same period.

HRA Balances	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Opening Balance	(£19,817)	(£23,126)	(£26,254)	(£30,584)	(£35,655)
In Year (Surplus)/Deficit	(£3,309)	(£3,128)	(£4,330)	(£5,071)	£4,800
Closing Balance	(£23,126)	(£26,254)	(£30,584)	(£35,655)	(£30,855)
HRA Business Plan	(£22,373)	(£26,098)	(£30,880)	(£36,891)	(£32,149)
Variance to the HRA Business Plan	£754	£156	(£296)	(£1,236)	(£1,294)

4.12.5 The table above illustrates that, with the current assumption in the MTFS, balances are projected to be £1.29million lower than anticipated in last year's BP by 2024/25. This is as a result of the changes explained in the report, especially regarding the fall in anticipated rent levels, which has been mainly offset by lower borrowing costs.

4.12.6 The chart below looks at the gap between last year's projections and the last year in the 2019 HRA MTFS (2023/24), to identify where divergence has occurred. This illustrates that the main areas of difference are on rents and loan interest payments, but also shows the increased allowance for inflation, lower interest on balances and the impact of budget monitoring changes to the balances.



4.12.6 The HRA BP needs to remain balanced and the spending plans and Financial Security targets will be revised in a refresh of the 2021 HRA BP. This will be appropriate as forecasting during the current time in terms of the impact on inflation etc. is difficult. However the HRA has significant balances over the MTFS period.

4.12.7 In order to assess the adequacy of unallocated general reserves when setting the budget, the CFO must take account of the strategic, operational and financial risks facing the HRA.

4.12.8 The table below shows the current calculation of minimum balances for the HRA that was presented in the budget for 2020/21. A revised minimum balance will be calculated as part of the budget for 2021/22. However, as explained above, the HRA is currently holding much larger balances in order to meet future debt repayments. This does give short term flexibility to the account, but in the longer term reserves will need to be built to meet the debt liabilities.

HRA balances Minimum Level Assessment	2020/21 £Million
Amount to cover income related risks	£0.276
Amount to cover capital and maintenance risks	£1.272
Amount to cover other budget changes	£0.099
Amount to cover RTB changes & higher arrears	£0.024
Amount to cover savings risks	£0.030
Amount to cover variation on general expenditure	£0.284
Amount to cover general increase in borrowing	£1.000
Total Estimated HRA Reserve	£2.985

4.13 Allocated Reserves

4.13.1 The HRA holds an allocated reserve for interest rate fluctuations which may arise as a result of the increased level of HRA borrowing approved as part of the 2019 HRA Business Plan. The reserve is projected to remain at £5.7Million due to the lower interest rates currently projected for the HRA.

4.14 CFO commentary

4.14.1 The HRA is currently in a position where it needs to build balances to meet future debt repayments from the Government's self-financing agreement. This does give the fund some short term flexibility in meeting the current economic challenges and will allow the Council to make considered decisions regarding service delivery and spending plans.

- 4.14.2 Based on the 2019 HRA BP the projection is hit minimum reserves in the mid part of the 30 year plan, when significant loans are due for repayment. Therefore it will still be necessary to ensure that the medium to long term position of the account is maintained and that sufficient reserves are available to meet these payments. In addition the MTFS by year four is £1.294Million balances less than the BP so a full 30 year refresh will be required in 2021/22.
- 4.14.3 Last year's BP sought to take advantage of the borrowing freedoms that the HRA received after the Government removed the debt cap from the ring fenced account. Taking advantage of these borrowing freedoms brings both risks and rewards, as long term borrowing decisions commit resources for decades and can limit the ability to react to future problems and reshape financial plans. However, current economic forecasts indicate that interest rates will remain lower than expected over the short to medium term and this should reduce both the risks and costs of borrowing for the account.
- 4.14.4 Given the national economic fallout from the current crisis and the unknown potential impact from Brexit and the reduction in HRA balances in the medium term as stated in 4.14.2 a full refresh of the HRA 30 year BP is recommended. To ensure that the current investment strategy is sustainable and the account is still balanced. This would give the Council the opportunity to revisit the assumptions made last year in the light of current events and adjust the plan to meet these challenges.
- 4.14.5 Overall the HRA is in a more stable position than the GF, but does face substantial challenges moving forward. Long term investment decisions and meeting rising demand for housing will need to be weighed against the requirement to maintain a balanced account and meeting increased costs from regulatory requirements around building safety.

4.15 Approach to Consultation

- 4.15.1 Over the last few years the Council has sought the views of residents and stakeholders through consultation, finding out their preferences for reducing services, increasing fees and charges and increasing Council Tax. This has been via Residents survey other consultation exercises. These views will be taken into account in developing the Financial Security options.

4.16 Decision Making Process

- 4.16.1 The Leader's Financial Security Group, (LFSG) will play an important part of the Financial Security process. The Members group consists of Executive and Non-Executive Members from the three political groups. This process runs throughout the financial year.
- 4.16.2 It is currently planned that the normal approval process will be followed:

Date	Meeting	Report
Dec-20	Executive	Financial Security Report with 2021/22 savings proposals for the General Fund and HRA Draft 2021/22 HRA budget and rent setting report
	Overview and Scrutiny	Financial Security Report with the 2021/22 savings proposals for the General Fund and HRA Draft 2021/22 HRA budget and rent setting report
Jan-21	Executive	Final 2021/22 HRA budget and rent setting report Draft 2021/22 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Draft 2021/22 General Fund budget, Council Tax and Council Tax Support
	Council	Final 2021/22 HRA budget and rent setting report
Feb-21	Executive	Final 2021/22 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Final 2021/22 General Fund budget, Council Tax and Council Tax Support
	Council	Final 2021/22 General Fund budget, Council Tax and Council Tax Support

4.16.3 Following the approval of the proposed Financial Security options for 2021/22, the Council will have an obligation to begin consultation with staff and partners

4.16.4 Future year proposals beyond 2020/21 will be monitored via the officer Financial Security group on their development and by each sponsor for the following budget cycles as reported to the LFSG.

5. IMPLICATIONS

5.1. Financial Implications

5.1.1 As explained earlier in the report, the HRA is currently in a position where it is required to build balances to service future debt from the self-financing agreement with the Government. This does give it some immediate flexibility in being able to handle short term shocks, like those currently being seen with the pandemic. However, the necessity to build the reserves still remains and if there is a need to use current reserves above the business plan forecasts, these will need to be replaced in future years.

5.1.2 Current plans still rely on savings and efficiencies built into the BP to maintain a balanced HRA and where these are not met further spending adjustments may be necessary.

5.1.3 It is also likely that rental income will continue to be pressured during any post COVID economic recovery and there is likely to be continued pressure on income collection from the continued roll out of Universal Credit.

5.1.4 However, it is now more likely that interest rates will remain lower over the coming years and that this will benefit the HRA in securing cheaper loans to support development.

5.2. Legal Implications

5.2.1 The objective of this report is to outline a medium term financial strategy and forecast for the next five years. There are no legal implications at this stage of the planning cycle. However, Members are reminded of their duty to set a balanced budget.

5.3. Risk Implications

5.3.1 A review of the risks facing the HRA budgets have been listed in the table below, but not all the impacts are known at the present time. The current MTFS projections are based on prudent assumptions, and include the CFO's best assessment of the financial risks. However, if any of these risks become a reality then the MTFS will need to be updated once the actual impacts are known.

Risk Area	Risk Mitigation	Likelihood	Impact
Inflation (Negative Risk) – Rent increases are linked to CPI, whilst the majority of HRA-related contracts include an annual price increase usually in line with RPI or BCIS.	General balances are risk assessed to ensure overall levels are maintained that can meet higher than expected inflation rates. Service charge recovery is based on actual costs.	Medium	Medium
Welfare Reform Impact (Negative Risk) - Tenants and leaseholders affected by welfare changes have insufficient income to pay the rent and/or service charges; there could also be an increase in the need for the Council's housing services, requiring additional resources to be put into those services	The Council has a welfare reform group which monitors impacts and is planning for the full roll-out of UC. The DWP, East Herts shared Revenues and Benefits service and Citizens Advice are represented on the group. The HRA Business Plan includes bad debt provision. Additional resources have been given for income collection. UC claimants have continued to rise with up to 90 new claimants a month. This trend is expected to continue and this will have an adverse effect on the level of arrears	High	Medium
Rent and service charge income	Rent and service charge policy is in place and allows for rents to be	Low	High

Risk Area	Risk Mitigation	Likelihood	Impact
(Negative Risk) - The future Government could change its commitment to a 5-year national rent policy from 2020/21 of CPI + 1% rent increases, which is currently in line with the Council's BP rent assumptions. Service charges may not be fully recovered.	set at formula levels on re-let. Lower than anticipated rent increases would require compensating reductions in planned spending within programmes/services.		
S20 Leaseholder Recharges (Negative Risk) – Failure to recover costs could arise if statutory consultation procedures are not followed; and/or there is a successful legal challenge; or leaseholders cannot afford to pay	Major Works Payments Options Policy agreed; Business plan makes assumptions regarding the % works non-rechargeable; % bad debt provision; and delayed recovery in a proportion of cases. S20 consultation procedures are in place, along with ongoing retention of expert legal advice. As we enter into Phase 2 of the MRC and leaseholders are receiving their estimated costs we recognise that we need to improve how we communicate with our leaseholders ensuring that the correct representatives are able to respond to the queries raised. An additional post has been secured.	Medium	Medium
Supported Housing income (Negative Risk) - Loss of Supporting People grant funding not addressed and /or full recovery of supported housing costs not achieved	To achieve savings for future years, charges are being reviewed for implementation April 2021. There is regular liaison with Herts County Council regarding remaining Supporting People grant funding and service provision – further loss of grant would require the Financial Security target to be increased.	Medium	Medium
Stock Investment (Negative Risk)	Revised Housing Asset Management Strategy was	Medium	High

