

Ref: Cabinet 06.27.06
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16 June 2006

To: Members of the Cabinet:

Councillor F.J. Smith (Chairman) (Leader of the Council);
Councillor Tricia Gibbs (Portfolio Holder for Community Engagement & Rural Affairs);
Councillor T.W. Hone (Portfolio Holder for Finance);
Councillor I.J. Knighton (Portfolio Holder for Leisure & E-Government);
Councillor Mrs L.A. Needham (Portfolio Holder for Waste and Environment);
Councillor R.A.C. Thake (Portfolio Holder for Planning and Transport);
Councillor Sarah Wren (Portfolio Holder for Housing & Environmental Health);
Councillor A.D. Young (Portfolio Holder for Policy).

Distributed to other Members on request.

You are invited to attend a

MEETING OF THE CABINET
to be held in

**COMMITTEE ROOM 1, COUNCIL OFFICES,
GERNON ROAD, LETCHWORTH GARDEN CITY**
on

TUESDAY, 27 JUNE 2006, at 7.30 p.m.

The meeting will be adjourned at 7.55 p.m., to allow Members to attend a meeting of the Council which will take place at 8.00 p.m. in the Council Chamber. The meeting of Cabinet will be resumed upon the rising of the Council meeting.

Yours sincerely,



David Miley
Democratic Services Manager

AGENDA
PART I

ITEM	PAGE
1. APOLOGIES FOR ABSENCE	-
2. MINUTES To take as read and approve as a true record the Minutes of the meeting of Cabinet held on 6 June 2006.	-
3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business that they wish to be discussed by the Cabinet at the end of either Part I or Part II business set out in the agenda. They must state the circumstances that they consider justify the business being considered as a matter of urgency. The Chairman will decide whether the item(s) raised will be considered.	-
4. DECLARATIONS OF INTEREST To receive from Members of the Cabinet any Declarations of Interest in respect of any business set out in the agenda. Members should either declare a prejudicial or personal interest and are required to notify the Chairman of the nature of any interest declared. Members declaring a prejudicial interest should leave the room and not seek to influence the decision during that particular item.	-
5. PUBLIC PARTICIPATION To receive petitions, comments and questions from the public. At the time of preparing the agenda no requests to speak had been received. Any public participation received within the agreed time scale will be notified to Members as soon as practicable.	-
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 - *The draft East of England Plan;*
 - *Growth Area Liaison for the Luton conurbation;*
 - *Luton & Dunstable Northern Bypasses;*
 - *London Luton Airport and Stansted Airport.*
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REPORT OF THE HEAD OF PLANNING AND BUILDING CONTROL
- To advise Cabinet of the recent announcement of Planning Delivery Grant for the year 2006/2007 and to seek approval for the general areas of expenditure identified in the report.*
- 11. CORPORATE GOVERNANCE AND COST OF DEMOCRACY** TO FOLLOW
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- 13. TOWN CENTRE PARTNERSHIP ARRANGEMENTS WITH PARTICULAR REGARD TO FUNDING AND SERVICE LEVEL AGREEMENTS** 131
REPORT OF THE HEAD OF POLICY, PARTNERSHIPS AND PERFORMANCE
- To present the background to the establishment, legal status and operational procedures of the district's three existing town centre partnerships.*
- 14. REVIEW OF USAGE AND PROMOTION OF MARKETS TASK AND FINISH GROUP** 139
REPORT OF THE HEAD OF POLICY, PARTNERSHIPS AND PERFORMANCE
- To highlight the recommendations in the main report of the Scrutiny Committee Task and Finish Group that reviewed the usage and promotion of markets.*

**15. ESTABLISHMENT OF JOINT CCTV COMMITTEE WITH STEVENAGE TO FOLLOW
BOROUGH COUNCIL AND EAST HERTS DISTRICT COUNCIL
REPORT OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES**

Future meetings of the Cabinet will take place on:

25 July 2006

12 September 2006

17 October 2006

14 November 2006

19 December 2006

2007

16 January 2007

30 January 2007

27 February 2007

27 March 2007

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TITLE OF REPORT: 2005/2006 ANNUAL STATEMENT OF ACCOUNTS

REPORT OF THE DIRECTOR OF FINANCIAL AND REGULATORY SERVICES
PORTFOLIO HOLDER: COUNCILLOR T.W. HONE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Cabinet on the unaudited financial statements for 2005/2006; these are embodied within the Statement of Accounts.
- 1.2 The Annual Statement of Accounts for 2005/2006 is complete and enclosed with the report as Appendix A, (there is a statutory requirement for Members to approve the Statement of Accounts prior to 30th June 2006). For the years 2003/04 and 2004/05, only Cabinet has approved the Annual Statement of Accounts and although the Council's external auditors have signed off those accounts, it is now clear that regulations preclude an executive committee from approving the Statement of Accounts.
- 1.3 Prior to 2005/06 the Statement of Accounts has been signed by the Leader of the Council, however regulation 10 of the Accounts and Audit Regulations 2003, states the accounts should be signed and dated by the Member presiding at the meeting which formally approves the accounts.
- 1.4 This report will update Cabinet on the position of the Council's Provisions and Reserves as at 31st March 2006.
- 1.5 This report will update Cabinet on the impact of the 2006/07 Projected General Fund Balances as a result of the 2005/06 Statement of Accounts.
- 1.6 This report will advise Cabinet of any requests for 2006/07 carry forwards that require approval.
- 1.7 This report will inform Cabinet of the outturn on the Council's Treasury Management activities.

2. FORWARD PLAN

- 2.1 This Report does contain a recommendation on a key decision and was first included in the Forward Plan on 1st April 2006.

3. BACKGROUND

- 3.1 The 3rd quarter monitoring report was presented to members on the 28th February 2006 and reported to Cabinet the position for both the General Fund and the Trading Accounts. There was a request to approve carry forward budgets totalling £128k.

- 3.2 There is a statutory requirement that the Annual Statement of Accounts is approved by Council before the 30th June.

4. ISSUES

General Fund 2005/2006 Outturn

- 4.1 The General Fund balance, as at 31st March 2006, was £3.882million, (see Statement of Accounts, (Consolidated Revenue Account, page 19). This is an increase of £1.840million over that previously reported, of which £644k relates to additional carry forward requests; these are detailed in Appendix B for Members' consideration. The major variances for 2005/06 are detailed below in Table 1. The proposed 2006/07 savings/cost column contains information on items which continue to impact on 2006/07 and for which the 2006/07 budgets should be adjusted.

Table 1-Significant changes to the General Fund

Expenditure/ Income	Variance £'000	Explanation	2006/07 saving £'000
Employee Related:			
Pension Repayments on severances	419cr	At the November Cabinet, Members recommended seeking approval from the ODPM to capitalise pension payments arising as part of the restructuring exercise. ODPM approval was not received until March 2006. Members should note that the previous request to capitalise pension costs was refused by the ODPM in April 2004 and it was not prudent to assume approval would be granted when setting the 2006/07 Budgets.	
Vacancy Control and Restructure Target	54cr	The total over-recovery on the vacancy control target was £223k. At the 3 rd quarter, Cabinet approved the funding of the Strategic Priorities Fund (up to a value of £100k) from any over-recovery on the target. This is because from 2006/07 the Strategic Priorities Fund is no longer budgeted for. A further carry forward request from the vacancy control target, (£76k) has been requested to meet the 1 off restructure costs identified as part of the 2006/07 Engineering savings option (£50k per year), which will be spent in 2006/07, (see Appendix B). The 2006/07 vacancy control savings target was increased by £100k for 2006/07.	
Operating Costs:			
IT leasing and maintenance costs	137cr	I.T. leasing and maintenance charges (£849k budget) have been reducing year on year, compounded by capitalisation of some costs in 2004/05. It should be noted however, that a number of I.T. projects have not yet been implemented and system maintenance costs are estimated to increase for 2006/07, this budget is currently being reviewed and any reductions will be reported as part of the	

		quarterly budget monitoring process.	
Expenditure/ Income	Variance £'000	Explanation	2006/07 saving £'000
Compost- Service Team Contract	8cr	There was a two week delay in starting collections for new 2005/06 bin allocations, resulting a small under spend. However in 2006/07, the growth bid of 20,000 bins is now estimated to be 16,500 for 2006/07. The remaining 3,500 bins (relating to flats) are not likely to be rolled out until the building of a new processing plant, (which is now likely to happen in 2007/08). It is understood that planning permission has not yet been granted for the new plant enabling kitchen waste to be taken.	104cr
Compost Processing Costs	34cr	The price was re-negotiated for processing compost at a lower rate, which has subsequently resulted in lower costs for 2005/06. The £61k saving reflects a full year saving at the lower rate and the collection of compost from 16,500 as opposed to 20,000 bins.	61cr
Highways Services- Street Furniture.	30cr	A joint project with Hertfordshire Highways which identified street improvements in Hitchin was withdrawn by the Agency in light of major development proposals for Hitchin & Letchworth town centres. The Street furniture budget was an approved savings option in 2006/07 of £72k, leaving a 2006/07 residual budget of £8k.	
Electricity charges	20cr	There was an under spend across all budget areas, however the 2006/07 budgets were based on the lower costs.	
Meals Service- food costs	10cr	The meals cost overall was lower than anticipated (total budget £176k). The number of meals produced in 2006/07 is projected to be significantly lower as a result of the closure of Beechridge Lodge in March 2007. There will be an associated loss of income with any reduction in food costs. Negotiations are currently underway with NHH concerning the price of meals supplied.	
Council Tax Benefit	+26	Increase in benefit paid to claimants, this is offset by the increase in benefit due (see governments grants below)	
Income Related:			
Recycling Credits	35cr	Recycling credits for paper & glass and income on paper sales were higher than originally estimated for. This income has been reviewed and the 2006/07 budget will be increased by £20k. (The 2006/07 increase in credits has been abated by a reduction in compost credits as the tonnage will be lower than estimated for 2006/07).	20cr

Expenditure/ Income	Variance £'000	Explanation	2006/07 saving £'000
Domestic Refuse- Transport Subsidy (HCC)	10cr	The transport subsidy is based on average cost of vehicles & crew across all districts in Hertfordshire. The final settlement is not notified by HCC until all claims are in. The 2006/07 budget is estimated to increase by £12k.	12cr
Planning Fees	38cr	Planning fees received in 2005/06 are £88k higher than the 2006/07 original budget. (£50k higher reported at 3 rd qrt.) Fee income is dependant on value and scale of building activity in the district. Notwithstanding this, the 2006/07 budget can be increased by £70k.	70cr
Land Charges Income	15cr	The 2005/06 actual income was £5k higher than the 2006/07 budget. (Savings options (SP46)), it is anticipated that the 2006/07 budget can be increased by a further £30k.	30cr
Markets Income	+6	Despite efforts to promote the Market, Tuesday trader numbers have declined resulting in a fall off in income. The council are working with the market traders association to enhance utilisation of weekday markets. The 2006/07 budgeted income is estimated to reduce by £14k.	+14
Benefit Overpayments	69cr	The 2005/06 budget of £226k, was in line with the 2004/05 actual overpayments. However in 2005/06, £71k was received in March 2006 compared to an average of £20k for the preceding months. The increase of £69k in overpayments collected may not be replicated in 2006/07, any exception to the budget will be monitored and reported as part of the quarterly monitoring stage.	
Government Grants:			
Social Housing Compensation Grant	70cr	The ODPM allowed a further claim to be submitted relating to 2003/04 expenditure and interest foregone. This claim was finally agreed and certified in March. The last year for payment of this grant was 2005/06.	
Housing Benefit Subsidy	233cr	The total budget for subsidy is £27.68million, the underspend represents 0.8% of the total budget. Changes to entitlement on extended payments has increased the benefit due. However the final claim has yet to be audited. It is anticipated that the 2006/07 grant budgets can be increased by £90k	90cr

Expenditure/ Income	Variance £'000	Explanation	2006/07 saving £'000
Transfers from Reserves:			
Transfer from Insurance Fund	76cr	Review of insurance reserve based on risks analysis has meant that a reduction in the insurance reserve was required. Reserve balances generally will be reviewed on a quarterly basis, to incorporate any future contributions to/from the General Fund.	
Carry Forward Budget Requests	644cr	Carry Forward requests are listed in detail in Appendix B	
Other variances	+30		
Total decrease in General Fund Expenditure	1,840cr		373cr

- 4.2 The 2005/06 General Fund revenue transactions are summarised on pages 19 to 26 of the Annual Statement of Accounts.
- 4.3 The Statement of Accounts has yet to be audited, (deadline of 30th September), and changes to the General Fund balance may arise as a result of the final audit. As the Housing Benefit claim has yet to audited (due by December 2006), (estimated total value £28.273 million), the accounts are based on unaudited figures.
- 4.4 The additional 2006/07 Carry Forwards Cabinet is asked to approve are detailed in Appendix B. Included within the carry forwards of £644k, is a request for the Local Authority Business Growth Incentive (LABGI) grant, received in March to be carried forward. Members are asked to approve the use of part of the grant for Town Centre Partnerships

Trading Operations

- 4.5 The Council's trading accounts for 2005/06 made a combined loss of £108k these are summarised in Table 2 below:

Table 2-Trading Operations 2004/05

Trading Account	Projected Outturn 2005/06	Actual 2005/06	Variance to Projected Outturn
	£'000	£'000	£'000
Public Conveniences	74	67	7cr
Swimming Pools & Archers	0	12	+12
Careline Centre	12cr	29	+41
Total	66	108	+46

- 4.6 Members agreed an additional 2005/06 contribution from the General Fund to the DSO reserve of £74k relating to the Public Conveniences Contract, however the actual contribution required was £67k, a decrease of £7k.

- 4.7 The Pools contract losses relate to final utility bills which were estimated for the 2004/05 accounts, but when invoiced at a later date, were subsequently higher than estimated. This resulted in a contribution to the DSO reserve of £12k. The overall increase to the DSO reserve was a net increased contribution requirement of £5k.
- 4.8 The DSO reserve balance is zero and the Public Conveniences contract has been incorporated into the General Fund budgets for 2006/07 onwards, taking into account the increased costs.
- 4.9 The Careline Centre made a deficit for the year, this was as a result of an increase in recharges of £18k relating to legal and IT costs. There was also an increase in costs due to the implementation of new call handling equipment, which resulted in increased leasing costs (£7k) and other costs which could not be leased (£2.7k.)

Collection Fund

- 4.10 Collection Fund surpluses can be transferred to the General Fund in future years to reduce the amount of council tax that the Council has to raise to finance its own expenditure. Similarly surpluses on the Collection Fund attributable to Hertfordshire County Council and Hertfordshire Police Authority can be transferred to their respective General Funds in future years to reduce their amount of council tax.
- 4.11 The Collection Fund statements are detailed in pages 43-46 of the Statement of Accounts. There was a deficit of £518k on the Collection fund for 2005/06. The deficit on the collection fund arose partly due to the increase in the provision for bad debt of £690k on ageing debt. This creates a carried forward net deficit at the year end of £424k, apportioned over the precepting authorities as follows:

Table 3 – Collection Fund Deficit (2005/06)

Precepting Authority	Apportioned Deficit £'000
North Hertfordshire District Council	62
Hertfordshire County Council	322
Hertfordshire Police Authority	40

- 4.12 As part of the budget setting process for 2006/07 a £33k contribution to the Collection Fund was estimated as part of the 2006/07 General Fund budget. If the Collection Fund does not make a surplus in this current year then the provision will need to be made for a contribution from revenue to cover the current net deficit of £29k.

General Fund Balances Projected For 2006/07

- 4.13 A review of all the net underpends/increases in income will result in an increase in General Fund balances in 2006/07 of £373k (see table 1, paragraph 4.1). However, there are a number of other pressures on the General Fund, which may increase net expenditure and will be reported to Cabinet as part of the quarterly budget monitoring process. These relate to:
- savings options approved 2006/07, which are yet to be fully implemented and will be reported as part of the 1st quarter monitoring report, including an estimated shortfall in car park income of £60k.
 - Concessionary fares, consultants have been appointed to calculate reimbursement based on usage and are due to report back in October. The free scheme was introduced on 1st April 2006. The Council's current contribution is £800k.

- The estimated capital receipts income assumed for the 2006/07 capital programme is currently £4.102 million, however, it is likely that only £2.152 million will be achieved. This may necessitate a revenue contribution to capital. This will be dealt within the capital element of the Financial Strategy reported to Cabinet in July. The impact of any reduction in capital receipts estimated for the year is likely to have a negative impact on the investment interest budget.
- Investment interest may also be lower because the value of investments at the start of 2006/07 was only £67million, compared to the estimated value of £71million. The Council had investments of £75million for the same period last year.
- North Herts. Homes will be tendering the legal Service Level Agreement (SLA), with the Council in September, which could result in a loss of income if the Council's bid is not successful.
- The net expenditure estimated for 2007/08 of £17.398 million would require a 5% General Fund balance of £870k. the Financial Strategy which will be reviewed in July 2006 envisaged a General Fund balance of £1million in 2007/08, leaving a balance of only £130k for risks.

4.14 The changes to the 2005/06 actual General Fund balance impacts on the projected balance for 2006/07. The General Fund Balance is now projected to be £2.335million at 31st March 2007, a summary of the transactions creating this change are shown in Table 4 below:

Table 4 Projected General Fund Balances as at 31st March 2007

Projected General Fund Balances as at 31st March 2007	£'000
Balance Brought Forward (1/4/2006)	3,882cr
Projected Net Spend (original estimate)	17,684dr
Precept Receipts & Government Grants	16,312cr
Contribution from LSVT reserve*	320cr
Contribution to Collection Fund	33dr
Estimated shortfall in savings options	163dr
Estimated reductions in General Fund net expenditure	373cr
Carry Forwards Agreed 3 rd Quarter Report	128dr
New Carry Forwards requested	644dr
Balance Carried Forward (31/3/2007)	2,235cr

* the projected balances in the 2005/06 Budget Strategy included an allowance for underspends, the 2006/07 LSVT contribution has been adjusted to reflect this.

4.15 The projected balance on the General Fund is £1,035k higher than estimated, however as stated in paragraph 4.13, there are a number of factors which may reduce the General Fund balance. Table 5 Summarises the effect on balances of the under spend identified in Table 4 above.

Table 5 Reconciliation of 2006/07 General Fund Under spend

Reconciliation of Under Spends on General Fund	£'000
Under spend on General Fund between Council Tax setting & 3 rd quarter (reported to Cabinet 28 th February 2006)	324cr
Under spend on General Fund between 3 rd quarter and 2005/06 closure (Table 1)	1,840cr
Allowance for under spend in Council Tax Setting process	567
Carry Forwards approved 3 rd quarter	128
Carry Forwards requiring approval in this report	644
Additional 2006/07 net savings identified in Table 1	373cr
Estimated savings option shortfall	163
Total projected increase in balances	1,035cr
which relates to:	
Estimated on-going savings	233cr
One off savings	802cr
Total projected increase in balances	1,035cr

- 4.16 A number of the underspends identified are of a one off nature and would not lead to an on-going reduction in net spend. The 2006/07 on-going base reductions are likely to be in the region of £233k which are as a result of higher income (Planning, Land Charges) and a reduction in some recycling costs. Much of 2006/07 savings on composting will be a one-off, assuming the new processing plant is open for 2007/08. The on-going base reductions could be used to reduce future years savings targets, however it should be noted that the income increases relate to demand led income, which may carry a higher risk in terms of budget setting and should the income on these demand led budgets reduce, there would need to be a corresponding increase in General Fund net expenditure. Further work is being completed to assess the effect of the savings in table 5 on the General Fund budgets and this will be incorporated into the July Budget Strategy report.
- 4.17 However, Members are reminded that the 5 year Budget Forecast for the period 2006/07 to 2010/11, showed that expenditure exceeded income and required a savings target of £1.5million in addition to the use of balances to set a Council Tax of inflation plus 2% and that the Local Voluntary Transfer reserve (LSVT) had been fully utilised by 2010/11.
- 4.18 The balance on the LSVT reserve and the General Fund was projected to be £3.770million, the projected balance for both reserves is now estimated to be £4.905 million, an increase in balances of £1.035 million.

Consolidated Balance sheet (Net Worth)

- 4.19 The Council's balance sheet is detailed on page 27 of the Statement of Accounts; this shows the 'net worth' of the Council or how the Fixed and Current Assets have been financed. The Council's net worth for 2005/06 was £90.421 million a decrease of £3.483 million on the previous year, this is partly due to the increased liability of £1.238 million on the pension reserve. The Council is required under accounting regulation FRS 17 to show the pension liability in the accounts. However, FRS 17 valuations do not determine the contributions the employer needs to pay into the fund.

Other Reserves & Provisions

Reserves

- 4.20 A reserve can be established from 'events that have allowed monies to be set aside, surpluses or decisions causing anticipated expenditure to have been postponed or cancelled.' A description of each of the General Fund reserves is given on page 38 of the Statement of Accounts and the movement on each earmarked reserve is detailed on page 39, the total of the earmarked reserves was £5.116million as at 31st March 2006.
- 4.21 The other Reserves shown on the balance sheet are a combination of balances or resources that have already been applied to finance capital expenditure such as the Capital Financing Account and Government Grants deferred which are not available to finance future expenditure plans.
- 4.22 The Reserve balance, (other than the earmarked reserves mentioned in paragraph 4.19) available to finance future spend is the Usable Capital Receipts Reserve, this had a balance of £19.397million at the year-end, further detail is given on page 33 of the Statement of Accounts. A large part of the available balance was from LSVT receipts and members will note that, from 2005/06 the Council no longer receives a share of the right to buy income and will only generate future receipts from the sale of land and properties.

Provisions

- 4.23 A provision must be established for any 'material liabilities of uncertain timing or amount to be settled by the transfer of economic benefit'. Provisions, totalling £262k are detailed on page 33 of the Statement of Accounts, together with a brief description of their purpose.

Debtors and Bad and Doubtful Debt Provisions

- 4.24 The following table summarises the movements in the Authority's debtor accounts in 2005/06. This information can also be found on page 32 of the Statement of Accounts:

Table 6 – Debtors 2005/06

	Balance at 31 March 2006 £'000	Movement in balance £,000	%
Government Departments	1,939	+1,603	+475.94
Custom & Excise	156	-82	-34.39
Other Local Authorities	0	0	0
Ratepayers/Charge payers	5,402	-552	9.27
Sundry Debtors	3,697	-872	-19.09
Total	11,194	+97	+0.87

Government Department Debtors

- 4.25 Government Department debtors have increased from the 2004/05 balance largely as a result of two payments. Firstly, payments to the NNDR pool were £644k more than the actual due for the year; compared to £286k in 2004/05.

- 4.26 Secondly, the DWP was a creditor of the Council in 2004/05 as the DWP payments exceeded the estimated final subsidy by £397k. However, in 2005/06, due to the delay in the submission of the 2004/05 final audited claim, the DWP held back monies and consequently the DWP debtor is estimated to be £1.069 million.

Sundry Debtors

- 4.27 In 2004/05 £983k was due from NHH for the Council's share of Right to Buy receipts and VAT for the period January to March 2005. The receipts due from NHH have now ceased.
- 4.28 Net arrears on Debtors raised via the Council's sales ledger have increased by £814k to £1.248million, an increase of £434k, most of the increase relates to outstanding debt raised on the 30th March, relating to leasing agreements. However the age profile of the debt has increased and this required an increase in the debtor provision.

Bad and Doubtful Debt Provisions

- 4.29 Members will notice below, that the provision for bad and doubtful debts has increased from £1.553 million to £2.528 million. A review of NNDR and Council Tax debt provisions required an increase in the amount of provision made based on the age of the debt. The NNDR debt provision in the year was a negative contribution due the writing on of £410k of credit balances relating to numerous NNDR accounts over a number of years. Should any of these credits be subsequently claimed, a higher in year provision will be required.

Table 7-Bad and Doubtful Debt Provisions

	Balance B/F	Write Off /On in Year	Provision in Year	Balance C/F
	£'000	£'000	£'000	£'000
General Fund:				
Summons Costs	246cr	4	20cr	262cr
Sundry Debtors	259cr	38	51cr	272cr
UPVC	13cr	0	13	0
Collection Fund:				
NNDR	405cr	410cr	134	681cr
Council Tax	630cr	7	690cr	1,313cr
Total	1,553cr	361cr	614cr	2,528cr

5. TREASURY MANAGEMENT ACTIVITY 2005/06

- 5.1 The Treasury Management Statement in Appendix C details the treasury management function for 2005/06. This sets out the total borrowing and interest earned on investments for the year. £3.680 million interest was generated in the year from investments.
- 5.2 Page 1 of Appendix C details the operating lease agreements entered into in 2005/06; these totalled £366k and require Cabinet formal approval. The leases relate to I.T equipment and wheeled bins.

6. LEGAL IMPLICATIONS

- 6.1 The Accounts and Audit Regulations 2003 require that the Annual Statement of Accounts be approved by the deadline date of 30th June 2006. The Statement is

provided for information, however it is Council that must approve the Statement as this cannot be an executive function.

7. FINANCIAL AND HUMAN RESOURCE IMPLICATIONS

- 7.1 Financial implications are contained in the body of the report.
- 7.2 There are no direct human resource implications arising from this report, Members will note that the Annual Statement of Accounts are required one month earlier than last year (2004/05, 31st July 2005).

8. RECOMMENDATIONS

- 8.1 Cabinet is requested to carefully consider the contents of this report and note its impact on the Annual Statement of Accounts and ask any questions which may arise.
- 8.2 Cabinet is requested to note the increase in the transfer to the DSO reserve of £5k, (paragraph 4.7 refers).
- 8.3 That Cabinet approves the additional carry forward of budgets totalling £644K, including the carry forward proposal for the LABGI grant (paragraph 4.4 refers), making the total carry forwards for the year, £772k.
- 8.4 That Cabinet approve the amendments to the 2006/07 budget of £373kcr, (Paragraph 4.1, table 1 refers).
- 8.5 That Cabinet notes the Council's treasury management activities for 2005/06 and approves the operational lease agreements entered into in 2005/06, totalling £366k.

9. REASONS FOR RECOMMENDATIONS

- 9.1 To enable any queries raised to be addressed before Council approve the Statement of Accounts for 2005/2006.
- 9.2 To ensure Cabinet's budget monitoring role is fulfilled before acceptance of the Annual Statement of Accounts by the 30th June 2006.
- 9.3 To ensure scrutiny of the Council's treasury management activities for 2005/06 and approval of all operational leases entered into in 2005/06.

10. APPENDICES

- 10.1 Appendix A – Annual Statement of Accounts 2005/2006, attached as a separate document.
- 10.2 Appendix B – Carry Forward Budgets requested for 2006/07
- 10.3 Appendix C – Treasury Management Activity 2005/06

11. CONTACT OFFICERS

- 11.1 Report Writer - Finance – Clare Fletcher, Accountancy Manager Tel. 474470 –
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- 11.2 Contributors - Frances Bogie – Head of Legal & Democratic Services Tel 474460
- 11.3 - Kerry Shorrocks- Head of Human Resources Tel 474224

12. BACKGROUND PAPERS

- 12.1 Revenue Estimates 2005/2006
Financial Ledger (March 2006) Unaudited

**Annual
Statement of Accounts
2005/2006**

**North
Hertfordshire
District Council**

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The Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance & Regulatory Services;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

The Director of Finance & Regulatory Services Responsibilities

The Director of Finance & Regulatory Services is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice).

In preparing the statement of accounts, the Director of Finance & Regulatory Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Director of Finance & Regulatory Services has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the statement of accounts presents fairly the financial position of the authority at the 31 March 2006 and its income and expenditure for the year then ended.

Norma Atlay
Strategic Director of Finance & Regulatory Services

The Chairman of the Approving Committees Responsibilities

I confirm that these accounts were approved by Council at the meeting held on 27th June 2006

Signed on behalf of North Hertfordshire District Council:

Chairman of meeting approving the accounts: _____
Councillor C.P.A. Strong, Chairman of the Council

Date **27th June 2006**

Foreword by the Director of Finance & Regulatory Services

1. The Council's accounts for the year 2005/2006 are set out on pages 8 to 49 and consist of a number of statements, these are listed below, together with their purpose and the relationship between them:

The Statement of Internal Control (page 13)- The system of internal control is designed to manage risk to a reasonable level, the Council's statement details how this is achieved.

The Consolidated Revenue Account (page 19) –This statement is the Council's revenue account, it reports the net cost for the year on the functions for which the Council is responsible. The statement also demonstrates how this cost has been financed, from Government grants and the tax payer.

The Consolidated Balance sheet – (page 27) -This statement shows the balances and reserves at the Council's disposal and its long term indebtedness, the fixed and net current assets employed in its operations, together with summarised information showing, fixed assets owned by the Council and the Council's net worth.

The Statement of Total Movement in Reserves (page 37) – This statement sets out the recognised gains and losses of the Council for the financial period and identifies those that have not been recognised in the Consolidated Revenue Account as at 31st March 2006. The overall movement on the Statement represents the movement in net worth between the opening and closing balance on the Consolidated Balance Sheet for the 2005/06 financial year.

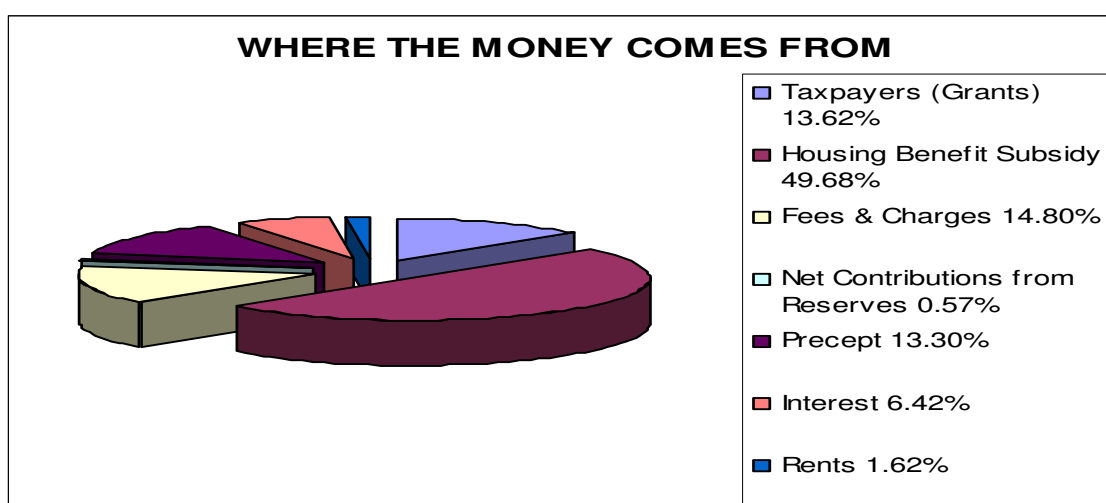
The Collection Fund Account (page 43)-This statement shows Council Tax, Community Charge and National Non-Domestic Rates income and expenditure on the Collection Fund together with the Collection Fund Income and Expenditure Account.

The Cash Flow Statement (page 47)- This statement which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

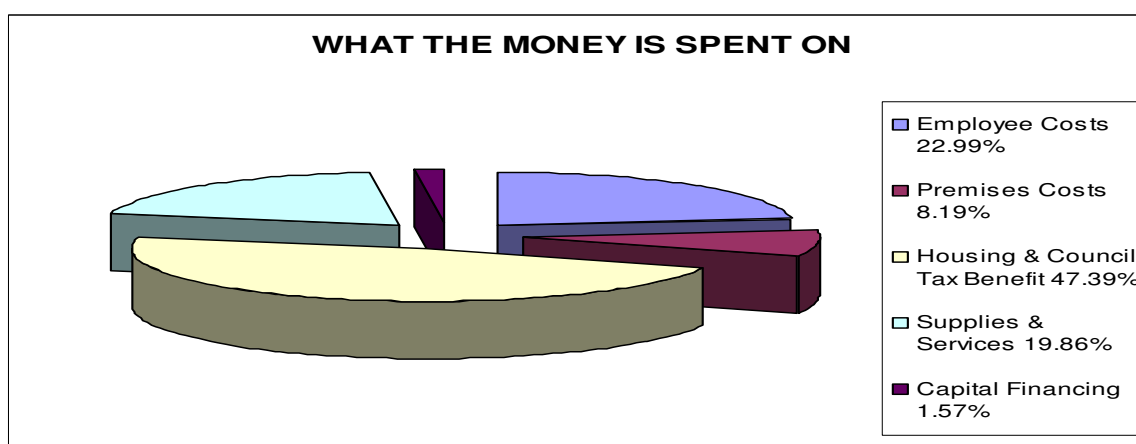
A Statement of Accounting Policies is shown on pages 8-12, these accounting policies apply to the accounting statements and give an explanation of the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

Foreword by the Director of Finance & Regulatory Services

2. This foreword gives a brief explanation of the financial aspects of the Council's activities for 2005-06 and draws attention to the main characteristics of the Council's financial position. The two charts below show in broad terms where the money came from and what it was spent on.
3. The 2005/06 gross income was £57.97 million, (including income from trading accounts), the largest single item was Housing Benefit subsidy providing 49.68% of the income total. Secondly, Fees and Charges accounting for 14.80% and then the third largest source of income was Government Grants which accounted for 13.62%. Precept income from tax payers which accounted for 13.30%, was the fourth largest source of total income.



4. Housing and Council Tax Benefit payments accounts for 47.39% of all expenditure (including trading account expenditure). Employee Costs (including associated costs such as training and recruitment costs) account for 22.99% of costs. Service and supplies such as, operating vehicles and purchase of supplies and services are 19.86% of the total expenditure. Financing charges account for 1.57% of the total this consists mainly of the payments of interest on loans and contributions to capital expenditure. Premises costs make up the remaining 8.19% of costs.



Foreword by the Director of Finance & Regulatory Services

GENERAL FUND BUDGET

5. The 2005/06 Revised General Fund Budget was a net expenditure of £17.34million (including parish precept payments), with a net contribution from other reserves of £0.642million. The balance at year-end on the General Fund was estimated to be surplus of £2.042million. The actual General Fund balance as at the 31st March 2006 was a surplus of £3.882million, an increase of £1.84million over the estimate. There were two main reasons for the increase in surplus; firstly additional requests to carry forward budgets, (£643 thousand), these relate to schemes or projects that were committed, but where the budget had not been fully spent. Secondly, Government approval was given to capitalise payments to the pension fund relating to retirements (£419 thousand), the approval was given after the revised General Fund budget was approved by the Council's Cabinet committee on the 28th February 2006.
6. Council has a policy of seeking to maintain a prudent level of General Fund balance. At 31st March 2006 with a balance totalling £3.882 million, the General Fund balance was above the recommended balance of £1.2 million in the General Fund Budget Report 2005/06, approved by members on the 10th February 2005.