Risk Area	Risk Mitigation	Likelihood	Impact
Investment needs exceed planned expenditure due to increased costs and/or unforeseen investment requirements (including potential enhancement of the decent homes standard as per the Green Paper above that assumed in the plan)	approved in 2019. The investment programme is based on sound stock condition information. Viability assessments are undertaken prior to projects commencing and contract management arrangements are in place. Increased cost assumptions for an enhanced decent homes standard have been built into the revised plan, but these are currently estimates as the Government's decision on a new standard is not yet known.		
Fire Safety Investment (Negative Risk) Changes to building safety regulations following the recommendations of the Hackitt report will have associated revenue and capital cost implications.	The Council has a capital scheme to retro fit sprinklers to the 7 high rise blocks of flats. An additional £500k per annum was allowed in the HRA BP for building safety. However this will need to be reviewed as the full implications of the regulation changes become known and further resources, both capital and revenue, may be required to meet the new standards.	High	Medium
Procurement (Negative Risk) - If the 1.5% efficiency target for the HRA Capital Programme is not achieved, this will put pressure on the HRA	The efficiency has been achieved in prior years through existing contract awards. It is anticipated that efficiencies will continue to be delivered through procurement efficiencies in future years.	Low	Medium
Financial Security Options not achieved (Negative Risk) - Agreed options do not deliver expected level of savings either on a one-off basis or ongoing.	Regular monitoring and reporting takes place, but the size of the net budget reductions increases the risk into the future. Non achievement of options would require other options to be brought forward.	Medium	Low
Affordable Homes	A pipeline of schemes has been agreed and the Executive	Medium	High

Risk Area	Risk Mitigation	Likelihood	Impact
Delivery (Negative Risk) - If affordable homes targets are not met and new build does not replace the loss of stock through RTBs, rental income projections may not be met and 1-4-1 replacement receipts may have to be repaid with interest.	Housing Development Committee oversees delivery of the programme. In order to mitigate the impact of interest costs to the HRA, any potential unused 1-4-1 receipts will be used to support Registered Providers to minimise the level of receipt being returned, whilst retaining development activity		
Right to Buy Sales (Negative/Positive Risk) – External factors (economic/ political) mean that RTB sales are either higher or lower than in the Business Plan, without a corresponding change to stock through acquisition or new build	RTB assumptions are adjusted annually based on trends and legislation. The new build programme is designed to replace loss of stock. Investment requirements are adjusted to reflect RTB sales levels.	Medium	Medium
Legislative Change (Negative Risk) – Implications of new legislation/ regulation are not identified and acted on, leading to increasing financial pressure	There is ongoing tracking and horizon scanning in relation to emerging policy and legislation and an annual review of implications through the MTFS/Business Plan update.	Low	High
MTFS Risk identification (Negative or Positive Risk) – Financial risks and their timing are not accurately judged leading to either a pressure or benefit to the MTFS.	Council's risk management framework ensures operational and strategic risks are identified as part of the annual service and MTFS planning process	Low	High

Risk Area	Risk Mitigation	Likelihood	Impact
Interest Rate Increases (negative risk) – the impact on the capital programme of eventual increases in interest rates from their current historic low position	Medium to long term loans have been priced at a higher average, not current rates. A reserve has been created to mitigate increases above the plan.	Medium	Medium
‘Brexit’ (negative risk) – the impact of Brexit leads to economic instability and further financial cuts to the council’s budgets and/or increased costs	A reduction in the resources available within the MTFS would require compensating reductions in planned spending within services and/or capital programmes. The Council has developed a specific Brexit risk register and these risks and associated mitigations are monitored by the Brexit Working Group.	Medium	Medium
Corona Virus (negative risk) – the impact of the pandemic leads to increases in operating costs and a reduction in income.	Detailed monitoring has been put in place to identify problems early and seek to minimise costs, or losses. Additional resources have been put in place to cope with immediate service pressures and to reduce increasing levels of rent arrears.	High	Medium

5.4. Equalities and Diversity Implications

5.4.1 The Council has committed itself to providing high quality services that are relevant to the needs and responsive to the views of all sections of the local community, irrespective of their race, gender, disability, culture, religion, age, sexual orientation or marital status. The General Equality Duty (Section 149 of the Equality Act 2010) requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of its functions. The Equality Duty and the impact of decisions on people with protected characteristics must be considered by decision makers before making relevant decisions, including budget savings.

5.4.2 The process used to develop the Council’s budget has been designed to ensure appropriate measures are in place to ensure the impact of decisions on the community is considered as part of the decision making process. It is officers’ view that undertaking an Equalities Impact Assessment (EqIAs) on the strategy is not appropriate at this stage. EqIAs will be done on individual savings proposals (when relevant) at an early stage in the budget savings

process to aid decision makers in their consideration of the Equality Duty. This work is being planned into the budget setting process.

5.5. Policy Implications

- 5.5.1 The approval of the revised budget framework includes a link for the Council's service planning requirements to ensure service priorities are identified. In addition the budget framework represents a development of a policy led budgeting approach across Council services and the overall Financial Strategy.

5.6 Staffing and Accommodation Implications

- 5.6.1 It will be evident that there are potentially staffing implications in this report and the matter should be discussed with the Trade Unions at the earliest opportunity.

BACKGROUND DOCUMENTS

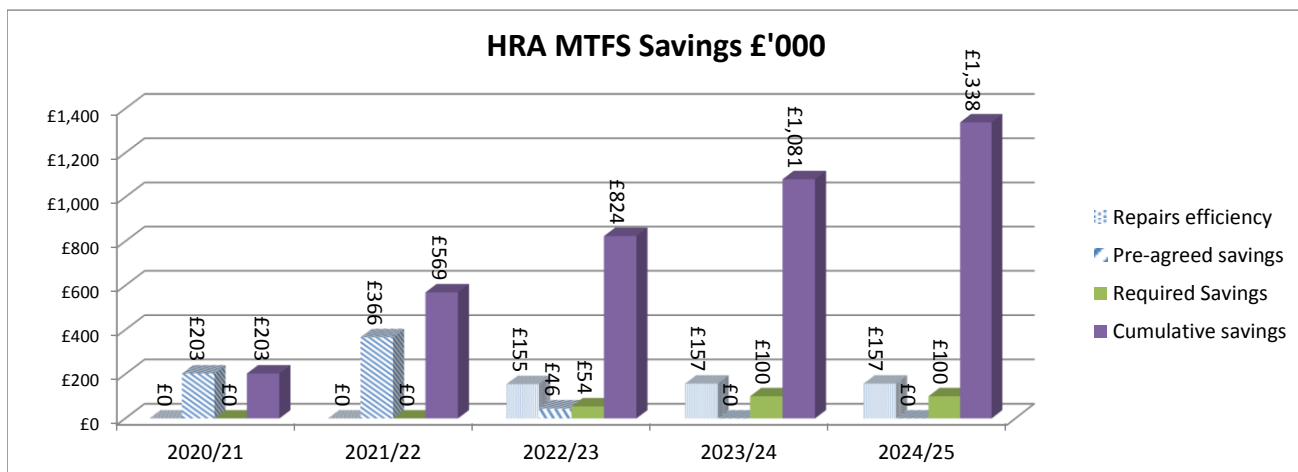
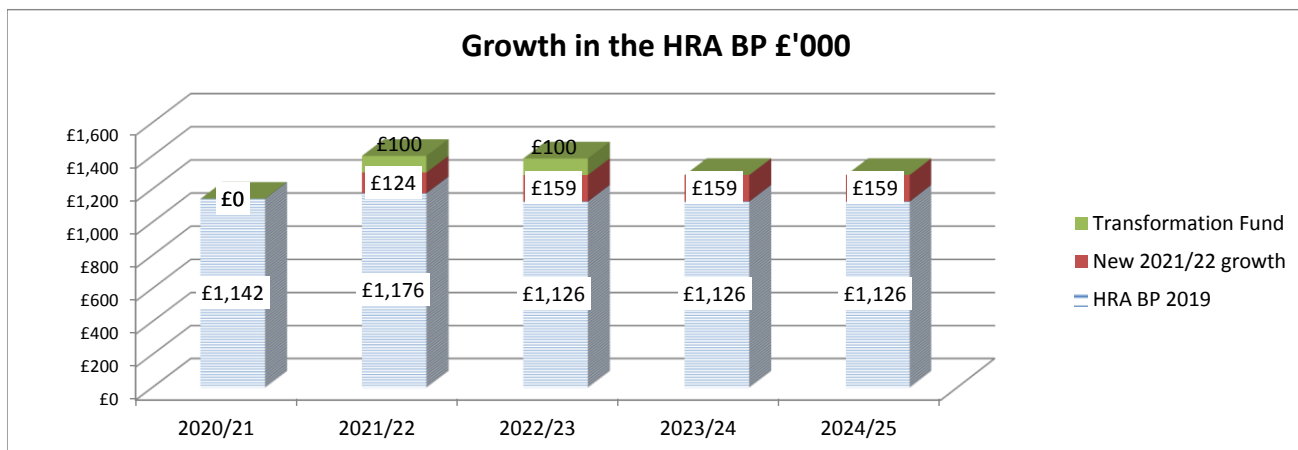
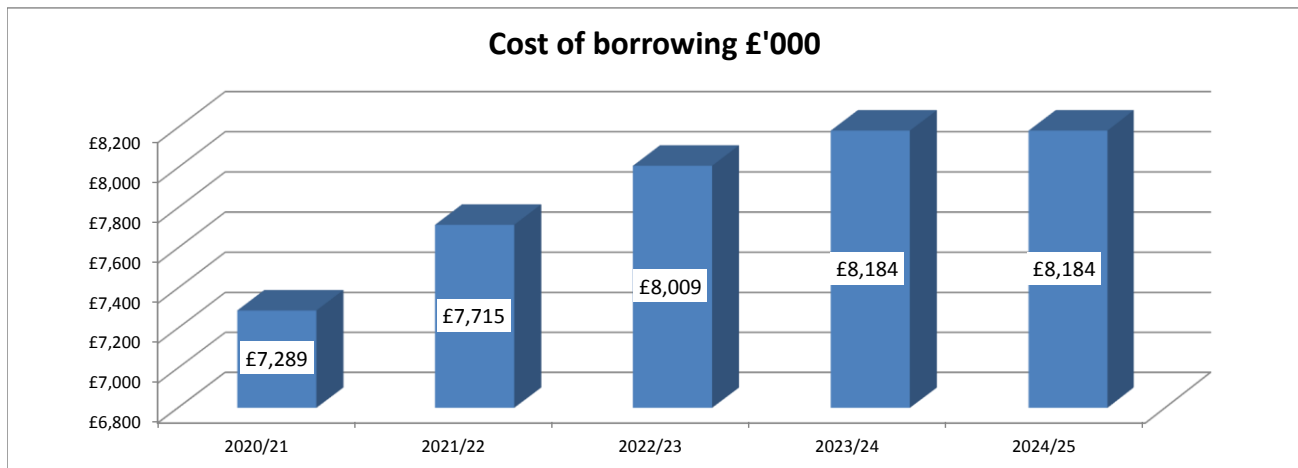
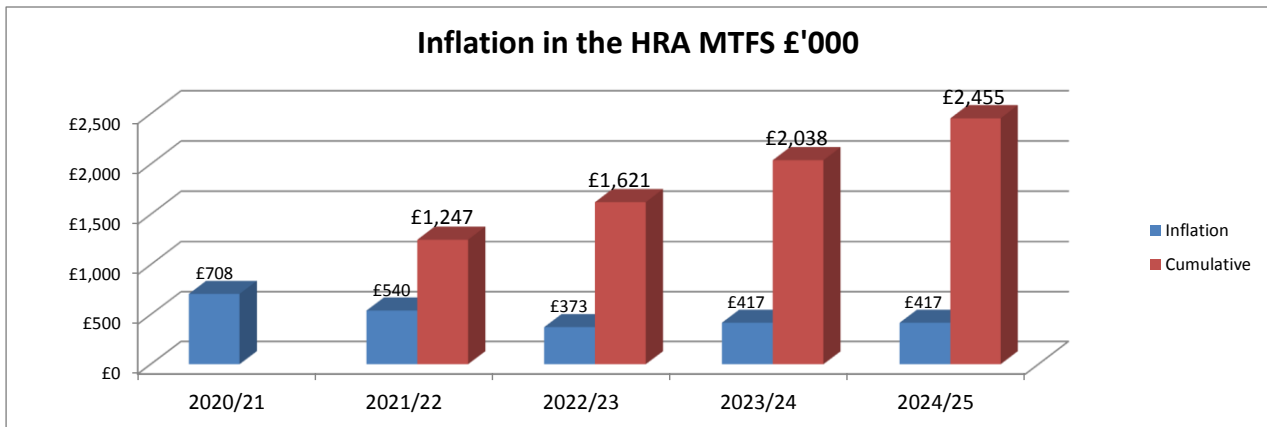
BD1 - 2019 MTFS Strategy

BD2- COVID Recovery Plan MTFS June 2020 Executive

APPENDICES

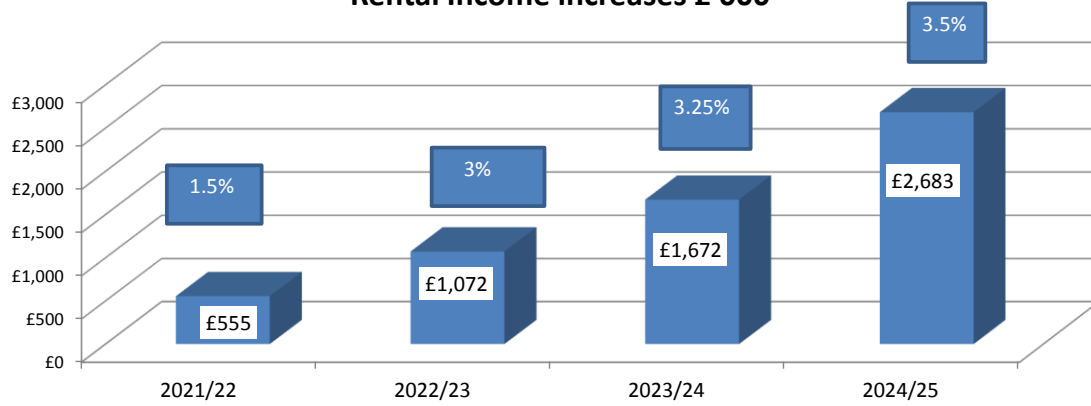
Appendix A MTFS

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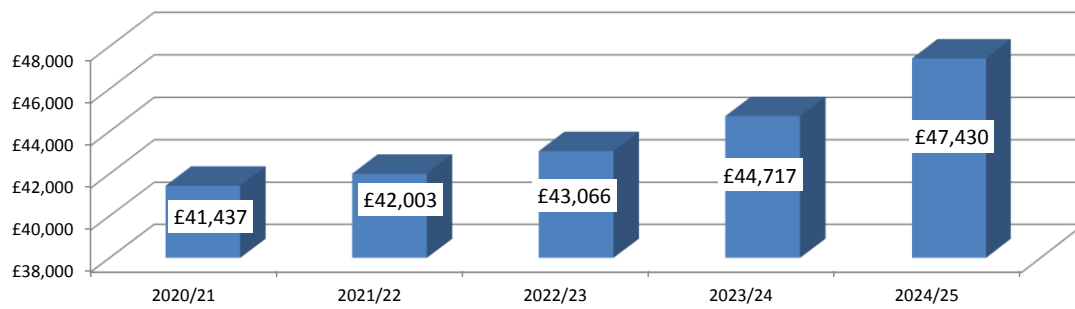


APPENDIX A HRA MEDIUM TERM FINANCIAL STRATEGY

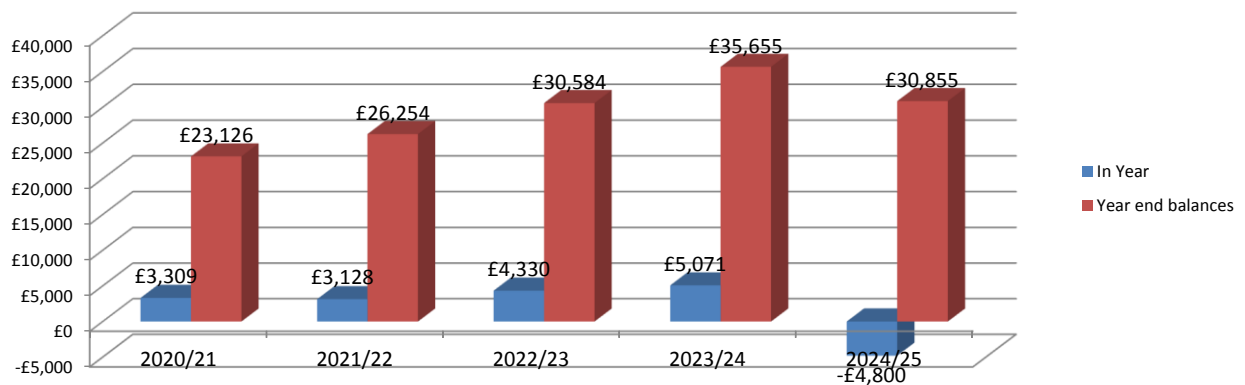
Rental Income increases £'000



Rent & Service Charge £'000



HRA MTFS Year End Balances



-= draw on balances

Meeting: EXECUTIVE

Agenda Item:

Portfolio Area: Resources

Date: 18 November 2020

2ND QUARTER REVENUE MONITORING REPORT – GENERAL FUND



KEY DECISION

Author – Katia Cousins Ext. 2383
Contributor – Finance team and budget Managers
Lead Officers – Clare Fletcher Ext. 2933
Contact Officer – Clare Fletcher Ext.2933

1. PURPOSE

- 1.1 To update Members on the projected General Fund 2020/21 net expenditure and seek approval to amend the General Fund budget as part of the quarterly revenue review. The Housing Revenue Account (HRA) quarterly monitoring update is included in the HRA Medium Term Financial Strategy (MTFS) update to this November Executive.
- 1.2 To update Members on General Fund carry forward requests from 2019/20.
- 1.3 To update Members on the General Fund reserves and balances available to support revenue expenditure and seek approval for revisions to the allocated reserves.