HOUSING REVENUE ACCOUNT

7. The Council sold it's housing stock to North Hertfordshire Homes on the 31st March 2003. The dwellings were sold following a ballot of Council tenants in July 2002 in which 60% of tenants voted in favour of transferring to a new landlord. (69% of tenants voted).
8. In 2003/04 the HRA was closed with Secretary of State consent under the Local Government and Housing Act 1989 section 74(4), there is no requirement to keep a HRA and the surplus of £5,399,430 was transferred to the General Fund.

CAPITAL AND BORROWING

9. In 2005/2006 the Council had an original capital budget of £13.823million approved by Cabinet members on the 18th January 2005. This budget was revised to £9.410million and approved by Cabinet members on the 28th February 2006 The actual 2005/06 spend was £8.309million on capital items, of which £0.249million was funded from operating leases and the remaining £8.060million was funded from capital receipts, revenue and third party contributions.
10. The 2005/06 Original Budget allocated £2.931 million, (21.2% of the original budget), to assisting Housing Associations with new build and refurbishment schemes, £1.426 million of this budget was spent in 2005/06, the remaining £1.505million will be spent in 2006/07.
11. The Council funds the capital programme, primarily from the sale proceeds from assets. £7.126 million of capital receipts were used in this way in 2005/2006. The Council resources all capital expenditure (paid and accrued), within the financial year. The total amount of capital expenditure (excluding leased items), that required financing was £8.060million, of which 88.41% was financed from capital receipts, the balance of the funding requirement coming from third party contributions and other sources.
12. In previous years the Council has funded part of the capital programme from loans, the value of loans owed to external parties for capital spending amount to £6.62 million, as at 31st March 2006. This sum should be viewed, however, in relation to the value of the Council's assets which are valued by a combination of replacement cost and historic cost and have a net book value of £55.975 million and have an insurance value of over £82 million (31st March 2006). The ratio of outstanding debt to asset value appears high, however, the Council at the 31st March 2006 had investments of £67.35 million.

Foreword by the Director of Finance & Regulatory Services

PENSIONS

13. The Council participates in the Local Government Pension Scheme, the scheme is administered by Hertfordshire County Council. With the implementation of FRS 17 in 2003/04, the impact of the pension liability must be shown on the face of the consolidated balance sheet. The effect of the 2005/06 pension liability is to reduce the value of the Council's reserves by £30.5 million, (£29.261 million in 2004/05). Further information is given in Note 11 to the Consolidated Revenue Account, Note 13 to the Consolidated Balance Sheet and Note 1 to the Statement of Total Movement on Reserves.

GROUP ACCOUNTS

14. The Council is required to publish Group Accounts as part of the 2005/06 Statement of Accounts. Local Authorities have to consider all their interests and where material, in subsidiaries, associates and joint ventures include the value of the interest in the Group accounts. The Council has reviewed all such interests and has no material interest and therefore has no requirement to complete Group accounts.

POST BALANCE SHEET EVENTS

15. Events may occur between the balance sheet date and the date the accounts are signed by the Strategic Director of Finance & Regulatory Services and Regulatory Services which may have a bearing on the financial results of the year. Under FRS 21 (Events after the balance sheet date) there is a new requirement to disclose the date after which events will not have been recognised in the statement of accounts. This date is the 16th June 2006, this being the date the accounts will be ready for distribution to Council.

FURTHER INFORMATION

16. Further information about the accounts can be obtained by contacting the Strategic Director of Finance and Regulatory Services, Town Lodge, Gernon Road, Letchworth, Herts. SG6 3HN.

Statement of Accounting Policies

GENERAL

The accounts have been prepared in accordance with the Accounts and Audit Regulations 2003, the Code of Practice on Local Authority Accounting issued in 2002 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and guidance notes issued by CIPFA on the application of Accounting Standards (S.S.A.P's) and Financial Reporting Standards (F.R.S's).

ACCRUALS OF INCOME AND EXPENDITURE

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and FRS 18. The sums that are due to or from the Council during the year are included in the accounts whether or not the cash has actually been received in the year. In closing the accounts it is sometime necessary to estimate the amount of income or expenditure due. Capital accruals have been financed in the 2005/06 accounts, this is a change from previous years. Further information on the financing of capital expenditure is detailed in Note 2 to the Consolidated Balance Sheet (Page 30).

BORROWING - VOLUNTARY CODE OF PRACTICE

The Voluntary Code of Practice for the regulation of borrowing by local authorities has been adopted, and the authority has complied with since 2004/2005.

CAPITAL RECEIPTS

Income for the disposal of assets or 'capital receipts', are credited to the useable capital receipts reserve and accounted for on an accruals basis. North Hertfordshire District Council is no longer a Housing authority but is required to pay pooled capital receipts to the Government on mortgage repayments relating to Right to Buy properties and any discount repaid. This replaces the requirement under the Local Government and Housing Act 1989 to set aside a specified proportion of the receipt in the capital financing account.

CONTINGENT LIABILITIES

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the authority; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

The Council had no known contingent liabilities as at 31st March 2006

DEFERRED CAPITAL RECEIPTS

Income from the loan repayment on Council House mortgages are treated as capital receipts, however the proportion on the loan outstanding is not treated as capital receipts but are shown in the balance sheet as deferred capital receipts

Statement of Accounting Policies

DEFERRED CHARGES AND PRIOR YEAR ADJUSTMENTS

Deferred charges arise when the Council incurs capital expenditure, where no asset is realised, i.e. improvement grants. Because of the type of expenditure to which deferred charges usually apply, a local authority will seldom control the economic benefits arising from the expenditure and in such cases 100% of the deferred charge should be amortised to revenue in the year the deferred charge is recognised.

The 2004 SORP has been updated to be consistent with FRS 18. Deferred charges has been deleted as a heading in the balance sheet and replaced with the category 'intangible asset', because any unamortised deferred charges carried in the balance sheet must correspond to a recognised asset category, e.g. intangible asset in the case of purchased software.

FIXED ASSETS

Recognition

All expenditure on the acquisition, creation or enhancement of assets is capitalised on an accruals basis. Expenditure on fixed assets is capitalised in the balance sheet, if the asset yields benefit to the authority of more than one year.

Capitalised expenditure on fixed assets could be the acquisition of land or buildings or the enhancement of existing land, buildings and infrastructure. Enhancement meaning expenditure, which lengthens the life of the asset, increases substantially the open market value, or increases substantially the extent to which the asset can be used.

Where a fixed asset is acquired for other than a cash consideration or where payment is deferred, the asset is recognised and included in the balance sheet at fair value.

Measurement

The CIPFA code of practice recommends how assets should be valued in the balance sheet. Infrastructure assets and community assets are included in the balance sheet at historic cost, net of depreciation where appropriate. Operational land and properties are included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use. Non-operational land and buildings, including investment properties are included in the balance sheet at the lower of net current replacement cost or net realisable value.

In previous years the assets have been valued by the in-house Senior Estates Officer on an annual basis. From 2005/06, all assets included at current value are re-valued at intervals of not more than five years. The revaluation of fixed assets is carried out by a qualified internal valuer.

Where an asset has been included in the balance sheet at current value and is subsequently re-valued, the increase in the valuation is credited to the fixed asset revaluation reserve.

Statement of Accounting Policies

Impairment

The value at which an asset is included in the balance sheet is reviewed at the end of each reporting period and where the value of the asset has changed materially, the valuation should be changed accordingly. This could happen as a result of, a decline in the fixed assets market value, obsolescence or physical damage, adverse change in the statutory or regulatory environment, or a commitment to undertake a significant re-organisation.

Where an impairment loss on a fixed asset occurs it is recognised, if the loss is due to physical damage, the loss is recognised in the revenue account and the asset management account, as if the asset has been consumption of economic benefit, (as with depreciation). Other impairments, such as a drop in prices are recognised in the fixed asset restatement reserve.

Fixed assets, other than depreciated land should be reviewed for impairment at the end of each reporting period when either:

- No depreciation is made on the grounds it would be immaterial
- The estimated remaining useful life of the fixed asset exceeds 50 years

Depreciation

Depreciation is provided for on all fixed assets with a finite useful life, with the exception of non-depreciable land and non-operational properties. Depreciation is based on the amount at which the asset is included in the balance sheet, whether at net current replacement cost or historic cost. Depreciation is charged on a straight line method and depreciated over the useful economic life of the asset.

Charges to Revenue

All services are charged a capital charge for all fixed assets used in the provision of the service. The charge is comprised of, an annual charge for depreciation and a capital financing charge, the latter being calculated by applying a specified rate of notional interest to the net amount the asset is included in the balance sheet.

To ensure that the capital charges do not impact on the level of local taxation, they are reversed within an asset management revenue account that is disclosed below the net cost of services in the consolidated revenue account.

GOVERNMENT GRANTS

Revenue grants are matched to the expenditure to which they relate. Grants given to finance general activities are credited to the revenue account of the period in respect in which they are payable. Where a fixed asset is financed wholly or partly by a government grant, the amount of the grant is credited to the government grant-deferred account and written off to the asset management account over the useful life of the asset, to match the depreciation of the asset to which it relates.

INTEREST CHARGES

Interest charges and debt management expenses were recharged to revenue accounts from the Loans Fund. Interest payable on external borrowings and interest income, are accounted for on accruals basis, so that they are accounted for in the period to which they relate.

Statement of Accounting Policies

LEASING

The capital value of material items acquired during the year under operating leases is recorded as a note to the Balance Sheet, Note 3. The amount of operating lease rentals paid during the year and an estimate of the undischarged leasing obligations is also shown as a note, (See Page 30). Operating lease rentals are charged to revenue on a straight line basis over the life of the lease.

OVERHEADS

All costs relating to support costs are fully charged to their users, including services to the public, trading undertakings and capital accounts. The costs of corporate and democratic core and unapportionable overheads are not allocated to service accounts but to a separate expenditure head, these costs are shown separately in the Consolidated Revenue Account.

PENSION COSTS

Pension Reserve

The cost of providing pensions for employees is funded in accordance with the statutory requirements governing the Local Government Pension Scheme which is a classed as a defined benefit statutory scheme.

Where payments made for the year in accordance with the scheme requirements do not match the change in the authorities recognised asset or liability for the same period, the recognised cost of pensions will not match the amount required to be raised in taxation. This is represented by an appropriation to or from the pension reserve, which equals the net change in the pensions liability recognised in consolidated Revenue Account.

PRIOR PERIOD ADJUSTMENTS

The SORP requires that Financial Statements should disclose where practicable the effect of a prior year adjustment on the results of the preceding period. In addition the cumulative effect on reserves of any prior period adjustment should be disclosed at the foot of the Statement of Total Movements in Reserves. There were no prior year adjustments in the 2005/06 Statement of Accounts

Statement of Accounting Policies

PROVISIONS

Provisions are included in the accounts for liabilities that the North Hertfordshire District Council has a present obligation for as a result of a past event. The provision is charged to an appropriate revenue account, payments relating to the provision are charged directly to the provision.

PROVISION FOR BAD DEBTS

The value of Debtors shown on the balance sheet is adjusted for doubtful debts and in the collection fund for Council Tax and NNDR. The uncollectable debts are written off against the provision. Balance sheet provision for bad debts provided for are sundry debtors and summons costs. The provision is based on the age of the debt.

REDEMPTION OF DEBT

The Council operates a Consolidated Loans Pool, under the powers contained in Schedule 13 of the Local Government Act 1972

RESERVES

Reserves are set aside for specific purposes. The Statement of Total Movement in Reserves (page 37) identifies all the Council's reserves. These include both capital and revenue reserves, but capital reserves cannot be used for revenue purposes and some reserves are required by statutory provision. Prior to 2005/06, commuted sums and revenue contributions received from developers have been treated as earmarked reserves. The 2005 Statement of Recommended practice reclassifies these sums as receipts in advance, (creditors in the Consolidated Balance Sheet). As at 1st April 2005, the balance of commuted sums and revenue contributions received unapplied was £456,172 and £467,170 respectively. These monies are now shown as creditors in the 2005/06 Consolidate Balance Sheet. For further information on reserves see Note 1 to the Statement of Total Movement in Reserves.

VALUATION OF INVESTMENTS

Investments appear in the balance sheet at cost.

WORKS IN PROGRESS, STOCKS AND STORES

Consumable stocks are valued at cost based on a first-in-first-out basis (FIFO) in accordance with the 2005 Statement of Recommended Practice.

VAT

Value added tax (VAT) is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

Statement of Internal Control

1. Scope of Responsibility

- 1.1 North Hertfordshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, North Hertfordshire District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

- 2.1 The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can only therefore provide reasonable, not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.
- 2.2 The system of internal control has been in place for the year ended 31st March 2006 and up to the date of the approval of the annual report and accounts accords with proper practice.

3. The Internal Control Environment

- 3.1 The Council acknowledges its responsibility for the establishment and maintenance of an effective system of internal control, which adequately manages the risks that are significant to the fulfilment of strategic objectives.
- 3.2 The Council has an internal Audit and Consultancy service that has no operational responsibilities. This ensures that their duties are performed impartially. The annual audit risk-based plan contributes to the review of the Council's corporate governance arrangements, risk management processes and key internal control systems. The audit plan is reviewed after 6 to 9 months to identify any amendments needed to reflect changing priorities and emerging risks.
- 3.3 The objective of the work of internal audit is to provide reasonable assurance that the Council's control environment is adequately managed.
- 3.4 The Council has a Risk Management Strategy and Policy which was reviewed in November 2005. A dedicated Risk Manager oversees the implementation of the strategy.
- 3.5 The key elements of the Council's system of internal control are detailed in the following paragraphs.
- 3.6. Achievement of the Council's objectives**
- 3.6.1 Consultation with our partners through the Local Strategic Partnership was key to the development of our vision, 'Making North Hertfordshire a vibrant place to live, work and prosper'. The Council's mission, 'To work collaboratively with our partners and communities to deliver the vision for the district of North Hertfordshire' supports this vision. The original Community Strategy, developed in 2003 with the assistance of the LSP identified eight key areas of interest to our communities, and from these the Authority has developed six strategic objectives, which govern every aspect of service delivery.

Statement of Internal Control

- 3.6.2 The achievement of our strategic objectives is dependent on the delivery of a range of short, medium and long-term projects. The overarching projects are outlined in the Council's Corporate Plan and developed in more detail in the individual service plans which underpin it.
- 3.6.3 Projects included in these plans are included within the Service and Financial Planning Programme for the Authority to align the service proposals to appropriate levels of funding to deliver each project. This is a robust framework which scores individual projects against the Authority's strategic objectives, results of public consultation, and legislative need. The Council's Risk management process is a critical element of this process. Any significant risks to delivering key projects on the Corporate Plan are likely to be considered as "Top Risks". The Top Risks are owned by Cabinet and the Corporate Management Team and are monitored on a quarterly basis by PARC.
- 3.6.4 A rigorous overview and scrutiny function is provided by the Council's Performance, Audit and Review Committee which regularly monitors the Council's performance in its key areas against agreed targets.

3.7 Policy and decision-making

- 3.7.1 The Council's Constitution, which is regularly reviewed, sets out the roles and responsibilities of Members and officers as both individuals and members of committees.
- 3.7.2 The Members' roles are to ensure that effective policy making, scrutiny and monitoring occur. The committee structure has been developed to maximise the effectiveness of these processes. Additionally, Member expertise and involvement are enhanced by the Portfolio role of key members in their delegated roles and the training and development of all Members in the above functions.
- 3.7.3 Officer decision-making at a strategic level is led by the Corporate Management Team, which comprises the Chief Executive, two Strategic Directors of whom one is the Council's Section 151 Officer, the Monitoring Officer and the Corporate Property Officer. At a directorate level, the senior officer Directorate Management Teams lead decision making.
- 3.7.4 To ensure that projects relating to key objectives are achieved on time and within budget and that effective scrutiny takes place, a robust project management process exists. This will ensure that the management of individual projects is undertaken in a manner proportionate to the overall project; at the review of the Corporate Plan annually, it will be possible to identify those projects that require Prince II methodology to deliver, and those which can use a 'lighter touch' (sub Prince) method. This will be subject to regular review through CMT, Directorate Management Teams (DMT) and reported to Performance Audit and Review Committee (PARC) six monthly.

3.8 Policies, procedures, laws and regulations

- 3.8.1 The Council's objectives must be compliant with current legislation and regulations. The Council's policies and procedures are drawn up to ensure such compliance. A regular review process confirms that changes in legislation and regulations are identified and appropriate updates are made. Changes are disseminated to relevant staff through the Council's training and development programme and more broadly using the Council's internal communication mechanisms.
- 3.8.2 The Council's Appraisal Process identifies skills' gaps, which are then addressed through the individual's training and development plan.
- 3.8.3 Recruitment procedures ensure the appointment of officers capable of understanding, implementing and complying with all policies, procedures, laws and regulations.

Statement of Internal Control

3.8.4 Concerns regarding non-compliance with policies, procedures, laws and regulations can be reported through the Council's Anti-Fraud and Corruption and Confidential Reporting (Whistleblowing) policies and will be investigated and acted on following clearly defined guidelines.

3.9 Economic, effective and efficient use of resources

3.9.2 The Council operates a system of priority led budgeting. This ensures that resources are directed and / or redirected towards the achievement of strategic objectives (as outlined at 3.6.3 above). The service and financial planning system facilitates a critical review of existing services and budgets which ensures the economic, effective and efficient use of resources.

3.9.3 Service led reviews are carried out under the auspices of the Best Value regime. The review process is scrutinised by the PARC to ensure its robustness. Service improvement action plans arising from reviews are regularly monitored annually to ensure that key targets are achieved. We have just completed our five year Best Value cycle and proposals are being drawn up for consideration by CMT and PARC to develop another five year plan for service reviews, but in a manner that reflects the potential benefits to and size of the service itself. This will ensure that Fundamental Service Reviews are used predominantly to measure the effectiveness of cross-cutting services (or those which impact in a number of areas) with more discrete reviews for remaining services and with regard to their emergence from existing action plans and inspection reviews.

3.9.4 Further analysis of the Council's use of resources is achieved at Member level through the Scrutiny Committee and at officer level through the work of the Council's internal audit service.

3.9.5 Central Government's drive for efficiency in local services has been incorporated into the Council's existing mechanisms for the achievement of economy, effectiveness and efficiency and value for money. Such mechanisms include the Council's Procurement Strategy, Contract Standing Orders and Procurement Procedure guide.

3.10 Financial Management

3.10.2 The Council's annual service and financial planning process targets resources to meet the Council's strategic objectives. To achieve the delivery of services which both allow the Council to meet its statutory duties and achieve its strategic objectives, the service and financial planning process includes challenge through a senior management group, Challenge Board. Portfolio holders, area committees, Member workshops and Scrutiny Committee exercise Member challenge through consultation and scrutiny. The integrated timetable for corporate planning, priority setting and budget planning process outlines at which point each of these committees will be consulted.

3.10.3 Key to the service and financial planning process is the management of both growth and efficiency savings. The risk management process together with a regular monitoring and review regime involving Members through PARC/Cabinet and officers through Corporate and Directorate Management Teams ensures that continuous progress is made towards achieving of all objectives.

3.10.4 To ensure a balanced budget is set and to provide adequate financial resources to deliver the 10 year Corporate Plan, a medium to long-term financial strategy has been adopted.

3.10.5 Underpinning the Council's financial management arrangements is a regulatory framework comprising Financial Regulations, Contract Standing Orders, key systems audits and the role of the statutory Section 151 officer.

Statement of Internal Control

3.11 Performance Management

- 3.11.2 The process for the collection of and reporting on a range of statutory and local performance indicators is well established. Member scrutiny is exercised through the roles of the Portfolio holders and the Performance, Audit and Review Committee who receive regular reports on the attainment of targets and review the recovery plans for any failing targets.
- 3.11.3 Officers attending Corporate and Directorate Management Teams review performance against the Authority's key performance indicators as well as those 'local' indicators relating to their service areas.
- 3.11.4 The Council's annual Best Value Performance Plan, which was unqualified in 2004/05, is used as a vehicle to inform the local community and partners of success and progress against both strategic objectives and service performance.

4. A review of effectiveness

- 4.1 North Hertfordshire District Council has responsibility for conducting, at least annually, a review of the system of internal control. The review of the effectiveness of internal control is informed by the work of senior managers within the Council, and the Council's risk management and internal audit functions. If appropriate, comments made by the Council's external auditors and other review agencies and inspectorates are incorporated.
- 4.2 In 2005/6 the Council formed a Corporate Governance Group chaired by the Chief Executive. One of the key roles of this Group is to continually review the Council's control environment and to prepare this Statement.
- 4.3 To further support the production of this Statement all Heads of Service and Strategic Directors (thereby including the Section 151 Officer and Monitoring Officer) have produced their own Assurance Statements. They have responsibility for developing and maintaining an adequate internal control environment within their service area
- 4.4 The Corporate Governance Group has undertaken an in depth review of the risk management process and found an overall medium to high level of assurance. An action plan to ensure continual improvement in the risk management processes at the Council is in place.

4.5 Achievement of the Council's objectives

- 4.5.1 The Vision for North Hertfordshire was agreed in 2004/05. The strategic objectives set out in the Council's Corporate Plan have been developed from the original Community Strategy published in 2003. Annual progress against the Corporate Plan will be reported each year. The plan itself will be refreshed in 2006/7 (and indeed each year to 2015) to ensure that new actions are developed for the longer term, that those in the medium term are considered for completion in the short term and that any implications with regard to legislation or policy direction are also included. Many of the original measures of success will remain, but it is also intended to ensure that actions to be undertaken also include clear performance measures to ensure more effective quarterly monitoring can be carried out by PARC.
- 4.5.2 The PARC has maintained a robust overview and scrutiny function and regularly monitors progress in key areas against agreed targets.

4.6 Policy and decision-making

- 4.6.1 Current arrangements supporting policy-making at North Hertfordshire District Council are working effectively. The Council will be continuing to review the efficiency and cost of democracy in 2006/7.
- 4.6.2 We have implemented a major organisational restructuring to both improve how we deliver services and improve efficiency. In order to continually develop it is recognised that further more minor restructures will take place in 2006/7 .

Statement of Internal Control

4.7 Policies, procedures, laws and regulations

- 4.7.1 During 2005/6 the requirements arising out of the Licensing Act 2004 have been successfully implemented. Parking services successfully completed its first year of operation under revised legislation decriminalising parking contraventions. Internal audit found it to be well managed and running to published guidance. The Council also achieved level 3 in the Local Authority Equality Standard and to ensure delivery and a robust measurement of service compliance, equalities and social inclusion consideration will be built into the new timetable for individual service reviews described at 3.9.2.
- 4.7.2 During 2005/6 additional training for elections administration staff has been undertaken and the procurement process for a new electoral administration software package has commenced. In 2006/7 the new software will be implemented.
- 4.7.3 In the 2004/05 Statement on Internal Control it was revealed that further work was required to ensure full compliance with both Health and Safety Legislation and The Money Laundering Regulations 2003. In 2005/6 the risk of full compliance with Health and Safety legislation has been reduced and in 2006/7 a health and safety strategy with relevant performance indicators will be implemented. With regard to the Money Laundering Regulations the only remaining action for 2006/7 is to ensure relevant staff are given proportionate training on the policy.
- 4.7.4 The 2003/04 Statement on Internal Control highlighted the need to embed the requirements of the Data Protection Act across the Authority. In 2005/6 one Notice of Non-Compliance was issued by the Data Protection Officer where a breach was identified. A number of recommendations were completed by 30th April 2006 and the notice has been lifted. A continuing training programme for Data Protection and the Freedom of Information Act remains in place.

4.8 Economical, effective and efficient use of resources

- 4.8.1 The Council has undertaken a self-assessment against the CPA Use of Resources which has been reviewed by the Audit Commission. We have assessed our current level as a "2" and will be seeking to improve our performance in the year. A separate action plan is in place for work in 2006/7. In particular we will undertake a review of our partnerships in order to analyse those considered by the Authority to be considered significant.
- 4.8.2 During 2005/06, PRINCE2 training was provided for additional key officers and the PRINCE2 methodology is now used to manage all large projects. This was demonstrated by the delivery to time and within budget of the new Royston Leisure Centre alongside the appointment of new leisure facility management contractors. In 2006/7 further guidance will be provided for programme governance.
- 4.8.3 Since the 2005/06 Statement of Internal Control a Business Continuity Strategy Management Strategy has been agreed and all key service areas have produced business continuity plans. In 2006/7 further work needs to be undertaken to test the plans and to ensure that all the key service areas have relevant procedure notes. The completion of the testing may lead to further work being undertaken. The IT Disaster Recovery Contract needs to be reviewed in line with business continuity requirements.
- 4.8.4 In the 2004/5 Statement of Internal Control concerns were raised about the Council's Delphi Payroll system. The 2005/6 internal audit of payroll has produced a medium level of assurance and the procurement process of acquiring a replacement HR system that incorporates a payroll module is now underway. It is anticipated that the new system will be implemented before the end of the 2006/7 financial year.

Statement of Internal Control

4.8.5 The IDeA has conducted a peer challenge of the Council's preparedness to complete the national procurement Strategy milestones. It concluded that North Herts has a clear leadership vision for procurement with members having a defined role in respect of overview and scrutiny for strategic procurement. In addition there is a need to review and develop an appropriate governance structure for procurement. It suggests the existing procurement and contracts group remit could be extended to include all procurement and that it comprises those heads of service that have a significant role in procurement. The group would be responsible for further developing and implementing the corporate procurement strategy, ensuring that roles and responsibilities are clear, best practice is adopted and that appropriate procurement skills and training are developed, and that gateways are embedded into strategic procurements.

4.9 Financial Management

4.9.1 Work undertaken by officers is generally compliant with the requirements of Financial Regulations and Contract Standing Orders with instances of non-compliance highlighting internal control weaknesses rather than a breakdown of internal control. At the annual review of Financial Regulations in May 2006 these issues will be addressed. Training continues to be made available through the Corporate Training Programme to ensure that officers gain the relevant competencies in these areas.

4.9.2 In the 2005/6 Statement of Internal Control, one area where further improvement could be made in procurement was the early involvement of IT professional in the procurement process to ensure that any potential problems following the acquisition of IT assets are avoided. This has now been resolved and each IT procurement now has to have a completed Project Initiation Document.

4.10 Performance management

4.10.1 In 2005/6, as part of the major restructure of the Council, the Performance Team moved to a directorate relationship model intended to provide increased knowledge of indicators and local factors affecting service delivery. This will become embedded in directorates in the coming year. As part of the risk management process Managers record the affect on a risk materialising on specific performance indicators. In addition the Service Plan Template and guidance for Heads of Service will contain reference to management of risk within their service planning.

4.10.2 The Audit Commission conducted a service review of the Planning and Building Control Service in 2005/6. The assessment was that we provide a 'fair' service that has promising prospects for improving. An action plan has been devised to respond to the recommendations. The authority was designated as a planning standards authority for not meeting interim performance thresholds for processing a proportion of planning applications within target times. This formal engagement by the ODPM was concluded on 30th March 2006. The authority currently exceeds all three national targets .

5. Significant internal control issues

5.1 There are no significant internal control issues to be reported in this Statement on Internal Control other than those raised in Section 4 (above).

Signed

J.T. Campbell - Chief Executive

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Councillor C. P.A. Strong - Chairman of
the Council

Consolidated Revenue Account

EXPENDITURE ON SERVICE	Note	2005/2006 Gross Expenditure £	2005/2006 Gross Income £	2005/2006 Net Expenditure £	2004/2005 Net Expenditure £
Central Services		3,744,151	(1,585,223)	2,158,928	2,034,489
Cultural, Environmental & Planning Services		18,820,434	(5,644,701)	13,175,733	11,862,139
Housing Services		33,289,302	(30,641,143)	2,648,159	5,228,344
Highways, Roads and Transport Services		2,772,506	(1,576,054)	1,196,452	897,326
Social Services		184,658	(131,678)	52,980	69,658
Corporate & Democratic Core		4,895,569	(9,676)	4,885,893	3,951,856
Net Cost of Services		63,706,620	(39,588,475)	24,118,145	24,043,812
Precepts paid to Parish Councils				780,358	578,455
Losses/ (Surpluses) from trading operations	1			79,245	501,951
Interest and Investment Income				(3,724,223)	(3,773,060)
Pension Interest cost and expected return on Assets	11			630,000	73,000
Asset Management Revenue Account (AMRA)	2			(1,609,162)	(1,205,660)
Contribution of housing capital receipts to Government Pool	13			220,920	0
Net Operating Expenditure				20,495,283	20,218,498
Contribution to/(from) insurance reserves				(92,935)	67,825
Contribution to/(from) reserves				(161,054)	(510,311)
Reconciling amount for provision for loan repayment	3			(4,389,878)	(6,293,836)
Revenue Contributions towards Capital				201,761	0
Contribution from The Pension Fund	11			(896,506)	429,526
Transfer from Usable Capital Receipts equal to the contribution to Housing Pooled Receipts	13			(220,920)	0
Amount to be met from Gov't Grant & Local taxpayers				14,935,751	13,911,702
Precept demanded from the Collection Fund				(8,491,927)	(7,929,615)
Revenue support grant				(3,183,592)	(3,183,104)
Contribution from non-domestic rate pool				(3,439,803)	(3,222,126)
Contribution from Collection Fund				(75,000)	(105,000)
Deficit/ (Surplus) for the Year				(254,571)	(528,143)
Balance at beginning of year				(3,627,594)	(3,099,451)
Deficit/(Surplus) for year				(254,571)	(528,143)
Balance at end of year				(3,882,165)	(3,627,594)

Best Value Accounting Code of Practice (BVACOP):

The above revenue service analysis is compliant with the latest accounting code of practice.

Notes to the Consolidated Revenue Account

1. TRADING OPERATIONS

The Council operated the following trading operations in 2005/06, which are not included in the net cost of services in the consolidated revenue account,

- Leisure Management covers the running of indoor and outdoor pools and the fitness centre. The Leisure Management contract has been re-tendered and has been awarded externally from the 1st April 2005. The residual costs relate to invoices which were accrued in the 2004/05 accounts on estimate, the actual costs were higher than anticipated.
- Public Convenience Cleaning covers the cleaning of public conveniences;
- Careline Centre covers the monitoring of alarms for the vulnerable across the district. The centre also provides a service for a number of other housing providers countrywide.

The trading accounts for these operations are detailed below.

SUMMARY REVENUE ACCOUNT	2005/06 Income	2005/06 Expenditure	2005/06 Surplus (Deficit)	2004/05 Surplus (Deficit)
	£(000)	£(000)	£(000)	£(000)
Public Convenience Cleaning	(98)	165	67	77
Careline Centre	(889)	918	29	(46)
Ceased Trading Operations (Leisure management)	0	12	12	470
	(987)	1,095	108	501

Appropriated to:

General Fund (Careline Centre)		29	(46)
DSO Reserve		79	547

APPROPRIATION ACCOUNT

		£	
DSO Earmarked Reserve B/F 1 April 2005			0
Loss in Year			79
Contribution From General Fund Reserve			(79)
DSO Earmarked Reserve surplus C/F 31st March 2006			0

FINANCIAL OBJECTIVES

In accordance with SORP 4.22, the nature, turnover and profits/losses of significant trading operations have been disclosed in a note to the Consolidate Revenue Account.

In previous years the Careline Centre income and expenditure has not been shown within the 'net cost of services total', but included within the 'transfer to/(from) reserves' total. Although the majority of the clients of Careline are third parties, the Centre does provides some lone worker and out of hours service for the Council's staff. Therefore in 2005/06 consolidated revenue account, the Careline gross income and expenditure is shown within the net cost of services total, under the heading 'Housing Services'. For comparison with the 2004/05 consolidated revenue account, the Housing net expenditure would have decreased by £46,665 and the transfer to reserves would have increased by £45,665.

Notes to the Consolidated Revenue Account

2. ASSET MANAGEMENT REVENUE ACCOUNT

	2005-06	2004-05
	£	£
Reversal of capital charges for the use of fixed assets	(3,261,480)	(2,756,821)
Less:		
External interest payable	587,194	637,918
Depreciation	1,114,685	885,021
Impairment	21,734	0
Capital Grants Released from Government Deferred Grants Account	(124,386)	(43,936)
Debt Management expenses	53,091	72,158
Net Movement in Asset Management Revenue Account	(1,609,162)	(1,205,660)

The system of capital accounting requires that to ensure that capital charges do not impact on the level of local taxation, they be reversed within an asset management revenue account that is disclosed below the net cost of services.

3. RECONCILING AMOUNT FOR PROVISION FOR LOAN REPAYMENT

The authority is required by statute to set aside a minimum revenue provision for the redemption of external debt. The method of calculating the provision is defined by statute. For 2005/2006 the amount is nil, as the authority had a negative Capital Financing Requirement. This entry represents the difference between charges made to the Asset Management Account and any principal repayments, including the minimum revenue provision. The Consolidated Revenue Account shows a 'reconciling amount for the provision for loan repayment' of £4,389,878 this is the sum of the following:

	2005-06	2004-05
	£	£
Minimum Revenue Provision	0	0
Repayment of earmarked Loan (Hitchin Swim Centre)	180,000	160,500
Less:		
Commutation adjustment	(116,224)	(111,473)
Amortisation of Intangible Assets	(91,237)	(17,043)
Deferred Charges (see Page 31 note 4)	(3,350,385)	(5,484,735)
Impairment adjustment	(21,734)	0
Depreciation adjustment	(1,114,684)	(885,021)
Add:		
Capital Grants Released from Government Deferred Grants Account adjustment	124,386	43,936
Contribution to Capital Reserves	(4,389,878)	(6,293,836)

Notes to the Consolidated Revenue Account

4. AGENCY SERVICES

The Council carried out certain work on an agency basis for which it is fully reimbursed for direct expenses relating to the work undertaken. Staffing costs are not fully reimbursed.

The principal areas of work are:

Engineering Services liaise with the Herts. Highways Partnership who carry out works on the district's highways, including carriageway repairs and footpath maintenance. Conversely, the Council provides verge maintenance works for the partnership. Building and ground maintenance works are carried out by the Council, on assets held by Royston Town Council and HCC Library. The 2005/06 total net expenditure for these works including income from both the Partnership and Royston Town Council was £222,102 (2004/2005 was £205,607).