2. RECOMMENDATIONS

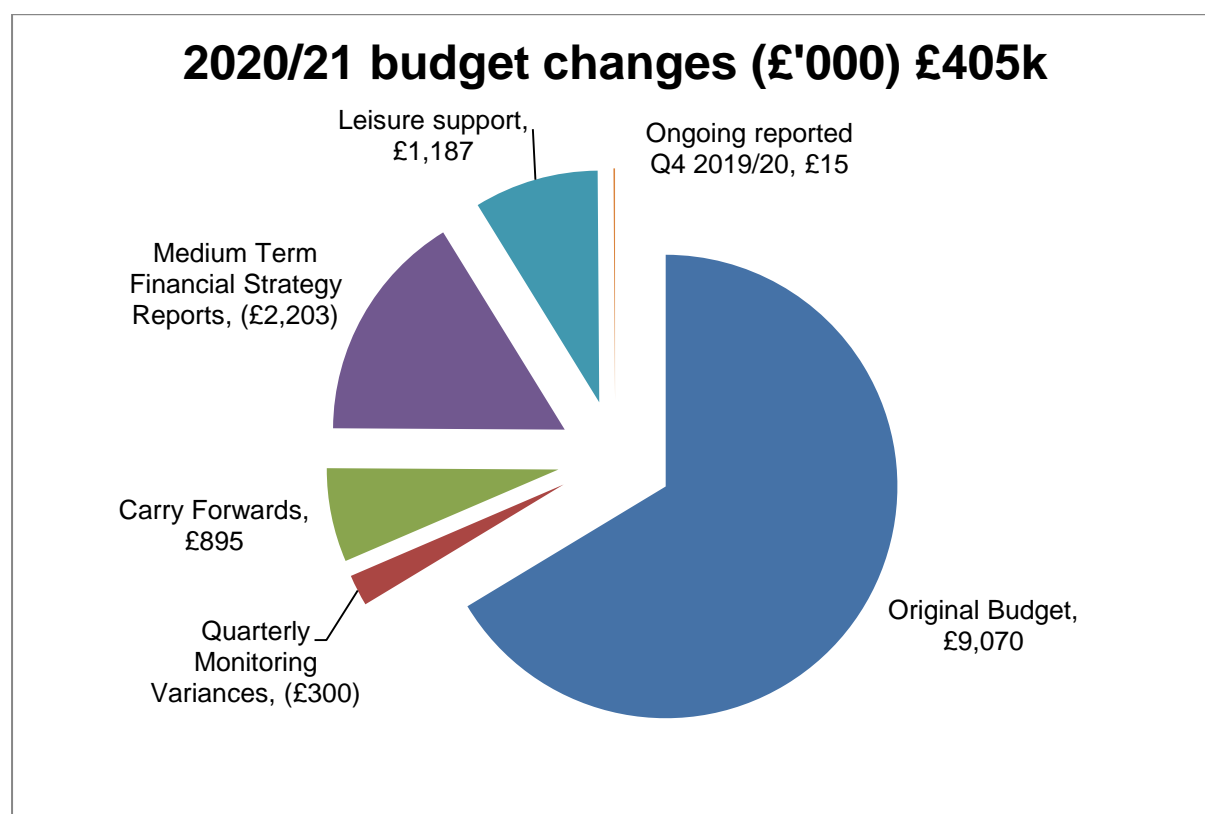
General Fund

- 2.1 That the 2020/21 2nd quarter projected net decrease in General Fund expenditure of £30,300 be approved.
- 2.2 That net COVID budget pressures of £2,132,360 be noted and the amount ring fenced in the General Fund to ensure resources are available for 2020/21 if no further funding is forthcoming from the government, (other than that set out in paragraph 4.1.20).
- 2.3 That it be noted that cumulative changes made to the General Fund net budget remains within the £400,000 increase variation limit delegated to the Executive, as set out in paragraph 4.1.21.

- 2.4 That it be noted that the 2021/22 ongoing net pressure of £205,000 will be incorporated into the Budget setting process. Further ongoing pressures identified as risks within this report will be determined and incorporated within the General Fund budget setting process.

3. BACKGROUND - GENERAL FUND

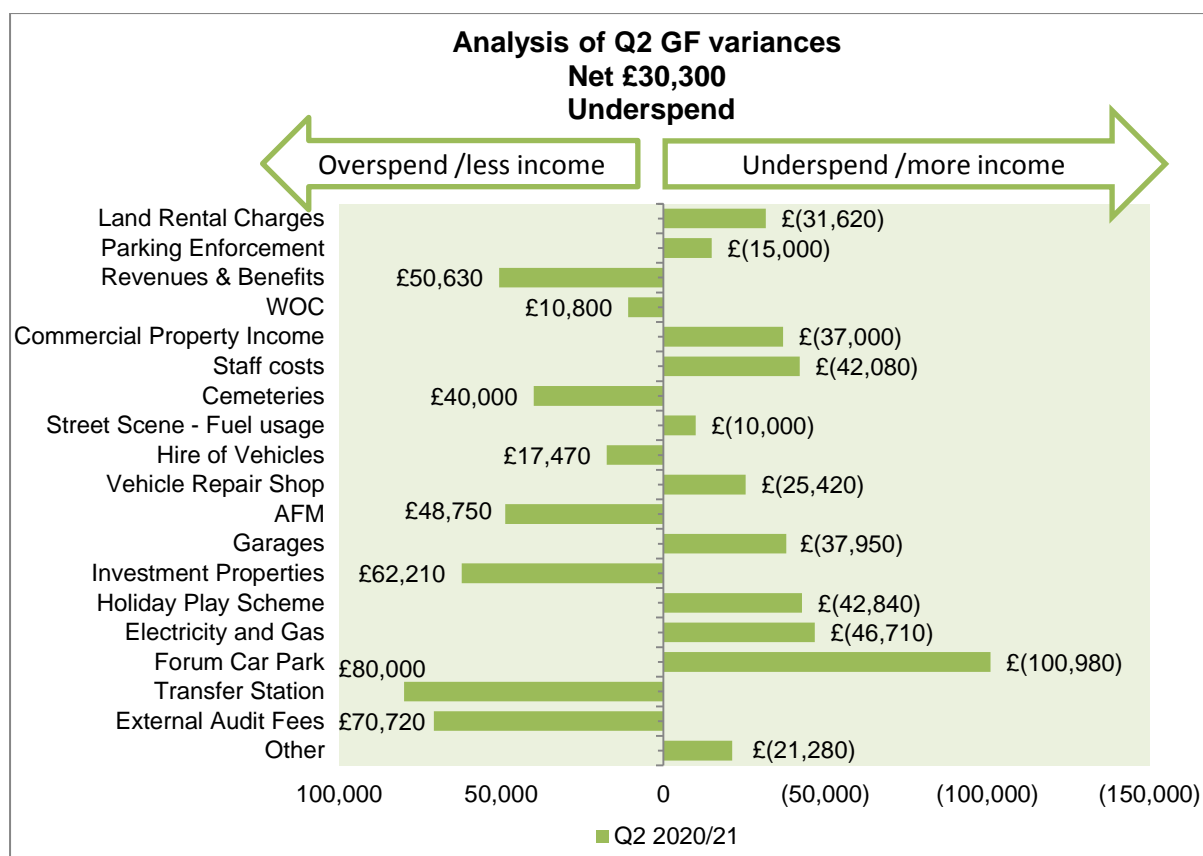
- 3.1. Since the General Fund net budget of £9,069,830 was approved at Council, Members have approved net budget changes of £405,490 as detailed in the table below:



4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 General Fund – Budget Review

- 4.1.1 Following the 2nd quarter review of revenue budgets officers have identified the following budget movements.



(-) lower expenditure / more income

- 4.1.2 Land Rental Charges – additional income £31,620.** The Council has received one off income from the Queensway development pertaining to highways permits and hoarding charges.
- 4.1.3 Parking Enforcement Contract– in year saving £15,000.** The charge from the contracted service will be reduced due to a six month vacancy of a Parking Enforcement Officer.
- 4.1.4 Revenue and Benefits – pressure of £50,630.** This pressure comprises of three elements
- £173,880 Housing Benefit overpayment pressure – the impact of real time data from the Department of Pensions (DWP) and Her Majesty's Revenue and Customs (HMRC) relating to client changes in circumstances along with transfers from Housing Benefit to Universal Credit has led to fewer overpayments being raised. Officers have reviewed trends over the last 11 years and the overpayment income forecast for 2020/21 is significantly lower. It is projected that the ongoing pressure will be £180,000 (see 4.1.21).
 - £77,250 saving – the year end estimate for the 2019/20 Shared Revenue and Benefits Service was higher than the actual final invoice received, resulting in a one off benefit in 2020/21

- £46,000 saving – based on the current level of debt, the projection is that the transfer to the debt provision will be lower than originally budgeted.

4.1.5 Wholly Owned Company (WOC) – pressure £10,800. The WOC report is due to be presented to the December Executive, this means the assumed income budgeted for the Finance SLA to the WOC will not be realised in 2020/21.

4.1.6 Commercial Property Income – in year saving £37,000. Work completed by Estates Officers anticipate extra rent (this includes an estimated 10% void rate/bad debt loss).

4.1.7 Staff Costs – saving £42,080. This saving is made up of;

- £121,150 Stevenage Direct Services business unit (SDS) vacant posts and lower agency costs
 - £60,000 from Street Scene as a result of fewer grass cuts due to COVID restrictions. Four grass cuts are anticipated to take place in 2020/21 compared to eight or nine.
 - £61,150 from Refuse and Recycling where internal staff have been reassigned as a result of COVID restrictions
- £37,920 the Finance & Estates Assistant Director post has been vacant for a proportion of the financial year
- £116,990 release of Transitional vacancy. The General Fund salary budgets include an allowance for turnover (4.5% salaries) totalling £585K. To date £269K or 46% has been identified, with a further £316K projected to be found for quarter three and four.

4.1.8 Cemeteries Income – pressure £40,000. Demand is lower than the set base budget and this lower level of demand is projected to be ongoing (see 4.1.22).

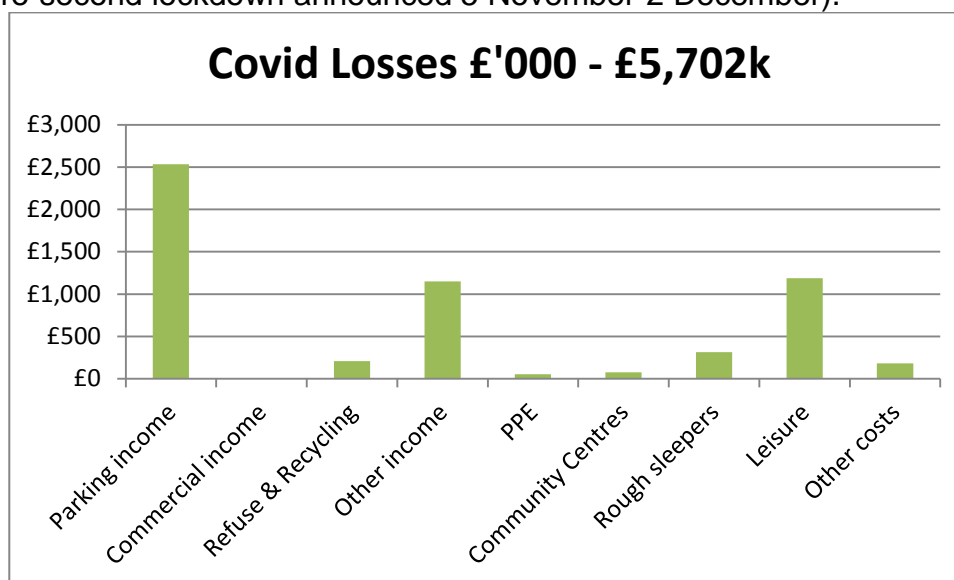
4.1.9 Fuel (plant machinery) – in year saving £10,000. As a result of earlier COVID restrictions there have been fewer grass cuts and strimming that have led to this in year saving (see 4.1.7).