TOTAL EXPENDITURE:	2005/2006	2004/2005
	£	£
Highways	206,459	194,636
Other Agencies	35,915	31,489
	<u>242,374</u>	<u>226,125</u>

5. SECTION 137 EXPENDITURE

Section 137 of the Local Government Act 1972, as amended, empowers local authorities to make contributions to certain charitable funds, not for profit bodies providing a public service in the United Kingdom and mayoral appeals. The expenditure is limited to £1.90 per head of resident population (equivalent to £227,810 in 2005/2006) for the benefit of people in their area on activities or projects not specifically authorised by other powers. Under this section of the Act, local authorities are required to account separately for any such expenditure:

	2005/2006	2004/2005
	£	£
Grants to Voluntary Organisations: -		
Community Grants	152,576	145,419
Section 137 limit	<u>227,810</u>	<u>226,290</u>

6. PUBLICITY

The authority is required under section 5(i) of the Local Government Act 1986, to keep a separate account of its expenditure on publicity.

	2005/2006	2004/2005	Change
	£	£	£
Staff Recruitment	96,981	108,689	(11,708)
Advertising & Publications	130,718	189,058	(58,340)
Public Relations	(32,854)	(30,008)	(2,846)
	<u>194,845</u>	<u>267,739</u>	<u>(72,894)</u>

Notes to the Consolidated Revenue Account

7. BUILDING CONTROL TRADING ACCOUNT

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities.

The statement below shows the total cost of operating the building control unit between the chargeable and non-chargeable activities.

Building Regulations Account 2005/2006	Chargeable £	Non- Chargeable £	Total £
Gross Expenditure	434,466	228,764	663,230
Income:			
Building Regulation Charges	562,456	0	562,456
Miscellaneous Income	0	13,822	13,822
Total Income	562,456	13,822	576,278
Surplus/(Deficit) for year	127,990	(214,942)	(86,952)
Surplus transferred to Reserve	127,990		127,990
Building Regulations Account 2004/05:			
Expenditure	463,217	231,975	695,192
Income	533,618	12,986	546,604
Surplus/(Deficit) for year	70,401	(218,989)	(148,588)

8. EMPLOYEES REMUNERATION

The authority is required under part 6 of the Accounts and Audit Regulations 2003, to include in the notes to the accounts the number of employees in the accounting period whose remuneration was in excess of £50,000. The remuneration is to be shown in each bracket of a scale in multiples of £10,000. For this purpose remuneration means all amounts paid to or receivable by an employee other than employers pension contributions and includes sums due by way of taxable expenses and the estimated money value of any benefits.

The Number of Employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:			
remuneration band	2005/06		2004/05
	Employees	Leavers	Employees
£50,000-£59,999	7	1	9
£60,000-£69,999	0	0	0
£70,000-£79,999	2	0	2
£80,000-£89,999	1	1	0
£90,000-£99,999	1	0	1

Notes to the Consolidated Revenue Account

9. MEMBERS' ALLOWANCES

The authority is required under the Local Authorities (Members' Allowances) (England) Regulations 2003, to disclose the total amount of members' allowances paid. The following table shows the amount of members' allowances paid in 2005/2006 compared to the previous two financial years:

Allowance	2005/2006	2004/2005	2003/2004
	£	£	£
Basic	146,447	111,176	104,694
Special Responsibility	61,484	48,152	44,363
Total	207,931	159,328	149,057

10. RELATED PARTY TRANSACTIONS

The council is required to disclose material transactions with related parties - bodies or individuals that have potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central government has effective control over the general operations of the council - it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in the note to the Cash Flow Statement.

Members of the council have direct control over the council's financial and operating policies. During 2005/6, works and services to the value of £224,099 were commissioned from companies in which 23 members had an interest. Contracts were entered into in full compliance with the council's standing orders. In addition, grants totalling £272,882 were paid to voluntary organisations in which 22 members had an interest. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussions or decision relating to the grants. Details of all of these transactions are recorded in the Register of Members' Interest and Disclosure of Personal Interest at Meetings. Both these documents are available for public inspection at Council Offices, Gernon Road, Letchworth, Hertfordshire.

5 of the Council's members have a place on the board of North Hertfordshire Homes. Receipts from Service Level Agreements (SLA's), between the council and North Hertfordshire Homes (NHH) totalled £839,031. £87,675 was paid to NHH under reciprocal SLA's. VAT receipts valued at £1,161,251 were received from NHH under LSVT transfer agreements.

In addition the council entered into transactions with Herts. Highways Partnership (shown in Note 4 of the Consolidated Revenue Account).

The council has no substantial interests in companies or joint ventures.

Notes to the Consolidated Revenue Account

11. ACCOUNTING FOR PENSION COSTS.

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually become due until the employees retire, the authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in one pension scheme, the Local Authority Pension Scheme, this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Further information concerning the scheme can be found in Hertfordshire County Council Pension Fund's Annual Report, which is available upon request from Hertfordshire County Council, Corporate Services, County Hall, Hertford, Herts. SG13 8DQ.

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the CRA after Net Operating Expenditure. The following transactions were made in the CRA for the year.

Local Government Pension Scheme	2005-06	2004-05
	£'000	£'000
Net Cost of Services:		
• Current Service Cost	1,451	1,349
• Past Service Cost (including curtailments)	607	201
Net Operating Expenditure:		
• Interest Costs	4,983	3,719
• Expected return on assets in the scheme	4,353cr	3,646cr
Amounts to be met from Government Grants & Taxation:		
• Movement on Pension Reserve	478cr	430
• Less Capitalised Pension Costs	419cr	0
Adjusted Movement on Pension reserve	897cr	430
Actual Amount charged against Council Tax for pensions in the year:		
• Employers' contributions payable to the scheme	2,210	2,053
• Less Capitalised Payments met from Capital Receipts	419cr	0
Net chargeable amount against Council Tax	1,791	2053

Following the publication of FRS 17 Retirement Benefits, local authorities are required to fully implement accounting for pension costs in the 2003/04 accounts onwards.

Further information on pension assets and liabilities is provided in note 13 to the Consolidated Balance Sheet, (Page 35-36) and note 1 to the Statement of Movement in Reserves (Page 39).

Notes to the Consolidated Revenue Account

11. ACCOUNTING FOR PENSION COSTS(continued)

PENSION CURRENT SERVICE COSTS

Current service costs are the increase in the present value of the scheme liabilities expected to arise from employee service in the current period. The current service cost for the year to 31st March 2006 was £1,451,000. (2004/05 £1,349,401)

PENSION PAST SERVICE COSTS

Past service costs can arise from the Employer awarding discretionary benefits e.g. added years augmentation or allowing employees to retire on unreduced benefits.

Over the year ended 31st March 2006, 3 former employees retired prematurely on efficiency grounds. The capitalised cost of the additional benefits relative to those reserved under FRS17 is calculated at £565,000. (2004/05, 3 former employees retired prematurely on efficiency grounds. The capitalised cost of the additional benefits relative to those reserved under FRS17 was calculated at £101,000.) The Council obtained approval from the ODPM under section 16 2 (b) of the 2003 Local Government Act to capitalise pension payments of £419,069, which related to these redundancies. Therefore part of the cost was met from capital receipts and not from the General Fund.

PENSION CURTAILMENTS

The costs take into account early payment of accrued pensions (including augmentations) in respect of any redundancies effected during the year ended 31st March 2006. There was 1 employee who retired early on the redundancy grounds. The capitalised cost of additional benefits relative to those reserved under FRS 17 was £42,000. (2004/05, there were 2 employees who retired early on the redundancy grounds. The capitalised cost of additional benefits was £100,000)

12. FEES PAYABLE TO THE AUTHORITIES APPOINTED EXTERNAL AUDITORS

Local Authorities are required to disclose fees payable to their external auditors in the statement of accounts, the 2004/05 fees are also detailed for comparison and these are laid out in the table below:

	2005/06 External Audit Fees	2004/05 External Audit Fees
Fees Payable:	£	£
External Audit Services	113,742	115,971
Statutory Inspection	0	0
Certification of Grant Claims	41,739	27,621
Other	0	1,149
Total	155,481	144,741

13. CONTRIBUTION TO HOUSING POOLED CAPITAL RECEIPTS

2004/05 was the first year that Authorities had to pay a proportion of specified housing related receipts into a Government pool for redistribution. Although the Council has transferred its housing stock, capital receipts relating to repaid discount and right to buy mortgages were received in 2004/05 and 2005/06. The payment of £220,920 shown in Net Operating Expenditure, relates to both financial years. The payment is offset by an appropriation from Useable Capital Receipts and is shown after Net Operating Expenditure.

Consolidated Balance Sheet at 31st March 2006

	31 st March 2006		31 st March 2005	
	£	£	£	£
NET FIXED ASSETS				
CAPITAL OUTLAY - Note 1				
Land and buildings	30,525,764		24,210,772	
Vehicles, plant, furniture and equipment	1,452,578		1,149,486	
Infrastructure assets	84,470		86,793	
Community assets	1,951,056	34,013,868	1,994,765	27,441,816
Non Operational Assets: Note 1				
Property	21,522,784		22,346,548	
Assets under Construction	438,085	21,960,869	2,729,056	25,075,604
		<u>55,974,737</u>		<u>52,517,420</u>
Intangible Assets - Note 4				
Software		165,430		34,085
Long Term Debtors:				
Mortgages	425,513		546,554	
Loans	27,015	452,528	28,505	575,059
		<u>56,592,695</u>		<u>53,126,564</u>
Total Long Term Assets				
CURRENT ASSETS				
Stocks & Works in progress – Note 5	63,329		56,593	
Debtors - Note 6	8,665,661		9,544,845	
Investments	67,359,982		74,919,982	
Bank In Hand	31,999	76,120,971	46,115	84,567,535
Less: Current Liabilities				
Loans (Less than one year) – Note 12	(396,923)		(872,486)	
Creditors - Note 7	(4,445,660)		(6,461,801)	
Bank Overdraft	(468,042)	(5,310,625)	(429,676)	(7,763,963)
		<u>70,810,346</u>		<u>76,803,572</u>
Net Current Assets/Liabilities		<u>127,403,041</u>		<u>129,930,136</u>
Total Assets less Current Liabilities		<u>127,403,041</u>		<u>129,930,136</u>
LONG TERM LIABILITIES				
Long Term Borrowing - Note 12		(6,220,379)		(6,617,302)
Provisions - Note 10		(261,626)		(147,104)
Liability Related to Defined Pension Scheme- Note 13		(30,499,965)		(29,261,529)
		<u>90,421,071</u>		<u>93,904,201</u>
TOTAL ASSETS LESS LIABILITIES		<u>90,421,071</u>		<u>93,904,201</u>
Financed By: :-				
Fixed Asset Restatement Account		(35,590,251)		(35,696,535)
Capital Financing Account		125,069,787		121,884,565
Useable Capital Receipts Reserve- Note 9		19,396,725		24,604,366
Government Grants		3,230,530		2,760,606
Deferred Capital Receipts – Note 8		240,607		351,075
Pensions Reserve- Note 13		(30,499,965)		(29,261,529)
Earmarked Reserves (see page 38-39)		5,115,960		5,540,678
Collection Fund		(424,487)		93,381
General Fund Reserve		3,882,165		3,627,594
		<u>90,421,071</u>		<u>93,904,201</u>
TOTAL NET WORTH		<u>90,421,071</u>		<u>93,904,201</u>

Notes to Consolidated Balance Sheet

1. FIXED ASSETS

Movement in operational fixed assets during the year was as follows:

	Land & Buildings	Vehicles, Plant etc,	Infra- structure Assets	Community Assets	Total Operational Assets
	£'000	£'000	£'000	£'000	£'000
Certified Value of Assets at 31 st March 2005	26,037	1,910	93	2,089	30,129
Accumulated Depreciation & Impairment	(1,826)	(761)	(6)	(94)	(2,687)
Net Book Value of Assets at 31st March 2005	24,211	1,149	87	1,995	27,442
Movement in 2005/06:					
Reclassification of Assets	4,836	136	0	0	4,972
Additions	688	629	0	0	1,317
Disposals	(396)	(34)	0	0	(430)
Re valuations	1,849	0	0	0	1,849
Depreciation	(662)	(407)	(2)	(44)	(1,115)
Impairments	0	(21)	0	0	(21)
Net Book Value of Assets at 31st March 2006	30,526	1,452	85	1,951	34,014

Within each classification are as follows:

Land & Buildings – Offices, depots, Leisure Facilities, Community Centres, Museums and Pavilions

Infrastructure Assets – Capital Works to Public Roads and drainage schemes

Community Assets - Commons and Parks

Movement in non-operational fixed assets during the year was as follows:

	Investment Properties	Assets under Construction	Total Non- Operation Assets	Total Operational and Non-Operational Assets
	£'000	£'000	£'000	£'000
Net Book Value at 31 st March 2005	22,346	2,729	25,075	52,517
Movement in 2005/06:				
Reclassification of Assets	332	(5,304)	(4,972)	0
Additions	157	3,013	3,170	4,487
Disposals	(1,311)	0	(1,311)	(1,741)
Re valuations	(1)	0	(1)	1,848
Depreciation	0	0	0	(1,115)
Impairments	0	0	0	(21)
Net Book Value of Assets at 31st March 2006	21,523	438	21,961	55,975

Notes to Consolidated Balance Sheet

1. FIXED ASSETS (Continued)

Programme for revaluation:

Most fixed assets included in the balance sheet are valued in terms of current use and income streams, see capital accounting, (Page 9-10). Fixed Assets are now valued on a 5 year rolling programme, previously this had been done on an annual basis. The following statement shows the progress of the Council's rolling programme for the revaluation of assets.

	Land & Buildings	Vehicles, Plant etc,	Investment Properties	Total
	£'000	£'000	£'000	£'000
Valued at Historic Cost	400	2,608	0	3,008
Valued at Current Cost in:				
2005/06	10,388	0	0	10,388
2006/07	1,166	0	13,365	14,531
2007/08	15,398	0	8,981	24,379
2008/09	4,931	0	416	5,347
2009/10	7	0	0	7
Total	32,290	2,608	22,762	57,660

Depreciation:

Depreciation is charged on a straight line method and depreciated over the useful economic life of the asset. (see Statement of Accounting Policies page 10). Assets are depreciated over the following lives:

Fixed Asset:	Life
Operational Buildings	Up to 50 years
Vehicles & Plant	5 to 10 years
Community Assets	Up to 50 years
Infrastructure	Up to 40 years

Letchworth Leisure Centre has a balance sheet value of £100,000 because of restrictions in the lease regarding its use; the depreciated replacement value if the lease were not in place would be £8,500,000.

Notes to Consolidated Balance Sheet

2. THE FINANCING OF THE CAPITAL EXPENDITURE PROGRAMME

The Council's 2005/06 capital expenditure programme, (including accrued expenditure, which in previous years has not been financed):

	2005/06 £	2004/05 £
Capital Investment:		
Operational Assets	1,317,694	726,431
Non-Operational Assets	3,169,757	2,207,149
Intangible Assets-Software	222,582	51,128
Deferred charges	3,350,385	5,625,531
Total Capital Investment	8,060,418	8,610,239
Sources of Finance:		
Borrowing (credit approvals)		
Capital Receipts	7,126,347	6,412,021
Revenue	201,761	0
Grant	138,000	226,582
External Contributions	594,310	1,971,636
Total Finance Sources	8,060,418	8,610,239

Capital expenditure and income is accounted for on an accruals basis, and now also financed in the year the accrual appears in the accounts. This is a change in accounting procedures and is as a result of the introduction of the Prudential Code.

3. LEASES

The Council's policy was to the 31st March 2006 generally to acquire vehicles and equipment through operating leases. Lease payments charged for the year were £500,588 for operating leases, including the leased car scheme. In addition, £18,709 was paid in fees and £48,192 for leases bought out. Future year commitments, totalling £1,141,980 are as follows:

Year	£
2006/07	330,845
2007/08	264,582
2008/09	152,013
2009/10	94,730
2010/11	74,562
2011/12	74,562
2012/13	62,820
2013/14	59,513
2014/15	28,353

Of the £330,845 committed payments in 2006/07, £66,263 expires within that year £190,020 expires between 2 and 5 years and £74,562 expires in excess of 5 years.

Notes to Consolidated Balance Sheet

4. INTANGIBLE ASSETS /DEFERRED CHARGES

Intangible Assets

	Purchased Software Licences
	£
Original Cost	51,128
Amortisations to 1 st April 2005	<u>(17,043)</u>
Balance at 1st April 2005	34,085
Expenditure in Year	222,582
Written off to Revenue in Year	<u>(91,237)</u>
Balance at 1st April 2006	165,430

Software Licences purchased in 2005/06 relates to 3 projects undertaken as part of the Council's Service @ North Herts. I.T. programme. These are; Infrastructure Deployment, Service Integration and Mobile and Home Working. The cost is being written down over 3 financial years.

Deferred Charges

From 2004/05 the deferred charges heading has been removed from the balance sheet following the designation of the new Intangible Fixed Assets category. All other deferred charges expenditure has been written out to revenue as it is incurred.

5. STOCKS AND WORKS IN PROGRESS

	31st March	
	2006	2005
	£	£
Works in progress:		
Rechargeable work	<u>0</u>	<u>1,204</u>
Stocks:		
Trading Undertaking	20,096	0
Central Purchasing	<u>43,233</u>	<u>55,389</u>
	63,329	55,389
TOTAL	<u>63,329</u>	<u>56,593</u>

The trading stocks relate to the Careline Centre, which covers the monitoring of alarms for the vulnerable across the district. Careline Centre stock of £8,860 was included within central purchasing for 2004/05, this has now been shown under Trading undertakings for 2005/06.