4.1.10 Hire of Vehicles – pressure £17,470. Additional vehicle costs due to the need for extra recycling during the summer period to meet service demand.

4.1.11 Vehicle Repair Shop – saving £25,420. Following the purchase of new vehicles there is a saving on equipment tools and materials as fewer repairs are required. It is projected that £15,000 of this saving is ongoing (see 4.1.22).

4.1.12 Recycling gains Alternative Financial Model – pressure £48,750. The latest projection from Hertfordshire County Council projects a payment to Stevenage Borough Council of £112k. This is £100k lower than budget, however this has been partially mitigated in year as the 2019/20 receipt was £54k higher. It should be noted that there is potentially an ongoing pressure £100k.

- 4.1.13 **Garages – saving £37,950.** Reduction in borrowing costs of £54,400 (internal borrowing) partially offset by a pressure from additional repayment of principal on borrowing (MRP) £16,450.
- 4.1.14 **Investment Properties – pressure £62,210.** A rent free period was negotiated as part of the lease renewal on the Council's Investment Property.
- 4.1.15 **Holiday Play Scheme – saving £42,840.** Due to restrictions associated with the pandemic, the Holiday Play Scheme did not run over the summer months.
- 4.1.16 **Electricity and Gas – saving £46,710.** This projected saving is mainly from reduced electricity usage on General Fund properties and car parks.
- 4.1.17 **Forum Car Park – saving £100,980.** Following the revaluation of Business Rates by the Valuation Office Agency a refund of £100,980 covering 2017/18 to 2020/21 has been received.
- 4.1.18 **External Audit Fees – pressure £70,720.** The Council's auditors (EY) have advised the CFO that they assessed SBC's fees at £70,720 above the budgeted amount (an overall increase of 120%). Whilst the CFO does not necessarily agree the increase and is awaiting commentary from the PSAA, the pressure has been recognised in the budget.
- 4.1.19 **Other – savings £21,280.** These are smaller net savings across General Fund Services.
- 4.1.20 **Net COVID Losses – pressure £2,132,360.** The Q2 report contains an update on the projected COVID losses and potential funding. The projected costs are estimated to be £5,701,820 (see table below), (figures calculated pre-second lockdown announced 5 November-2 December).



Included in the 2020/21 losses is £1.187k financial support for the Council's leisure provider already approved at the October Council meeting.

Funding for COVID	Previously reported in MTFS	Grant Received	Grant Projected
Tranche one	£45,305	£45,305	
Tranche two	£871,563	£871,563	
Tranche three	£159,421	£159,421	
Tranche four		£391,055	
Rough Sleepers	£11,500	£11,500	
New burdens grant administration	£130,000	£130,000	
Income Guarantee		£812,775	£1,153,146
New burdens grant		£25,580	
Total	£1,217,789	£2,447,199	£1,153,146

4.1.21 The cumulative changes made to the General Fund net budget remains within the £400,000 increase variation limit delegated to the Executive. The total value of changes is £385,630.

Executive Delegation - General Fund	£
Original Net General Fund Budget	9,069,830
Leisure approved October Council	1,186,900
Delegated amount	400,000
Total	10,656,730
June MTFS In year budget reductions	(2,271,950)
September MTFS Executive approvals	100,000
Quarterly monitoring (1&2)	(315,150)
COVID losses	5,701,820
Grant received	(2,447,200)
Projected Income Guarantee Scheme August- March	(1,153,150)
Within Executive Delegated Limit	(385,630)

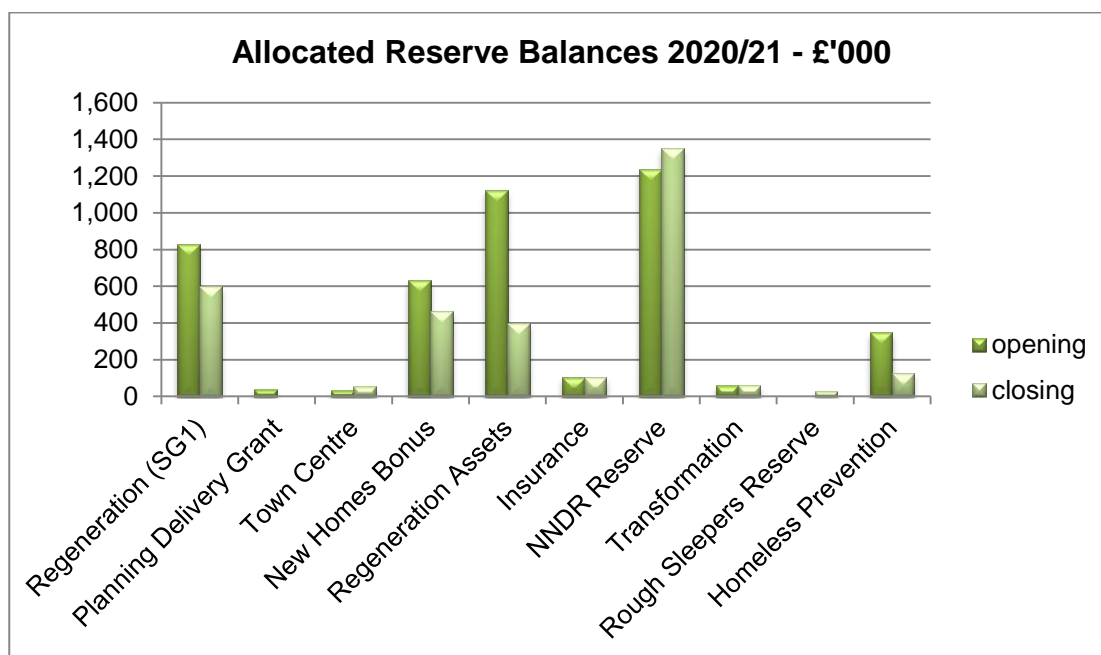
4.1.22 The known ongoing impact of the 2nd quarter review is a pressure of £205,000, (see table below). These have been reflected in the Medium Term Financial Strategy report to November Executive.

Q2 Ongoing Budget Changes	£
Housing Benefit Overpayments income reduction	180,000
Cemetery Income reduction	40,000
Vehicle Repair Shop - Equipment & Materials	(15,000)
Total Changes	205,000

4.2 Review of General Fund Balances

4.2.1 **Provisions** for bad debt and known liabilities have been adjusted as part of the COVID losses and included in the chart at 4.1.20. It should be noted that the Housing Benefit debt contribution has been reduced for 2020/21 (see 4.1.4).

4.2.2 **Allocated Reserves** - Some balances are 'ring fenced' and have been set aside for specific purposes. The estimated total value of (revenue) allocated reserves available for the Council to spend at 31 March 2021 is **£3,175,627**, (31 March 2020, £4,398,549). Reserve balances are projected to decrease by £1,222,922 during this year, the majority of the allocated reserves relate to NNDR, regeneration and new build projects.



4.2.3 **General Fund Balance** – Following the 2nd quarter review and MTFS to the September Executive the General Fund balance as at the 31 March 2021 is now forecast to be **£2,748,841** excluding the impact of changes in the Financial Savings Options report to this Executive.

General Fund Balances	£
Original Net General Fund Budget	9,069,830
Approved budget changes	(405,490)
Net Working budget approved to Date	8,664,340
2nd Quarter review	(30,300)
Net COVID Losses	2,132,360
Total Net Expenditure post Q2 review	10,766,400
less core resources	(8,721,180)
Transfer (to)/from General Fund balances	2,045,220

General Fund Balances	£
General Fund balance 31/3/20	(4,794,061)
Transfer (to)/from General Fund balances	2,045,220
Projected General Fund balance 31/3/21	(2,748,841)
Allocated Revenue Reserves 31/3/21	(3,175,627)
Total General Fund Revenue balances (estimated 31/3/21)	(5,924,469)

4.2.4 **Core resources** used for the financing of the net General Fund expenditure comes from council tax, retained business rates. Changes in the council tax base and business rate yield now have a direct impact on Council finances. As at 30 September the council taxbase for 2020/21 is now estimated at 27,740 band D equivalents (Council Tax setting report in February estimated 27,781). The taxbase is lower than originally estimated but is expected to rise to the budgeted figure by the end of the financial year as new properties are completed. More information relating to the taxbase can be found in the Medium Term Financial Strategy.

4.2.5 The forecast yield from business rates remains largely unchanged from original budget. More information relating to the taxbase can be found in the Medium Term Financial Strategy (November Executive).

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is financial in nature and consequently financial implications are included above.

5.2 Legal Implications

5.2.1 The objective of this report is to outline the projected General Fund net expenditure for 2020/21 and the impact on the General Fund balances. While there are no legal consequences at this stage Members are reminded of their duty to set a balanced budget.

5.3 Equalities and Diversity Implications

5.3.1 This report summarises external and internal factors that impact on approved budgets and recommends changes to those budgets in year. Budget changes identified for future years that could adversely impact on groups covered by statutory equality duties will be incorporated into the budget setting process which includes Equality Impact Assessments (EqIA). None of the budget changes reported will change any existing equalities and diversity policies.

- 5.3.2 The service department has been asked to look at the equalities and diversity implications in the increase in void re-let times and any potential impact on protected groups.

5.4 Risk Implications

- 5.4.1 A risk based assessment of General Fund balances is undertaken and reported to Council as part of the General Fund Budget setting process. The required level of 2020/21 General Fund balances was calculated at £2,920,935. This report forecasts General Fund balances of £2,748,841 and allocated reserve balances of £3,175,627 which is above the minimum balances required.

5.5 Policy Implications

- 4.5.1 The budget framework represents a development of a policy led budgeting approach across Council services and the overall Medium Term Financial Strategy.

5.6 Climate Change Implications

- 5.6.1 The Budget and Policy setting process prioritised growth for climate change as part of the 2020/21 budget setting process. The 2020/21 process should have due regard for climate change implications based on the Council's Climate Change Strategy. There are no direct climate change implications from the budget changes in this report.

6. BACKGROUND PAPERS

- BD1 – 2020/21 Council Tax Setting and General Fund Budget (Council 26th February 2020)

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Meeting: EXECUTIVE

Agenda Item:

Portfolio Area: Resources

Date: 18 November 2020

2ND QUARTER GENERAL FUND CAPITAL MONITORING REPORT 2020/21

KEY DECISION



Author – Belinda White Ext. 2515
Contributor – Lee Busby Ext. 2730
Finance team and budget managers
Lead Officers – Clare Fletcher Ext. 2933
Contact Officer – Clare Fletcher Ext. 2933

1 PURPOSE

- 1.1 To provide Members with an update on the Council's 2020/21 General Fund capital programme.
- 1.2 To seek approval for the revisions to the General Fund capital programme.

2 RECOMMENDATIONS

- 2.1 That Executive recommend to Council the approval of the budget increase to the 2020/21 General Fund capital programme, arising from the additional funding of £7.4Million received from Hertfordshire Local Enterprise Partnership (LEP) and the Ministry of Housing, Communities & Local Government (MHCLG) as identified in paragraph 4.1.4, as these exceed the Executive's delegated limit. The net increase in 2020/21 expenditure is £6.4Million as summarised in table one, para 4.1.1.
- 2.2 That Executive approve the General Fund net increase (arising from slippage) of capital expenditure of £1.0Million in 2021/22, also as summarised in table one, para 4.1.1.

3 BACKGROUND

- 3.1 The 2020/21 General Fund capital programme was approved as part of the 2019/20 Outturn Report at the July Executive: £36.7Million.
- 3.2 The revised 2020/21 General Fund capital programme was approved at Quarter 1 at the September Executive: £35.3Million.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 2020/21 General Fund Capital Programme

4.1.1 The updated projected spend for 2020/21 General Fund capital programme (as detailed in Appendix A) is £41.7Million, a net increase of £6.4Million which is due to additional grants for Regeneration activity from the LEP and MHCLG, offset by slippage to 2021/22. The detail for all schemes is shown in table one:

Table one: Changes to General Fund Capital Budget		
Capital Programme Change to 2020/21 Working Budget & 2021/22 Projected Budget	Increase (Decrease) to 2020/21 Working Budget £	Increase (Decrease) to 2021/22 Projected Budget £
Slippage/Acceleration		
Garages Programme	(1,095,300)	1,095,300
Waste and Recycling System	(19,000)	19,000
Kenilworth Housing Development - Community Centre	0	(162,218)
Total Slippage	(1,114,300)	952,082
Virements Between Projects		
Arts and Leisure Centre - Pipework	140,000	
SALC and the Swim Centre Urgent and H&S Works	(140,000)	
Infrastructure Investment – Core Information & Communications Technology (ICT) equipment for Remote Workers	125,000	
Deferred Works Reserve	(125,000)	
Total Virements Between Projects	0	0
Increases/(Decreases) to 2020/21 Budget		
Bus Interchange (LEP GD3)	3,224,410	
Town Centre Improvements (LEP GD3)	2,110,000	
Multi Storey Car Park (LEP GD3)	1,100,000	
Town Fund Delivery (MHCLG)	1,000,000	
Grant/LEP funded increases	7,434,410	
Town Square Improvements – North Block fit-out	120,000	
Daneshill House - Test & Risk Assessment Remedial Works	37,004	
Parks Pavilions	7,360	
Community Centres General	2,600	
Station Ramp	(13,000)	
Replace boiler at Bedwell CC	(60,000)	
Other net increases	93,964	
Total Increases/(Decreases) to 2019/20 Budget	7,528,374	0
Total Change in Working Budget and Projected Budgets	6,414,074	952,082

4.1.2 Slippage:

- The Garage Programme delivery pipeline has been reviewed. Three schemes valued at approximately £300K in total are expected to be delivered by Christmas. A further £300K has been put forward for approval for delivery by Q4. In addition there is approximately £250K urgent expenditure needed for make safe structural work. The balance includes expenditure on drainage and hardstanding improvements. The remaining works will now fall into 2021/22 (£1.1Million slippage from the £2.2Million 2020/21 budget).
- Slippage of £19K has been identified for the Waste and Recycling System (Bartec). The delay in system implementation is as a result of Covid 19. The £19K contract costs associated with the implementation of the trade module will slip into next financial year.
- The Kenilworth Housing Development community centre has been re-phased to maximise delivery of housing first, in line with the most pressing need.

4.1.3 Virements between projects:

- £140K of the budget for Stevenage Arts & Leisure Centre (SALC) and Swim Centre urgent works has been identified for the works on the Arts and Leisure Centre Pipework.
- £125K of the Deferred Works budget for 2021/22 has been identified to fund Core ICT Equipment for remote workers. This reflects an urgent need to ensure staff can continue to work and be productive, and for service resilience. This leaves £53K in the Deferred Works budget for other urgent work that may arise in 2020/21.

4.1.4 Increases in Expenditure:

Grant/LEP funded increases of £7.4Million

- The additional funding of £1Million from the MHCLG Town Fund has now been received. This has been identified for use on the North Block fit-out.
- Budget increases are also identified due to additional allocations from Herts LEP Growth Deal 3 (GD3) funding of £2.1Million for Town Centre Improvements and £1.1Million towards costs for a new Multi Storey Car Park. A report is being taken to this Executive meeting regarding the Multi Storey Car Park and the capital strategy will be amended if needed following approvals of that report.
- The budget for the Bus Interchange has been increased to replace the lower 'contingency scenario' budget if funding was to be all provided by the Council. This LEP funding has previously been agreed by Council but was subject to conditions before confirmation and release of funds by the LEP. Discussions are taking place with the LEP to consider £1Million of the bus interchange funding slipping to 21/22 under 'freedoms and flexibilities', and a decision is awaited on this.

Other budget increases

- A further increase included in this report is £120K from the Town Square reserve to be spent on the North Block fit-out, alongside the £2.1 Million Town Centre Improvements.
- An increase of £37K for unforeseen electrical works required for the atrium at Daneshill House, to ensure safety and compliance.
- Plus minor increases of £10K for Parks Pavilions and Community Centres.

4.1.5 Reductions in Expenditure:

- From an original budget of £100K for a replacement boiler at Bedwell Community Centre, a more efficient solution has been found, which gives rise to a saving of £60K. It has been identified that parts replacement will be an adequate solution and that replacement of the system is not required.
- The works to the Station Ramp are complete, and there has been a saving of £13K against the original budget allocated to these works.

4.1.6 Other Updates:

- A report is scheduled to be taken to Executive to provide an update on the Housing Wholly Owned Company (WOC). The WOC budgets in Appendix A remain as per the original profile until this work is concluded.
- A report is also to be scheduled to Executive on the feasibility of accelerated delivery of the Public Sector Hub. To date, the profile included in the Capital Strategy for the Hub has matched the anticipated capital receipts profile. The expenditure and income profiles will be updated once further work has been undertaken on the development.

4.2 Capital Resources General Fund

- 4.2.1 Projected **Capital Receipts** from disposals for the current and future years have been reviewed. Slippage of one site disposal from 20/21 to 21/22 has been mitigated by additional minor land sales in 20/21, reducing the 20/21 variance to £36K. The revised forecast for Kenilworth Malvern Close Executive House is for half the receipts expected in 21/22 and the remainder have slipped to 2022/23. The impact of these timing changes can be seen in Appendix A. Forecast receipts have been adjusted accordingly and shown in table two:

Table two: 2020/21 Disposal Schedule (General Fund)	Q1 Working Budget	Q2 Revised Position	Variance
	£	£	£
Total 20/21 Capital Receipts Estimate	3,832,657	3,796,239	36,418
Total 21/22 Capital Receipts Estimate	4,790,000	3,775,000	1,015,000
Total 22/23 Capital Receipts Estimate	3,651,840	4,683,840	(1,032,000)

Table two: 2020/21 Disposal Schedule (General Fund)	Q1 Working Budget	Q2 Revised Position	Variance
	£	£	£
Total 23/24 Capital Receipts Estimate	23,556,500	23,556,500	0
Total 24/25 Capital Receipts Estimate	13,384,000	13,384,000	0
Major Capital Receipts Programme	49,214,997	49,152,579	19,418

Note: ()= increase in receipts

4.2.2 To ease the revenue pressures arising from Covid, revenue contributions to capital have been replaced with forecast land sale receipts identified in the **Locality Review**. These receipts will also be used to replace the former New Homes Bonus (NHB) contribution to the Capital Reserve. The Locality Review Receipts are being identified separately in Appendix A.

4.2.3 **Capital Reserves** have also been revised in Appendix A to reflect the reduced contributions from revenue.