Notes to Consolidated Balance Sheet

6. DEBTORS

	31st March	
	2006	2005
	£	£
Amounts falling due in one year:		
Government Departments	1,939,316	336,719
HM Revenue & Customs	155,741	237,390
Other Local & Public Authorities	0	0
Ratepayers/Charge payers	5,401,783	5,953,949
Sundry Debtors	3,697,198	4,569,489
	11,194,038	11,097,547
LESS: Provision for bad debts	2,528,377	1,552,702
	8,665,661	9,544,845

7. CREDITORS

	31st March	
	2006	2005
	£	£
Government Departments	1,338	397,808
HM Revenue & Customs	268,903	259,375
Other local & public authorities	0	0
Ratepayers/Charge payers	1,183,650	2,233,281
Sundry	2,991,769	3,571,337
	4,445,660	6,461,801

In previous years the Amenity Areas-Commutated Payments and Developer contributions towards revenue expenditure have been included as earmarked reserves. The recommended accounting treatment for these monies has since changed. Consequently, in 2005/06 the balances are now shown in the Balance Sheet under Creditors, as receipts in advance. (Balances as at 31st March 2005, commuted sums £456,172, Unapplied Contributions towards revenue expenditure £467,171). Further information is detailed on page 39, Note 1 to the Statement of Total Movement in Reserves.

8. DEFERRED CAPITAL RECEIPTS

Deferred capital receipts are amounts derived from sales of assets received in instalments over agreed periods in time. They arise principally from mortgages on sales of Council Houses and form the main part of mortgages under long term debtors.

Notes to Consolidated Balance Sheet

9. USEABLE CAPITAL RECEIPTS

	2005/06	2004/05
	£'000	£'000
Balance at beginning of year	24,604	23,885
Add: Capital Receipts in year from sales of assets	2,140	7,131
Less: Capital Receipts applied during year to capital	7,126	6,412
Less: Payments to the Government Pool (Mortgage and discount repaid)	221	0
Balance at end of year	19,397	24,604

The balance of £19.397 million represents capital receipts that have not yet been used to finance capital expenditure.

From 1st April 2004 capital receipts are subject to pooling where by a payment is made to the Government and there is no longer a requirement to set aside a proportion of reserved capital receipts. The Council is required to pay to the Government pooled receipts relating to Mortgage repayments on Right to Buy (RTB) properties and discount repaid on RTB properties. The latter relates to properties that were sold prior to stock transfer (pre March 2003), after 2005/06, no further receipts will be received by the Council relating to discount repaid, as the eligibility period is 3 years. The pooling payment of £221 thousand relates to capital receipts received in 2004/05 and 2005/06.

10. PROVISIONS

	1st April	Receipts In year	Payments In year	31st March
	£	£	£	£
Insurance Fund	109,184	74,576	78,178	105,582
Other	37,920	118,124	0	156,044
Total Provisions	147,104	192,700	78,178	261,626

Insurance Fund is money held to cover outstanding claims from previous years.

The other provisions are:

- Maintenance of Graves, a provision for graves that the Council has responsibility for maintaining.
- Homeless Deposit guarantees, this provision is for guaranteed deposits given to private landlords for any loss or damage as a result of housing homeless persons.
- Baldock pavilion provision, this provision is for the rebuilding the pavilion, which was destroyed as a result of fire. The monies were generated as a result of an insurance claim.
- Hitchin Swim Centre Pergola, this provision is for the rebuilding of the pergola to be completed in 2006/07.
- Leisure Contract provision, to compensate one of the Leisure Management Contractors for any future employment cost as specified within the contract if they fall due.

Notes to Consolidated Balance Sheet

11. RESERVES AND GOVERNMENT GRANTS DEFERRED

For details of the Authorities Reserves see page 38 and notes 1 to 5 of the Statement on Movement of Reserves.

12. LONG TERM BORROWING

	Total Outstanding at 31st March	
	2006 (£,000)	2005 (£,000)
Public Works Loan Board	4,703	5,395
Banks and other monetary sectors	1,000	1,000
Other financial Institutions	915	1,095
Other Sources	-	-
Total Long Term Borrowing	6,618	7,490
Less: Debt Maturing in 12 Months	397	872
Total Net Long Term Borrowing	6,221	6,618

At 31st March 2006 the average rates of interest on the different varieties of loans were as follows:

	%
Other Loans	7.89
Public Works Loan Board	8.22

The consolidated rate of interest, the rate used for internal transactions, was 8.43%.

LONG TERM BORROWING BY MATURITY

	P.W.L.B. £(000)	Banks etc. £(000)	Other £(000)	Total £(000)
Maturing in more than 1 and less than 2 years	192		223	415
Maturing in more than 2 and less than 5 years	2,106		492	2,598
Maturing in more than 5 and less than 10 years	1,693			1,693
Maturing in more than 10 years	515	1,000		1,515
	4,506	1,000	715	6,221

Notes to Consolidated Balance Sheet

13. PENSION ASSETS and LIABILITIES

The Council participates in the Local Government Pension Scheme. The scheme is administered by Hertfordshire County Council – this is a funded scheme, which means that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets. The impact of the pension liability on the consolidated balance sheet is to reduce the value of the Council's reserves by £30.5million. The movement in the deficit during the year on the pension fund is detailed below:

	Year to 31 st March 2006	Year to 31 st March 2005
	£'000	£'000
Deficit at beginning of year	(29,261)	(15,243)
Current Service Cost	(1,451)	(1,349)
Employer Contributions	2,210	2,053
Other Income	-	-
Past Service Costs & curtailments	(607)	(201)
Contributions in respect of unfunded benefits	354	290
Net Return on Assets	(630)	(73)
Actuarial Gains/ (losses)	(1,115)	(14,738)
Deficit at end of year	(30,500)	(29,261)

The pension figures included in the accounts are based on an actuarial valuation as at 31st March 2006. The last formal valuation for setting the Council's actual contributions to the fund was at 31st March 2004. The above figures have been provided by the actuaries to the Hertfordshire County Council Pension Scheme using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary.

The £30.5million net liability represents the difference between the value of the Authority's pension fund assets at 31 March 2006 and the estimated present value of the future pension payments to which it was committed at that date. These pensions liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them.

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

Notes to Consolidated Balance Sheet

13. PENSION ASSETS and LIABILITIES(continued)

At 31st March 2006, the Council had the following overall assets and liabilities for pensions that are included in the balance sheet:

	31 March 2006	31 March 2005
	£,000	£,000
Present value of scheme liabilities	102,889	79,013
Present value of unfunded liabilities	5,645	4,699
Fair view of attributable scheme assets	78,034	54,451
Net pension liabilities	30,500	29,261

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The pension fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

	31 March 2006	31 March 2005
	%	%
Rate of inflation	3.1	2.9
Rate of increase in salaries	4.6	4.4
Rate of increase in pensions	3.1	2.9
Discount rate	4.9	5.4

Assets in the pension fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion:

	Proportion of Total Assets	Expected Rate of Return
	%	%
Equities	76	7.4
Bonds	13	4.6
Property	6	5.5
Cash	5	4.6
	100.0	

The expected rate of return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The assumptions for the expected return on assets as required by FRS 17 are listed above.

As at 31st March 2006, there was an increase in the net liability of £1.239million over the previous year. In real terms the discount rate for valuing liabilities as at 31st March 2006 was 1.7% as opposed to the 2.4% for the preceding year. The drop in yield has had significant negative impact, increasing the liabilities. Conversely the value of the funds assets have also increased mostly mitigating the increase in liabilities for the year.

14. EURO COSTS

No direct costs have been incurred to date. The current financial system includes Euro Facilities. No plans have yet been established for other systems or organisational changes.

Statement of Total Movements in Reserves

	2005/06		2004/05	
	£ 000's	£ 000's	£ 000's	£ 000's
Surplus/(deficit) for the year:				
- General Fund / Council Fund	255		528	
- Collection Fund	(517)		(1,057)	
Movements on earmarked revenue reserves	(594)		199	
Capitalisation of Revenue Pension Payments to the Pension Fund	419			
Appropriation from pensions reserve	(897)		430	
Actuarial gains and losses relating to pensions	(761)		(14,448)	
		(2,095)		(14,348)
Total increases/(decreases) in revenue resources (note 1)				
Increase/(decrease) in useable capital receipts	(5,207)		719	
Reclassification of revenue reserves as capital contributions unapplied	295			
Increase/(decrease) in unapplied capital grants and contributions	(126)		(1,823)	
		(5,038)		(1,104)
Total increase/(decrease) in realised capital resources (note 2)				
Gains/(losses) on revaluation of fixed assets	2,520		111	
Impairment losses on fixed assets due to general changes in prices	(1,142)		(580)	
		1,378		(469)
Total increase/(decrease) in unrealised value of fixed assets (note 3)				
Value of assets sold, disposed of or decommissioned (note 4)		(1,272)		(200)
Capital receipts & grant contributions set aside	7,264		6,621	
Revenue resources set aside	(4,072)		(6,182)	
Movement on Government Grants deferred	470		1,967	
Other	(7)		(43)	
		3,655		2,363
Total increase/(decrease) in amounts set aside to finance capital investment (note 5)				
Increase/decrease on Deferred Capital receipt		(111)		(95)
Total recognised gains and (losses)		(3,483)		(13,853)

Notes to the Statement of Total Movements in Reserves

1. MOVEMENT IN REVENUE RESERVES

	General Fund Balances £ 000's	Collection Fund £ 000's	Earmarked Revenue Reserves £ 000's	Pensions Reserve £ 000's
Surplus/(deficit) for 2005/06	255	(517)		
Appropriations to/from revenue			(594)	(897)
Capitalisation of Revenue Pension				419
Payments to the Pension Fund				
Actuarial gains and losses relating to Pensions (including contributions in respect of unfunded benefits £354k)				(761)
Balance brought forward at 1 st April 2005	3,627	93	5,030	(29,261)
Balance carried forward at 31st March 2006	3,882	(424)	4,436	(30,500)

The Council has a number of earmarked reserves, which are detailed below:

- **Contributions to Capital Unapplied-** contributions from developers and partners relating to capital schemes that the Council has committed to undertake, contributions relate to schemes such as cycle networks.
- **I.E.G Reserve-** This reserve has been financed from Government Grant to meet the Governments implementing electronic government initiative. The monies are earmarked to be spent on the Council's 'Service @ North Herts.' project over the next 3 years. This balance was previously included within contribution to revenue unapplied, but has been identified separately with the 2005/06 accounts.
- **DSO Trading Reserve-** The surplus or deficit for the Council's DSO's are charged to the reserve. The reserve is maintained to fund any future losses on trading accounts.
- **Insurance Reserve-** used to finance potential claims for risks that are already covered by external policies together with higher excesses currently being borne by the Council.
- **Information Technology Reserve-** this reserve is used to purchase hardware and software items.
- **Post LSVT Reserve** – this is the residual balance from the HRA and will be used to fund the realignment of costs of the Council following stock transfer.
- **Risk Management Reserve-** this reserve funds improvements to the security of Council premises. Projects are identified through the risk management process and are intended to prevent the reoccurrence of previous incidents.
- **Environmental Warranty Reserve-** an environmental warranty was provided to North Herts Homes on the transfer of the Housing stock. The Council needs to make a provision for these warranties and a sum of £208,845 was set aside for this purpose.
- **Museum Exhibits Reserve,** this reserve funds the purchase of museum exhibits, this reserve is funded from donations.
- **Building Control Reserve-**In accordance with ODPM guidance Building Control surpluses are held in a separate account. These surpluses are then available to be used to offset any projected future costs when carrying out reviews of Scheme Charges or to be reinvested into the service to improve quality and performance in line with the duty of providing best value.
- **Planning Delivery Grant-**In 2002 the Government announced additional funding to Council's in the form of the Planning Delivery Grant (PDG) to realise the Government's Communities Plan Objectives. The Council has taken a medium to long term approach to the allocation of PDG funding. PDG spending plans are approved by Cabinet and unspent funding is held in a specific reserve to meet approved spending in subsequent years.

Notes to the Statement of Total Movements in Reserves

1. MOVEMENT IN REVENUE RESERVES (continued)

Amenity Areas-Commutated Sums

In previous years Amenity Areas-Commutated Payments were included as an earmarked reserve. The recommended accounting treatment for these monies has since changed, consequently the balances are now shown in the Balance Sheet under Creditors, as receipts in advance. (Balance as at 31st March 2005, £456,172). Included within the 2004/05 Commuted Sums balance of £456,172 was £275,000 developer contributions, relating to the building of a pavilion at Great Ashby. This payment should have been classified as 'Contributions to Capital Unapplied' and has been reclassified in the 2005/06 accounts.

Revenue Contributions from Developers Unapplied

In previous years Revenue Contributions from Developer unapplied were included as an earmarked reserve. The recommended accounting treatment for these monies has since changed, consequently the balances for 2005/06 are now shown in the Balance Sheet under Creditors, as receipts in advance. (Balance as at 31st March 2005, £467,171). However, Included within the 2004/05 reserve total were contributions totalling £419,207, relating to I.E.G grant from the ODPM, these monies are now shown as a separate reserve identified below. There were also monies which related to capital type expenditure such as cycle routes and playground refurbishments totalling £18,800. These payments should have been classified as 'Contributions to Capital Unapplied' and has been reclassified in the 2005/06 accounts.

1. MOVEMENT IN EARMARKED RESERVES (continued)

	Balances at 1 st April 2005 £ 000's	Reclassified in other earmarked reserves £ 000's	Reclassified as Creditors £ 000's	Contributions £ 000's	Payments to Fund expenditure £ 000's	Balance at 31 st March 2006 £ 000's
REVENUE						
Contributions to Revenue Unapplied	(467)	439	28	0	0	0
I.E.G Reserve	0	(419)	0	(16)	13	(422)
Amenity Areas –commuted Sums	(456)	275	181	0	0	0
DSO Trading Reserve	0	0	0	(79)	79	0
Insurance Reserve	(251)	0	0	0	78	(173)
Information Technology Reserve	(1)	0	0	(28)	0	(29)
Post LSVT Reserve	(3,457)	0	0	0	567	(2,890)
Risk Management	(51)	0	0	0	15	(36)
Environmental Warranty Reserve	(209)	0	0	0	0	(209)
Museum Exhibits Reserve	(14)	0	0	0	0	(14)
Building Control Reserve	(124)	0	0	(128)	0	(252)
Planning Delivery Grant Reserve	0	0	0	(411)	0	(411)
Total Revenue Reserves	(5,030)	295	209	(662)	752	(4,436)
CAPITAL						
Contributions to Capital Unapplied	(511)	(295)	0	(358)	484	(680)
Total Capital Earmarked Reserves	(511)	(295)	0	(358)	484	(680)
TOTAL EARMARKED RESERVES	(5,541)	0	209	(1,020)	1,236	(5,116)

Notes to the Statement of Total Movements in Reserves

1. MOVEMENT IN REVENUE RESERVES (continued)

The Losses and gains on the pension fund identified in the statement of total movement on reserves can be analysed as follows:

ANALYSIS OF AMOUNT OF RECOGNISED GAINS AND LOSSES IN THE PENSION FUND

	Year to 31 March 2006 £'000	Year to 31 March 2005 £ 000's	Year to 31 March 2004 £ 000's	Year to 31 March 2003 £ 000's
Actual Return Less expected return on Pension Scheme Assets	11,408	1,695	7,319	(12,736)
Experience Gains and Losses arising on the Scheme Liabilities	(1,126)	(3,671)	(3)	(3,350)
Changes in Financial Assumptions underlying present value of the schemes liabilities	(11,397)	(12,762)	0	0
Actuarial Gain / (Loss) in Pension Plan	(1,115)	(14,738)	7,316	(16,086)
Increase / (Decrease) in irrecoverable surplus from Membership Fall and Other Factors	0	0	0	0
Actuarial Gain / (Loss) Recognised in STRGL	(1,115)	(14,738)	7,316	(16,086)

The History Experience of Gains and Losses on Pension Fund can be analysed as follows:

HISTORY EXPERIENCE OF GAINS AND LOSSES ON THE PENSION FUND

	Year to 31 March 2006 £'000	Year to 31 March 2005 £ 000's	Year to 31 March 2004 £ 000's	Year to 31 March 2003 £ 000's
Differences between the Expected and Actual Return on Assets	11,408	1,695	7,319	(12,736)
Value of Assets	78,034	54,451	56,790	45,922
Percentage of Assets	14.6%	3.1%	12.9%	(27.7%)
Experience Gains / (Losses) on liabilities	(1,126)	(3,671)	(3)	(3,350)
Total Present Value of Liabilities	108,534	83,712	72,033	61,218
Percentage of the Total Present Value of Liabilities	(1.0%)	(4.4%)	0.0%	(5.5%)
Actuarial Gain / (Loss) Recognised in STRGL	(1,115)	(14,738)	7,316	(16,086)
Total Present Value of Liabilities	108,534	83,712	72,033	61,218
Percentage of the Total Present Value of Liabilities	(1.0%)	(17.6%)	10.2%	(26.3%)

Notes to the Statement of Total Movements in Reserves

2. MOVEMENT IN REALISED CAPITAL RESOURCES

	Useable capital receipts £ 000's	Unapplied capital grants and contributions £ 000's
Amounts receivable in 2005/06	2,140	358
Revenue Reserves Reclassified as Capital Contributions	0	295
Amounts applied to finance new capital investment in 2005/06	(7,126)	(484)
Payments to Capital Receipts Pool	(221)	0
Total increase/(decrease) in realised capital resources in 2005/06	(5,207)	169
Balance brought forward at 1 st April 2005	24,604	511
Balance carried forward at 31st March 2006	19,397	680

Useable Capital Receipts – This is the income from the sale of capital assets over £10,000, such as land sales. From 2004/05 authorities have to pay a proportion of specified housing related capital receipts into a pool for redistribution, replacing the previous requirement to set aside a proportion of the receipt, (such as deferred right to buy receipts). The Authority received no receipts that were subject to pooling. The balance at the 31st March 2006 of useable receipts available to fund capital expenditure was 19.397 million.

Government Grants Deferred – This account is the balance of grants applied to the financing of fixed assets, awaiting amortisation to the Asset Management Revenue Account to match depreciation on the relevant assets. This reserve is matched by fixed assets within the balance sheet and is not a resource available to the Authority.

3. MOVEMENT IN UNREALISED VALUE OF FIXED ASSETS

	Fixed Asset Reinstatement Reserve £ 000's
Gains/losses on revaluation of fixed assets in 2005/06	2,520
Impairment losses on fixed assets due to general changes in prices in 2005/06	(1,142)
Total increase/(decrease) in unrealised capital resources in 2005/06	1,378

4. VALUE OF ASSETS SOLD, DISPOSED OF OR DECOMMISSIONED

	Fixed Asset Reinstatement Reserve £ 000's
Amounts written off fixed asset balances for disposals in 2005/06	(1,272)
Total movement on reserve in 2005/06	106
Balance brought forward at 1 st April 2005	(35,696)
Balance carried forward at 31st March 2006	(35,590)

Notes to the Statement of Total Movements in Reserves

The Fixed Asset Restatement Account provides the matching entry when fixed assets are restated, upon revaluation or disposal. This reserve is matched by fixed assets within the balance sheet and are not a resource available to the Authority.

5. MOVEMENT IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT

	Capital Financing Account £ 000's	Government grants deferred £ 000's	Total £ 000's
Capital receipts set aside in 2005/06			
- useable receipts applied	7,264		
Total capital receipts set aside in 2005/06	7,264		7,264
Revenue resources set aside in 2005/06			
- capital expenditure financed from revenue	202		
- reconciling amount for provisions for loan repayment	(4,274)		
Total revenue resources set aside in 2005/06	(4,072)		(4,072)
Other	(7)		(7)
Grants applied to capital investment in 2005/06		594	
Amounts credited to the Asset Management Revenue Account in 2005/06		(124)	
Movement on Government Grants Deferred		470	470
Total increase/(decrease) in amounts set aside to finance capital investment			3,655
Total movement on reserve in 2005/06	3,185	470	
Balance brought forward at 1 st April 2005	121,885	2,761	
Balance carried forward at 31st March 2006	125,070	3,231	

Capital Financing Account – This account includes Provision for Credit Liabilities, Reserved Capital Receipts and Minimum Revenue Provisions. This account is matched by fixed assets within the Balance Sheet, and is not a resource available to the Authority.

Collection Fund Account

The Collection Fund is a separate statutory fund under the provisions of the Local Government Act 1988. Its assets and liabilities are included in the General Fund Balance Sheet and its income and expenditure is included within the cash flow statement. The Income and Expenditure Account shown below reflects these changes. The accounts have been prepared on an accruals basis.

INCOME AND EXPENDITURE ACCOUNT

	At 31st March 2006 £	At 31st March 2005 £
INCOME		
Income from National Business Ratepayers (note 1)	28,508,657	27,114,902
Contributions -		
Adjustment to prior year Community Charge (note 3)		0
Contribution from Hertfordshire County Council 2004-05 losses		0
Contribution from Hertfordshire Police Authority 2004-05 losses		0
Council Tax (note 2)	53,140,837	50,387,391
Council Tax Benefit	5,904,329	5,430,946
Reduction in Provision for Uncollectable Amounts		0
	<u>87,553,823</u>	<u>82,933,239</u>
EXPENDITURE		
Precepts & Demands (note 5)	58,559,981	55,571,488
NNDR - Payments to Pool (note 1)	28,377,990	26,693,661
Costs of Collection Allowance (note 1)	130,667	421,241
Contribution to County Fund (note 4)	213,645	638,680
Contribution to Police Fund (note 4)	24,565	72,210
Contribution to General Fund (note 4)	75,000	105,000
Provision for Uncollectable Amounts	689,843	488,219
	<u>88,071,691</u>	<u>83,990,499</u>
Movement on Fund Balance	<u>(517,868)</u>	<u>(1,057,260)</u>
Balance at beginning of year	93,381	1,150,641
Surplus/(Deficit) for year	<u>(517,868)</u>	<u>(1,057,260)</u>
Balance at end of year	<u>(424,487)</u>	<u>93,381</u>

Notes to the Collection Fund Account

1. INCOME FROM BUSINESS RATES

The Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a uniform rate. The total amount, less certain relief's and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population. This amount is paid to the General Fund and not to the Collection Fund. Under these arrangements the amounts included in these accounts can be analysed as follows:

	2005/2006		2004/2005	
	£	£	£	£
Net NNDR		28,508,657		27,114,902
Less:				
Allowances	189,749		186,248	
Interest on NNDR collected	75,309		107,854	
Provision for bad debt	(134,391)	130,667	127,139	421,241
		<u>28,377,990</u>		<u>26,693,661</u>
NNDR charged to pool				
Net Government Contribution (to)/from pool		28,377,990		26,693,661
		<u>0</u>		<u>0</u>

The total non-domestic rate charged in 2005/2006 was £35.47 million, (£28.07 million in 2004/2005) and the total non-domestic rateable value for North Hertfordshire District Council is £86.9 million, (£70.1 million in 2004/2005). The NNDR multiplier is 42.2p in the pound (45.6 p in the pound in 2004/2005).

2. COUNCIL TAX

The amounts credited to the Collection Fund can be analysed as follows:

	2005/2006		2004/2005	
	£	£	£	£
Original Debt	65,268,397			61,426,857
Additional Debt	7,701,221			7,705,099
		<u>72,969,618</u>		<u>69,131,956</u>
Less:				
Council Tax Benefits		5,904,329	5,430,946	
Transitional Relief		(151)	247	
Council Tax Benefits Limitation		0	0	
Discounts		5,149,587	4,822,025	
Amounts Written-off, Exemptions & Allowances		8,775,016	8,491,347	18,744,565
		<u>53,140,837</u>		<u>50,387,391</u>

Council tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Hertfordshire County Council, Hertfordshire Police Authority and the Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts). This basic amount of council tax for a Band D property, £1,223.97, (£1166.63, 2004/2005) is multiplied by the proportion specified for a particular band to give an individual amount due.

Notes to the Collection Fund Account

2. COUNCIL TAX (Continued)

Council tax bills were based on the following proportions for Bands A to H:

Proportion of Band D charge

Band	Property Numbers	Proportio n	Basic Amount
A	3107	0.67	£815.98
B	7775	0.78	£951.98
C	18113	0.89	£1087.97
D	9114	1.00	£1223.97
E	6603	1.22	£1495.96
F	4292	1.44	£1767.96
G	3005	1.67	£2039.95
H	285	2.00	£2447.94
Total	52294		

3. COMMUNITY CHARGE - Adjustments to Prior Years

Although council tax has replaced community charge from 1 April 1993, the council continues to account for residual adjustments in relation to the community charges raised in earlier years in the Collection Fund. The slight but continuing collection performance for outstanding community charge debts prompted the Council to increase the provision in 1999/2000 to the full amount of arrears in the event that income accounted for in previous years would not be collected. Any income collected would then contribute to the overall Surplus. No Community Charge was collected in 2005/2006.

Upon the transition to council tax on 1 April 1993, the Council is entitled to receive the full surplus on the Collection Fund after the adjustments to community charge income made in 2004/2005. There is a surplus of £3,568 to be transferred to the General Fund in 2006/2007 to reduce the amount of council tax that the council has to raise to finance its own expenditure.

4. PAYMENT OF SURPLUSES FROM THE COLLECTION FUND

In the year Hertfordshire County Council claimed an element of the surplus on the Collection Fund at 31 March 2005 in the amount of £213,645.

In the year Hertfordshire Police Authority claimed an element of the surplus on the Collection Fund at 31 March 2005 in the amount of £24,565.

In the year, North Hertfordshire District Council transferred an element of the surplus on the Collection Fund at 31 March 2005 to the General Fund, in the amount of £75,000.

Similarly this element of the surplus/deficit on the Collection Fund at 31 March 2006 will be distributed in subsequent financial years to Hertfordshire County Council, Hertfordshire Police Authority and the Council in proportion to the value of the respective precept demand made by the three Authorities on the Collection Fund. The apportioned (deficit) is (£321,925) Hertfordshire County Council, (£40,219) Hertfordshire Police Authority and (£62,343) (including the surplus of £3,568 on Community Charge) North Hertfordshire District Council.

Notes to the Collection Fund Account

5. PRECEPTS

	2005/2006 £	2004/2005 £
The main precepts are:		
Hertfordshire County Council	44,472,029	42,318,529
Hertfordshire Police	5,596,025	5,323,344
North Hertfordshire District Council	8,491,927	7,929,615
	<u>58,559,981</u>	<u>55,571,488</u>

Following the introduction of council tax on 1 April 1993, parish precepts are now payable from the Council's General Fund and not the Collection Fund.

Cash Flow Statement

	2005/2006	2004/2005
	£(000)	restated £(000)
REVENUE ACTIVITIES		
Cash Outflows		
Cash paid to and on behalf of employees	13,691	13,678
Other Operating Cash Payments	15,992	16,226
Precepts Payments (note 5)	51,087	48,931
NNDR Pool Payments (note 5)	28,736	25,652
Pooled Housing Payments	220	0
Housing Benefit paid out	21,453	20,052
	131,179	124,539
Cash Inflows		
Council Tax income	(53,158)	(50,192)
Non-domestic rate receipts	(27,900)	(26,514)
NNDR Contribution from the Pool (note 5)	(3,440)	(3,222)
Revenue Support Grant	(3,184)	(3,183)
DWP Grants for benefits	(26,498)	(26,084)
Other government grants (note 4)	(1,622)	(1,749)
Cash received for goods and services	(9,678)	(11,571)
	(125,480)	(122,515)
Net Cash Flow From Revenue Activities (note 1)	5,699	2,024
SERVICING OF FINANCE		
Cash Outflows		
Interest paid	686	641
	686	641
Cash Inflows		
Interest received	(4,010)	(3,516)
	(3,324)	(2,875)
CAPITAL ACTIVITIES		
Cash Outflows		
Purchase of fixed assets	4,982	2,059
Other Capital Payments	3,163	5,612
	8,145	7,671
Cash Inflows		
Sale of fixed assets	(3,133)	(8,861)
Capital grants received (note 4)	(289)	(179)
Other capital cash receipts	(358)	(1,759)
	(3,780)	(10,799)
Net Cash Flow from Capital Activities	4,365	(3,128)
NET (INFLOW)/OUTFLOW BEFORE FINANCING	6,740	(3,979)
MANAGEMENT OF LIQUID RESOURCES		
Net Increase/(Decrease) in Liquid Resources (Note 2)	(7,560)	2,560
FINANCING		
Cash Outflows		
Repayments of amounts borrowed	872	846
Capital element of finance lease rental payments	-	-
	872	846
Cash Inflows		
New loans raised	-	-
New short term loans	-	-
	0	0
(INCREASE)/DECREASE IN CASH (Note 3)	52	(573)

Notes to the Cash Flow Statement

1. RECONCILIATION OF DEFICIT TO NET CASH FLOW:

	2005/2006	
	£(000)	£(000)
(Surplus)/Deficit for the Year		
General Fund	(254)	
Collection Fund	517	263
Non-cash transactions		
Add Contribution to Capital and including commutation adjustment	(86)	
Less/Add contributions to Provision and Reserves	298	212
Costs Charged Elsewhere in the Cash Flow		
Repayment of Debt charged to General Fund	(180)	
Adjustment for Pooled Capital Receipts payment	220	
Capitalisation of Pension Fund repayments	419	
Capital creditor/debtors	420	879
Interest- paid	(686)	
- received	4,010	3,324
Items on an accruals basis		
Add increase in stocks	7	
Less decrease in debtors	(879)	
Less decrease in long term debtors	(123)	
Less decrease in creditors	2,016	1,021
Net cash flow from revenue activities		5,699

2. MANAGEMENT OF LIQUID RESOURCES

These resources are short-term investments which have a maturity date of less than 1 year and are shown in the balance sheet under current assets. (See page 27).

RECONCILIATION OF LIQUID RESOURCES :

	Balance 01-Apr-2005	Balance 31-Mar-2006	Movement In the year
	£,000	£,000	£,000
Liquid Resources:			
Investments	74,920	67,360	(7,560)

3. RECONCILIATION TO INCREASE IN CASH :

	Balance 01-Apr-2005	Balance 31-Mar-2006	Movement In the year
	£,000	£,000	£,000
Cash in hand and at bank	46	32	(14)
Bank overdraft	(430)	(468)	(38)
Increase in cash			(52)

Notes to the Cash Flow Statement

4. ANALYSIS OF GOVERNMENT GRANTS:

	2005/06 £'000	2004/05 £'000
Revenue Activities		
Planning Delivery Grant	303	374
Regulatory Services Partnership- Training	5	5
Advance for European Elections	0	45
Building Safer Communities	188	101
Local Authority Business Growth Initiative	8	
Defective Dwelling Grant	51	152
Home Office Homeless Grant	32	30
Housing Subsidy Grant	0	(234)
Implementing Electronic Gov.	0	350
Remote Working Grant (DWP)	60	0
Benefit Admin and Fraud Initiative Grants	879	926
Waste Performance & Efficiency Grant (DEFRA)	39	0
Social Housing Compensation Grant	56	0
Admin Grant for NNDR publicity Leaflet (ODPM)	1	0
Total Other Grants	1622	1,749
Capital Activities		
Recycling Grant (DEFRA)	151	0
Disable Facilities Grant	138	179
Total Capital Grants	289	179

5. The 2004/05 Cash Flow figures have been restated to show the Precept and Business Rate payments to the pool as separate totals on the face of the Cash Flow statement. The 2004/05 Business payments to the pool is also now shown on the statement and not as note in other Government Grants.

DESCRIPTION OF REASON FOR CARRY FORWARD	WORKING BUDGET 2005/6	NEW REQUESTS FOR CARRY FORWARDS	CARRY FORWARD APPROVED 3RD QUARTER(£'s)	TOTAL CARRY FORWARDS	PROJECT COMPLETION DATE	EXPLANATION OF OVERSPEND/ UNDERSPEND/ DELAY IN PROJECT COMPLETION
CHIEF EXECUTIVE SERVICES						
Miscellaneous - General Fund						
Vacancy Control	230,190	100,000		100,000	March-07	Vacancy control 100K to be carried forward to fund Strategic Priorities in 2006/07. Members approved the Carry Forward of up to £100k on the underspend from the vacancy control target at Cabinet on 28/02/06.
Legal Services						
Other Consultants	38,000	5,000		5,000	April-07	Fees for the Law Society's Practise Management Quality Mark. Work planned by the LEXCEL Consultant in 2005/06 did not materialise due to LEXCEL timetable slipping and the department concentrating on work on reduced staffing level.
Electoral Registration						
Communications & Computing	59,510	13,200		13,200	July-06	Budget allocated from strategic priorities fund for the replacement of a 20 year old Elections Management System. This will enable more efficient registration and conduct of elections and improved customer service.
Economic Development						
Government grants	8,500	8,500		8,500	September-06	To be used for Town Centre Partnerships.
TOTAL CHIEF EXECUTIVE SERVICES	336,200	126,700	0	126,700		