4.2.4 Appendix A has been updated to reflect no further **New Homes Bonus** (NHB) funding is expected beyond the current available resource, which has already been received and allocated for the Co-operative Neighbourhood Management (CNM) Programme as set out below in table three:

Table three: New Homes Bonus Update				
NHB balance available	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	remaining
Capital CNM	£	£	£	£
Town Centre Improvements	£152,554	£152,554		£0
Electric Car charging points	£15,000	£15,000		£0
Playground refurbishment	£291,467	£243,000	£48,467	£0
Bin replacement	£115,560	£99,000	£16,560	£0
Total	£574,581	£167,554	£65,027	£0

4.2.5 The current capital strategy includes the use of Section 106 (**S106**) monies that have been earmarked to support current and future capital schemes. An update on the balances available for 2020/21 onwards are set out in table four:

Table four: S106 Update				
Available for financing	£	2020/21 Forecast	Budgeted in Future Years	remaining
		£	£	£
Affordable Housing	£62,091	£0	£62,091	£0

Table four: S106 Update				
Available for financing	£	2020/21 Forecast	Budgeted in Future Years	remaining
		£	£	£
Children's Playspace / open space	£9,773	£9,773	£0	£0
Community / Greenspace / Ecological Infrastructure	£70,338		£70,338	£0
Parking / Transport	£154,960			£154,960
Gardening Club	£4,576			£4,576
Arboretum	£25,420	£25,420		£0
Pedestrian Link	£35,000			£35,000
Household Surveys	£15,990			£15,990
Total	£378,147	£35,193	£132,429	£210,525

4.2.6 S106 monies are normally ring fenced to the immediate surroundings of the development site and cannot be used for the wider capital programme. In April 2020 the new **Community Infrastructure Levy (CIL)** was introduced. To date no monies have been received under this scheme but sums are expected later in the year. The levy can be used to fund a very broad range of facilities such as play areas, open spaces, parks and green spaces, cultural and sports facilities and will give greater flexibility to fund capital schemes.

4.2.7 **Prudential borrowing** that is required to support the Capital programme will be a treasury management decision as to when the external borrowing is actually taken. While cash balances are high internal borrowing will be used.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is financial in nature and consequently financial implications are included in the above.

5.2 Legal Implications

5.2.1 None identified at this time.

5.3 Equality and Diversity Implications

5.3.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund capital programme. None of the budget changes reported will change any existing equalities and diversity policies and it is not expected that these budget changes will impact on any groups covered by statutory equalities duties.

5.3.2 Schemes contained within the capital programme will have an EQIA particularly those relating to housing schemes.

5.4 Risk Implications

- 5.4.1 The significant risks associated with the capital strategy are largely inherent within this report.
- 5.4.2 A significant risk exists that works deferred due to lack of funding become urgent in year, requiring completion on grounds of health and safety. A reasonable assessment has been made in the prioritisation process to try to keep this risk to a minimum, and these schemes are monitored by Assets and Capital Board.
- 5.4.3 There is a risk in achieving the level of qualifying spend, including Grants to Registered Providers, to fully utilise retained one for one receipts. Should qualifying schemes slip or new schemes fail to be developed the three year deadline for spending these receipts will not be met and will have to be returned to the Government plus interest (base rate plus 4%). Should the new schemes and/or purchases slip or fail to be delivered there is a risk that one for one receipt will have to be returned and interest payments made.
- 5.4.4 There are risks around achieving the level of disposals budgeted for. The estimated dates of receipts very much rely on a series of steps being successful at estimated dates. The level of receipts for the General Fund is a significant source of funding for its capital programme. The Council manages this risk by reviewing and updating the Strategy quarterly, including resources where a sale is likely to complete. This will enable action to be taken where a receipt looks doubtful.
- 5.4.5 There is considerable uncertainty about the potential for the Council to receive further government funding. The position regarding COVID losses and the cost of recovery is also uncertain at this time as we begin the second national lockdown. The Council must keep Strategy in place under review, to address the financial impacts due the likely level of losses and the increased certainty that income levels are going to be challenging to achieve for some time to come. This would have an impact on the Capital Programme as well as the Council's revenue budgets.
- 5.4.6 There are risks around achieving the level of Locality Review Receipts budgeted for, which are required to replace NHB funding and contributions from Revenue underspends.

5.5 Climate Change Implications

- 5.5.1 The Council's buildings across the town do not meet the climate change agenda in terms of energy efficiency or divestment of use of fossil fuels and in their current condition they would undermine the Council's attempt to be carbon zero by 2030.
- 5.5.2 However, there is an opportunity with the local asset review agenda to have design principles built into renewed assets in terms of energy efficiency and sustainable energy sources. This should be a core principle of any future

designs arising from the local asset reviews. There would be a further benefit of reduced energy costs.

- 5.5.3 The climate change agenda is far wider than just the buildings the Council uses, the Council are also examining the vehicle fleet the Council uses and consideration will be given to reducing the carbon impact of the fleet moving forward.

BACKGROUND DOCUMENTS

BD1 - Capital Strategy February 2020 (Council)

BD2 - Capital Strategy March 2020 (Executive)

BD3 – Capital Outturn July 2020 (Executive)

APPENDIX

A - General Fund Capital Programme

		2020/2021			2021/2022	2022/2023	2023/2024	2024/2025
Cost Centre	Scheme	Working Budget	Q2 Revised Budget	Variance (Q2 v Q1)	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
Page 259	<u>General Fund - Schemes</u>							
	Stevenage Direct Services	3,450,690	2,336,390	(1,114,300)	5,261,770	2,608,300	1,458,000	132,000
	Housing Development	4,462,014	4,462,014	0	3,730,886	11,381,808	8,334,474	574,900
	Finance and Estates	13,721,810	13,721,810	0	390,560	76,020	15,000	15,000
	Corporate Projects, Customer Services & Technology	943,039	1,068,039	125,000	273,400	104,220	104,220	104,220
	Housing and Investment	1,036,746	1,010,710	(26,036)	570,500	277,000	157,000	60,000
	Regeneration	10,931,853	18,486,263	7,554,410	0	2,474,000	13,384,000	13,384,000
	Communities and Neighbourhoods	460,428	460,428	0	353,361	255,000	60,000	20,000
	Planning and Regulatory	86,130	86,130	0	387,160	340,000	340,000	340,000
	Deferred Works Reserve	178,000	53,000	(125,000)	200,000	200,000	200,000	200,000
	Total Schemes	35,270,710	41,684,784	6,414,074	11,167,637	17,716,348	24,052,694	14,830,120
	<u>General Fund -Resources</u>							
	BG902 Capital Receipts	4,766,510	6,141,531	1,375,021	3,369,322	3,736,456	19,531,222	14,355,472
	Locality Review receipts			0	202,853	1,534,092	230,000	95,615
	BH901 New Build 1-4-1 Receipts - for RP Grants	1,280,000	1,280,000	0	0	0	0	0
	BG461 Grants and other contributions	569,397	1,569,397	1,000,000	1,713,801	4,746,012	3,916,192	0
	BG860 S106's	40,994	40,994	0	80,338	0	0	0
	BG904 LEP	7,327,446	13,761,856	6,434,410	0	0	0	0
	RCCO	175,883	199,120	23,237	0	0	0	0
	Regeneration Asset Reserve	200,000	200,000	0	0	0	0	0
	BG905 Previously ringfenced regeneration receipts	508,376	508,376	0				
	BG916 Capital Reserve (Revenue Savings)	1,563,340	1,062,366	(500,974)	972,254	0	0	0
	BG903 Capital Reserve (Housing Receipts)	364,243	364,243	0	367,886	371,565	375,280	379,033
	New Homes Bonus	167,554	167,554	0	342,000	65,027	0	0
	Prudential Borrowing Approved	16,988,720	15,071,100	(1,917,620)	3,171,800	4,209,390	0	0
	Short Term borrowing and funded from private sale	1,318,247	1,318,247	0	947,384	3,053,806	0	0
	Total Resources (General Fund)	35,270,710	41,684,784	6,414,074	11,167,637	17,716,348	24,052,694	14,830,120
			0	0	0	0	0	0

APPENDIX A - GENERAL FUND CAPITAL STRATEGY

		2020/2021			2021/2022	2022/2023	2023/2024	2024/2025
Cost Centre	Scheme	Working Budget	Q2 Revised Budget	Variance (Q2 v Q1)	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
BG902	<u>General Funds Receipts</u>							
	Unallocated B/fwd	(3,812,600)	(3,812,600)	0	(12,569)	(0)	(0)	(971,472)
	In Year Receipts	(3,832,657)	(2,932,239)	900,418	(4,675,000)	(4,683,840)	(23,556,500)	(13,384,000)
	Used in Year	4,766,510	6,141,531	1,375,021	3,369,322	3,736,456	19,531,222	14,355,472
	Ring Fenced Receipts Used to Repay ST Borrowing	590,739	590,739	0	1,318,247	947,384	3,053,806	0
	General Fund Receipts Unallocated C/fwd	(2,288,008)	(12,569)	2,275,439	(0)	(0)	(971,472)	(0)
	<u>Locality Review receipts</u>							
	Unallocated B/fwd			0	0	(147,147)	(0)	(0)
	In Year Receipts			0	(350,000)	(1,386,945)	(230,000)	(95,615)
	Used in Year		0	0	202,853	1,534,092	230,000	95,615
	Receipts Unallocated C/fwd	0	0	0	(147,147)	(0)	(0)	(0)
BG905	<u>Previously ringfenced regeneration receipts</u>							
	Unallocated B/fwd	(508,376)	(508,376)	0				
	Used in Year	508,376	508,376	0				
	Reserve Unallocated C/fwd		0	0				
BG903 & BG916	<u>Capital Reserve Resource</u>							
	Unallocated B/fwd	(1,094,000)	(1,094,000)	(0)	(722,254)	(0)	0	(0)
	In Year Resource	(1,434,243)	(1,222,417)	211,826	(959,886)	(436,592)	(375,280)	(379,033)
	Used in Year	1,927,583	1,594,163	(333,420)	1,682,140	436,592	375,280	379,033
	Capital Reserve Unallocated C/fwd	(600,660)	(722,254)	(121,594)	(0)	0	(0)	(0)

APPENDIX A - GENERAL FUND CAPITAL STRATEGY

		2020/2021			2021/2022	2022/2023	2023/2024	2024/2025
Cost Centre	Scheme	Working Budget	Q2 Revised Budget	Variance (Q2 v Q1)	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
Page 255	<u>Stevenage Direct Services</u>							
	<u>Parks & Open Spaces</u>							
	KC218 Hertford Road Play Area (S106 Funded)	25,000	25,000	0				
	KE911 Play Area Improvement Programme	42,030	42,030	0	243,000	283,500	220,000	
	KE097 Litter bins	0	0	0	103,000	83,000	10,000	4,000
	KE329 Play Areas Fixed Play	30,810	30,810	0	10,000			
	KE494 Green Space Access Infrastructure	0			148,000	153,000	128,000	128,000
	<u>Other</u>	0						
	KG002 Garages	2,160,300	1,065,000	(1,095,300)	4,469,770	1,952,400	375,000	
	KE495 Cavendish Depot - Renovation/Yard Drainage	90,000	90,000	0				
	KS263 Waste and Recycling System	82,700	63,700	(19,000)	19,000			
	KE519 FVP Dam Works	32,000	32,000	0				
	KE520 Welfare improvements at out based hubs	10,000	10,000	0				
	<u>Vehicles, Plant, Equipment</u>	0	0					
	KE349 Waste Receptacles	15,000	15,000	0				
	KE497 Trade Waste Containers	20,000	20,000	0	20,000	20,000	20,000	
	Various Vehicle/Plant replacement Programme	942,850	942,850	0	249,000	116,400	705,000	
	Total Stevenage Direct Services	3,450,690	2,336,390	(1,114,300)	5,261,770	2,608,300	1,458,000	132,000
	<u>Housing Development Scheme (Joint GF/HRA)</u>							
	KG030 Grants To Registered Providers contingency	1,280,000	1,280,000	0				
	KG032 Building Conversion into New Homes - Ditchmore Lane	37,593	37,593	0				
	Various Housing Development Schemes (Joint GF/HRA)	860,051	860,051	0	3,730,886	8,874,818	8,334,474	
	KG038 Wholly Owned Housing Development Company (WOC)	2,284,370	2,284,370	0		2,506,990		
	Total Housing Development (including grants to Registered Providers)	4,462,014	4,462,014	0	3,730,886	11,381,808	8,334,474	574,900

APPENDIX A - GENERAL FUND CAPITAL STRATEGY

		2020/2021			2021/2022	2022/2023	2023/2024	2024/2025
Cost Centre	Scheme	Working Budget	Q2 Revised Budget	Variance (Q2 v Q1)	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
Page 256	<u>Finance & Estates</u>							
	KG025 Garage Site Assembly	45,000	45,000	0				
	KR912 Investment Property	13,244,050	13,244,050	0				
	KR914 IDOX Property Management Software	17,200	17,200	0				
	KR916 Commercial Properties Refurbishment (MRC Programme)	375,560	375,560	0	375,560	61,020		
	KR147 Commercial Properties - Asbestos Removal	0	0	0				
	KR150 Works to improve vacant premises prior to re-letting	40,000	40,000	0	15,000	15,000	15,000	15,000
	Total Finance & Estates	13,721,810	13,721,810	0	390,560	76,020	15,000	15,000
	<u>Corporate Projects, Customer Services & Technology</u>							
	<u>IT General</u>							
	KS268 Infrastructure Investment	775,556	900,556	125,000	271,720	104,220	104,220	104,220
	Total IT General	775,556	900,556	125,000	271,720	104,220	104,220	104,220
	<u>Connected to Our Customer (CTOC)</u>							
	KS271 Corporate Website - Redesign	64,627	64,627	0	680			
	KS274 New CRM Technology	102,856	102,856	0	1,000			
	Total CTOC	167,483	167,483	0	1,680	0	0	0
	Total Corporate Projects, Customer Services & Technology	943,039	1,068,039	125,000	273,400	104,220	104,220	104,220
	<u>Housing and Investment</u>							
	<u>Community Centres</u>							
	KE902 Community Centres General	9,990	12,590	2,600				
	KE488 Springfield House - Boundary Wall	2,700	2,700	0				
	KE528 Community Centres: 2019/20 Backlog H&S Works	12,850	12,850	0				
	KE529 Community Centres Urgent and H&S Works	21,000	21,000	0	33,500	60,000		
	KE525 Community Centres: Planned Preventative Works: to replace boiler at Bedwell CC	100,000	40,000	(60,000)				

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Cost Centre	Scheme	2020/2021			2021/2022	2022/2023	2023/2024	2024/2025
		Working Budget	Q2 Revised Budget	Variance (Q2 v Q1)	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
	<u>Housing and Investment cont.</u>							
	<u>Park Pavilions</u>	0						
KE907	Park Pavilions General	0	7,360	7,360				
	<u>Depots</u>	0						
KE526	Depots: Urgent and H&S Works	290,000	290,000	0				
KE527	Depots: Planned Preventative Works (incl £500k reroof)	30,000	30,000	0	475,000	25,000		
	<u>Other</u>							
Growth	MSCP: Urgent and H&S Works					20,000		
	<u>Council Offices</u>							
KR141	Corporate Buildings - Essential Health & Safety Electrical Works	10,730	10,730	0				
KR149	Daneshill House - Test & Risk Assessment Remedial Works	53,486	90,490	37,004				
KR151	Daneshill: 2019/20 Backlog Urgent and H&S Works	0	0	0	18,000		65,000	
KR151	Daneshill: Urgent and H&S Works	45,000	45,000	0				
	<u>Operational Buildings</u>	0						
KE503	Indoor Market - Urgent Health & Safety Works	13,900	13,900	0				
KR917	BTC - Roof Replacement Preliminary Works	11,090	11,090	0				
KR152	BTC 2019/20 Backlog H&S Works	30,000	30,000	0				
KR153	BTC Urgent and H&S Works	100,000	100,000	0	38,000			
KR154	BTC Planned Preventative Works	256,000	256,000	0	6,000	172,000	92,000	60,000
	<u>Town Centre</u>							
KR138	Town Square Assets - Condition Survey	2,000	2,000	0				
KE504	Station Ramp	48,000	35,000	(13,000)				
	Total Housing and Investment	1,036,746	1,010,710	(26,036)	570,500	277,000	157,000	60,000

APPENDIX A - GENERAL FUND CAPITAL STRATEGY

Cost Centre	Scheme	2020/2021			2021/2022	2022/2023	2023/2024	2024/2025
		Working Budget	Q2 Revised Budget	Variance (Q2 v Q1)	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
Page 258	Regeneration							
	Various Land Assembly (GD1)	739,126	739,126	0				
	KE439 Town Square Improvements (GD1)	3,106,752	3,226,752	120,000				
	KE466 Bus Interchange (GD3)	5,985,975	9,210,385	3,224,410				
	KE533 GD3 Multi Storey Car Park BUILDINGS		1,100,000	1,100,000				
	KE534 Town Centre Improvements (GD3)		2,110,000	2,110,000				
	KE535 Town Fund Delivery - North Block fit-out		1,000,000	1,000,000				
	KE506 Public Sector Hub	1,100,000	1,100,000	0		2,474,000	13,384,000	13,384,000
	Total Regeneration	10,931,853	18,486,263	7,554,410	0	2,474,000	13,384,000	13,384,000
Page 258	Community & Neighbourhoods							
	KC900 Arts and Leisure Centre - Pipework	100,630	240,630	140,000				
	KC202 Fairlands Valley Park - Aqua				11,361			
	KC224 Leisure Stock Condition				20,000			
	KC229 Bandley Hill Play Centre - Fencing Replacement	8,000	8,000	0				
	KC230 Pin Green Play Centre Equipment	35,000	35,000	0				
	KE224 CCTV - Replacement Cameras	13,298	13,298	0	5,000	5,000	5,000	5,000
	KE507 Cycleways Installations (subject to £100k Arts Council grant bid)				10,000			
	KC232 SALC and the Swim Centre Urgent and H&S Works	200,000	60,000	(140,000)	280,000	100,000		
	GROWTH Stevenage Arts & Leisure Est 20 electrical distribution boards						30,000	
	KC231 SALC, Swim Centre, and Fairlands Valley Sailing Centre 2019/20 Backlog H&S	73,500	73,500	0				
	KC233 Stevenage Arts & Leisure Water leak	30,000	30,000	0				
	KC234 Fairlands Valley Park Sailing Centre - Boathouse	0	0	0	12,000			
	GROWTH Stevenage Swimming Centre Pool circulation pumps							15,000
	GROWTH Stevenage Swimming Centre Electrical distribution boards						25,000	
	GROWTH SLL Leisure management - end of contract capital provision					150,000		
	KC235 Boat house as essential H&S works for dry rot	0	0	0	15,000			
	Total Community & Neighbourhoods	460,428	460,428	0	353,361	255,000	60,000	20,000

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Cost Centre	Scheme	Working Budget	Q2 Revised Budget	Variance (Q2 v Q1)	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
Page 259	Planning & Regulatory							
	KE119 Off Street Car Parks (Multi Storey Car Parks)			0	250,000	250,000	250,000	250,000
	KE508 Multi-storey Car Park - New Entrances/Resurfacing	1,450	1,450	0				
	KE530 Car Park Equipment - Digitalisation	20,000	20,000	0				
	KE516 Town Centre Ramps Improvements	27,000	27,000	0				
	KE201 Hard standings				50,000	50,000	50,000	50,000
	KE100 Residential Parking				23,160			
	KE470 Electric Car Charging Points	15,000	15,000	0				
	KE217 Parking Restrictions	10,000	10,000	0	25,000	25,000	25,000	25,000
	KE443 Parking Enforcement - Old Town Permit Parking Area Implementation	10,680	10,680	0	0			
	KE444 Coreys Mill Lane - Additional Parking Capacity	2,000	2,000	0	24,000			
	KE531 Workplace Travel Plan	0	0	0	15,000	15,000	15,000	15,000
	Total Planning & Regulatory	86,130	86,130	0	387,160	340,000	340,000	340,000
KR911	Deferred Works Reserve	178,000	53,000	(125,000)	200,000	200,000	200,000	200,000

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

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