DESCRIPTION OF REASON FOR CARRY FORWARD	WORKING BUDGET 2005/6	NEW REQUESTS FOR CARRY FORWARDS	CARRY FORWARD APPROVED 3RD QUARTER(£'s)	TOTAL CARRY FORWARDS	PROJECT COMPLETION DATE	EXPLANATION OF OVERSPEND/ UNDERSPEND/ DELAY IN PROJECT COMPLETION
CUSTOMER SERVICES-AREA COMMITTEES						
Letchworth Area Committee	131,890	68,080		68,080		Unspent budgets allocated to specific projects
Letchworth Visioning	37,090	28,030		28,030		Unspent budgets allocated to specific projects
Total Letchworth Area Committee	168,980	96,110	0	96,110		
Hitchin Area Committee	90,830	46,190		46,190		Unspent budgets allocated to specific projects
Hitchin Visioning	39,900	29,370		29,370		Unspent budgets allocated to specific projects
Total Hitchin Area Committee	130,730	75,560	0	75,560		
Royston Area Committee	61,250	25,320		25,320		Unspent budgets allocated to specific projects
Royston Visioning	18,150	9,860		9,860		Unspent budgets allocated to specific projects
Total Royston Area Committee	79,400	35,180	0	35,180		
Baldock Area Committee	42,460	26,670		26,670		Unspent budgets allocated to specific projects
Baldock Visioning	6,590	3,200		3,200		Unspent budgets allocated to specific projects
	49,050	29,870	0	29,870		
Southern Rural Area Committee	24,770	8,270		8,270		Unspent budgets allocated to specific projects
Southern Rural Visioning	30,210	24,650		24,650		Unspent budgets allocated to specific projects
	54,980	32,920	0	32,920		
General Visioning	23,740	10,850	0	10,850		Unspent budgets allocated to specific projects
Parish Challenge	57,450	15,000		15,000		Unspent budgets allocated to specific projects
TOTAL AREA COMMITTEES	564,330	295,490	0	295,490		
CUSTOMER SERVICES						
Senior Management Training	3,970	-1,040	30,030	28,990	September-06	Learning & Development Manager appointed in Quarter 3 of 05-06 and training plans are behind schedule. This budget was an approved carry forward for 2005/06.
Professional & Technical Training	2,710	0	19,000	19,000	September-06	Request for E-Learning proposal , this was deferred from the 2005/06 training programme due to lack of resources.
New Council Website	33,800	0	10,200	10,200	July 06	new website. The project was due to complete by 31st March, however due to staffing issues it has been delayed and will now be completed by July 2006.
Telephones Equipment Purchase - TextBox	14,200	12,530	0	12,530	June 06	Deferred spend due to technical issues in 2005/06
Information Unit Comp Supplies / Maint - NLPG	42,000	25,000	0	25,000	June 06	Deferred spend due to technical issues in 2005/06

DESCRIPTION OF REASON FOR CARRY FORWARD	WORKING BUDGET 2005/6	NEW REQUESTS FOR CARRY FORWARDS	CARRY FORWARD APPROVED 3RD QUARTER(£'s)	TOTAL CARRY FORWARDS	PROJECT COMPLETION DATE	EXPLANATION OF OVERSPEND/ UNDERSPEND/ DELAY IN PROJECT COMPLETION
Refuse Collection - Consultants	8,750	8,000	0	8,000	Sept 06	On the 5th anniversary of the contract there is an opportunity to re-negotiate the contract. Consultants will be engaged to do this.
Restructure Engineering and Parking Service.	0	76,360	0	76,360	June 06	Restructuring Costs for Engineering & Parking Services. The 2006/07 Savings Option (SP34) requires some up front severance costs which have yet to be paid and are requested from the vacancy control budget.
TOTAL CUSTOMER SERVICES	105,430	120,850	59,230	180,080		
FINANCE & REGULATORY SERVICES						
FIN & Reg MSU						
IT implementation costs	5,700		5,700	5,700	September-06	Budget for implementation costs and consultancy days for Accolaid Projects. Delay in these projects has meant that the need for post implementation consultancy days has not yet arisen. However these costs are likely to be realised in 2006/7 and so a carry forward of this budget has been requested.
Financial Services						
Other Hired Services	23,310	5,000	0	5,000	September-06	Preliminary work required for the implementation of e-marketplace.
Communications and Computing	57,480	5,920	0	5,920	September-06	Strategic Priority funding for e-market place. Project has slipped due to the pre-requirement of software upgrade.
Planning Policy						
Local Development Framework legal/consultancy & production costs	95,480	18,000	40,500	58,500	Unknown	Budget specifically for Local Development Framework. Since 3rd Q spending on LDF was less than anticipated and hence the carry forward request has been increased accordingly.

DESCRIPTION OF REASON FOR CARRY FORWARD	WORKING BUDGET 2005/6	NEW REQUESTS FOR CARRY FORWARDS	CARRY FORWARD APPROVED 3RD QUARTER(£'s)	TOTAL CARRY FORWARDS	PROJECT COMPLETION DATE	EXPLANATION OF OVERSPEND/ UNDERSPEND/ DELAY IN PROJECT COMPLETION
Environmental Improvement Grants	12,000	6,780	0	6,780	September-06	Environmental Improvement grants were accepted as a saving in 2006/7. Carryforward request is to fund final environmental improvement schemes approved in the last quarter but where works have yet to be completed.
Luton Airport	23,000		23,000	23,000	Unknown	Possibility of further legal work re airport expansions.
CCTV						
Equipment and repairs	103,640	7,000	0	7,000	October-06	Police funding for improved security measures and mobile cameras. This carry forward would support the initial mobile CCTV setup costs. (Identified efficiency savings will be able to cover the increased costs without the need of a growth bid)
Office Accommodation						
DDA required works to public buildings	20,000	15,000	0	15,000	October-06	Access improvement to Letchworth Cemetery toilets. (Deminimus value so not included in the Capital programme)
Revenues						
IT implementation costs for e-payments & e-services	34,880	34,880	0	34,880	October-06	Implementation costs for E-payments and E Services
Environmental Health						
Equipment, tools and materials	18,580	8,000	0	8,000	October-06	Due to staff shortages there was a delay in purchase of digital audiotape recorders to help with noise pollution investigations. Requested carryforward to enable this purchase in 2006/7.
TOTAL FINANCE & REGULATORY SERVICES	394,070	100,580	69,200	169,780		

DESCRIPTION OF REASON FOR CARRY FORWARD	WORKING BUDGET 2005/6	NEW REQUESTS FOR CARRY FORWARDS	CARRY FORWARD APPROVED 3RD QUARTER (£'s)	TOTAL CARRY FORWARDS		PROJECT COMPLETION DATE	EXPLANATION OF OVERSPEND/ UNDERSPEND/ DELAY IN PROJECT COMPLETION
TOTAL GENERAL FUND	1,400,030	643,620	128,430	772,050			

TREASURY ACTIVITY FOR 2005/06

1 Loans

1.1 Loans outstanding as at 31/03/06

	31/03/05 Balance Outstanding £	31/03/06 Balance Outstanding £	Reduction In Year £
Public Works Loans Board	5,395,288	4,702,803	692,485
Over 1 year	1,000,000	1,000,000	-
"Disregarded" Debt	1,094,500	914,500	180,000
Temporary Loans 364 Days and under	-	-	-
	<u>7,489,788</u>	<u>6,617,303</u>	<u>872,485</u>

1.2 Loans reduced in the year by £872,485. The reduction is due to principal repayments and loans maturing.

1.3 Interest payments totaled £587,194. This is £50,724 less than the previous year and is due to the falling balance of outstanding debt. The average rate of interest paid on loans for the year was 8.29% for PWLB and 7.89% for other loans.

1.4 Standard policy was to not take out new borrowing but to utilise capital receipts' set aside reserves. On occasions it was necessary to use the Council's overdraft facility for small amounts.

1.5 The overall borrowing limit for 2005/06, as required by the Prudential Code, was approved by Council on 26th April 2005 (minute 105). The Operational Boundary was £7.49M and the Authorised Limit was £10M. The Authorised limit was not exceeded during the year. The operational Boundary for 2006/07 is £7.0M with a £10M Authorised Limit.

1.6 The limits set for interest rate exposure were adhered to during the year.

2 Operational Leasing

2.1 Committee approval is required for operational lease agreements entered into in 2005/06. The following operational leases were entered into in 2005/06.

Leasing Company	Leased Value	Term	Annual Rental	Description of Asset
CSA Financial Ltd	116,714.06	3	36,542.01	IT Equipment
CSA Financial Ltd	58,203.17	3+	18,222.83	Careline Equipment
ILC Leasing Ltd	190,771.14	7+	28,352.41	Wheeled Bins
Total	<u>365,688.37</u>		<u>83,117.25</u>	

2.2 The above leases relate to replacement items or approved growth.

2.3 A section in the Annual Statement of Accounts shows a summary of the Authority's annual lease rental payments over the unexpired life of the leases,

thus clearly indicating the Council's continuing indebtedness on operational leases.

3 Investments

3.1 The table below shows a break down of where investments were placed.

	Investments At 31/03/05 £	Investments At 31/03/06 £
Banks	18,300,000	15,500,000
Building Societies	56,610,000	51,850,000
Local Authorities		-
	<u>74,910,000</u>	<u>67,350,000</u>

3.2 The balance of investments at year end was £67,350,000. The average daily balance for the year was £76.467M with balances varying between £66.661M and £82.830M.

3.3 £3.680M of interest was generated from investments made during the year. This is less than the estimated interest of £3.691 by £11K due to a reduction in the balances available to invest in house. In addition, £1K of interest was received on deferred Right to Buys.

3.4 Investments were split between two Cash Managers and in house. The Cash Managers each had £30M to invest with the balance invested by NHDC. The tables below detail the total interest generated from investments placed between 1st April 2005 and the 31st March 2006 and average interest rates.

	Interest Accrued to 31 st March	Interest Rec'd March	Total Interest For Year
NHDC	51,893	715,084	766,977
Sterling	541,185	906,589	1,447,774
Tradition	214,463	1,250,837	1,465,300
Total	<u>807,541</u>	<u>2,872,510</u>	<u>3,680,051</u>

	Ave Int Rate Deals made in 1 st Qrt	Ave Int Rate Deals made in 2 nd Qrt	Ave Int Rate Deals made in 3 rd Qrt	Ave Int Rate Deals made in 4 th Qrt	Ave Int Rate for Year.
NHDC	4.81	4.55	4.57	4.51	4.54
Sterling	4.80	4.50	4.62	4.58	4.61
Tradition	4.83	4.56	4.62	4.65	4.65

3.5 Sterling compare the average interest rate achieved against the average 3 Month LIBID rate. This was 4.51%. Commission charged by Sterling for the year was £15,000.

3.6 Tradition compare the average interest rate achieved against the average 7 Day Notice rate. This was 4.5%. Commission charged by Tradition for the year was £18,750

3.7 NHDC manage the day to day cash flow of the Council. Investments are matched to expenditure and are usually for short periods of time. Sterling and

Tradition are not constrained in the same way and are able to take advantage of higher longer term rates. This is reflected in the average interest rates achieved during the year.

- 3.8 Base rate started the year at 4.75% but was reduced to 4.5% in August where it is today.
- 3.9 The strategy of both Cash Managers was to spread the investments over a range of time periods. Investments were made for 364 day and shorter term. The logic being that when rates start to pick up, short-term investments could be converted into longer term and hence take advantage of higher rates.
- 3.10 Tradition generated more income than Sterling which is the reverse of 2004/05. Tradition placed no long term deals in the 1st quarter, £1.75M in the 2nd, £3.5M in the third and £13.0M in the 4th. Sterling placed £3.75M Long in the 1st quarter, £8.0M in the 2nd, £8.75M in the 3rd and £4.5M in the 4th.
- 3.11 Rates achieved depend greatly on timing and the maturity of deals. 364 day rates fell during the 1st quarter and remained roughly constant during the next two quarters but picked up in the last quarter. 364 day rates started the year at just over 5% and ended the year just under 5%.
- 3.12 All investments were within the limits detailed in the Treasury Strategy Statement. No investments were for longer than 364 days and none of the overall limits imposed with each institution were exceeded.

4 Cashflow

- 4.1 Precept payments made to Hertfordshire County Council and the Hertfordshire Police Authority were £50.3M. These were paid on time by 10 installments.
- 4.2 21 payments were made to the ODPM for Revenue Support Grant, National Non-Domestic Rates and Neighbourhood Renewal Fund. These totaled £25.1M.

5 2006/07

- 5.1 The level of investments placed in house at the start of 2006/07 was £7.35M which is lower than anticipated. This will have an impact on the level of interest generated during the year as deals will have to be made for short periods of time to meet cashflow requirements.
- 5.2 Council approved the 2006/07 Treasury Strategy on 20th April 2006. The new strategy allows the Cash Managers to invest funds for longer than 364 days which will yield higher interest rates. A revised estimate will be presented with the 1st quarter budget monitoring report.

REFERRAL FROM PERFORMANCE, AUDIT AND REVIEW COMMITTEE (PARC) – 26 APRIL 2006 – BEST VALUE FUNDAMENTAL SERVICE REVIEW – STREET SCENE SERVICES OUTCOME

The following is an extract from the draft Minutes of PARC held on 26 April 2006:

116. BEST VALUE FUNDAMENTAL SERVICE REVIEW – STREET SCENE SERVICES OUTCOME

Councillor Mrs C.P.A. Strong introduced this item to the Committee and wished to place on record the thanks of PARC to Members and Officers for all the excellent work during this FSR. Councillor Strong also praised the comments made by the 'Critical Friend', the consultation with other authorities and the 3Cs element of the FSR.

The Head of Planning and Building Control (HPBC) reminded the Committee that this FSR had commenced in 2005 and that a Member and Officer group had met throughout the Review together with two stakeholder meetings. The Committee noted that Environmental Campaigns had been appointed as the 'Critical Friend' and that the scope had included *inter alia* cleaning and maintenance of streets and verges, car parking, provision of street furniture, CCTV, hanging baskets and Street Scene Enhancement. The HPBC referred the Committee to Appendix A which included the Improvement Plan and the following key areas of service improvements: Comprehensive street scene enforcement services, Implement Clean Neighbourhoods and Environment Act, Improve Community engagement, A programme of public realm enhancements, A CCTV Strategy (review type and location of cameras, the simplification of customer contacts and improve the quality of public convenience provision.

The HPBC advised the Committee that the majority of the Street Scene Services were working well and met a lot of the public's expectations apart from street cleanliness identified in Citizen Panel Surveys. The Committee noted both from this FSR and from many contacts and complaints from constituents that by far the biggest source of problems lay at highway and footway maintenance. During the short debate that followed the Committee considered it necessary to pass on these issues to County Hall and this was supported by the Portfolio holder for Planning and Transport who confirmed that the meeting of the NHHP- Joint Member Panel held on 24 April had made a similar resolution (Minute 55 refers).

In response to an enquiry concerning the enforcement service, fixed penalty notices and verge parking the Strategic Director for Customer Services confirmed that the Engineering Department was checking the feasibility of combining all enforcement issues and that one important problem was the risk assessment of personal injury to staff when issuing fixed penalty notices.

RESOLVED

- (1) That a vote of thanks be recorded in respect of the considerable time and effort made by Members and Officers in the review process;
- (2) That the information provided be noted;
- (3) That the contents of the BVFSR report as presented at Appendix A be agreed and incorporated into the Corporate Plan;
- (4) That the Critical Friend report presented at Appendix B be accepted by PARC as an independent review of this authority's service provision and process for the BVFSR;

- (5) That the Head of Planning and Building Control be requested to send the thanks of PARC, Members and Officers to Environmental Campaigns for the constructive comments and advice provided as the 'Critical Friend';
- (6) That the Head of Planning and Building Control be requested to send the thanks of PARC, Members and Officers to the appropriate departments at Broxbourne Borough Council and Braintree District Council for the assistance provided during visits to the two local authorities;
- (7) That the Chairman of PARC and the Portfolio Holder for Planning and Transport be requested to convey to Hertfordshire Highways and the Strategic Client the extreme concern of PARC as per the high levels of dissatisfaction of highway maintenance standards identified during the BVFSR.

RECOMMENDED TO CABINET: That the contents of the BVFSR report as presented at Appendix A be endorsed and incorporated into the Corporate Plan.

REASON FOR DECISION:

To allow the implementation of the findings of the BVFSR – Street Scene Services.

The following is the report considered by the meeting of PARC held on 26 April 2006:

1. SUMMARY

- 1.1 To inform Members of the outcomes from the Fundamental Service Review into Street Scene Services, which was carried out between August 2005 and April 2006.
- 1.2 To seek PARC's approval to the Report on the Fundamental Service Review and endorsement for the Action Plan arising from the Fundamental Service Review.
- 1.3 To seek PARC's endorsement of the Critical Friend Report relating to the provision of services and the Fundamental Service Review process and outcomes.

2. FORWARD PLAN

- 2.1 This report does not contain any key decisions and is thus not included within the Forward Plan.

3. BACKGROUND

- 3.1 The Fundamental Service Review of the Council's Street Scene Services commenced in 2005 as part of the Council's Best Value Review Programme (minute 14 refers).
- 3.2 Best Value requires the Council to challenge the need for services, consult widely and compare its services to others nationally and to investigate alternative means of service provision.
- 3.3 Street Scene Services bring together a wide variety of service areas that combine to and impact upon the appearance, condition and amenity of streets, paths and landscaping within the District. As such, Street Scene Services impact upon everyone in the District on a daily basis.

- 3.4 The Review has been carried out both through an Officer Group and a Member Group, which have met on frequent occasions throughout the duration of the Review.
- 3.5 The Review has involved Stakeholders through a series of two Stakeholder Consultation meetings in addition to the use of other survey data. As part of the Review, ENCAMS (Environmental Campaigns) have been commissioned to produce a Critical Friend analysis both of the services that we provide, the performance of those services (including Customer views and expectations) and a critique of the process and outcomes from the Review itself.

4. ISSUES

- 4.1 In preparing for the Review it has been acknowledged that, because of the range of services involved, the Review will need to be undertaken at a high level and the project has been approached accordingly. The scope of the Review includes the cleaning and maintenance of our streets and verges, car parking, the provision of street furniture (benches, lighting, bins etc.,) CCTV and decorative planting and hanging baskets. Street Scene Enforcement is also encompassed within the Review, including issues such as the removal of graffiti, fly-tipping (both deterring and removing) and other street based enforcement e.g. implementation of the Clean Neighbourhood and Environment Act.
- 4.2 The outcome from the Review is set out in the Report attached as Appendix A. Members' attention is drawn to the Improvement Plan and annexe to the report, which sets out in detail those areas where improvements could be made and the mechanism and time scale for effecting such change. The annexe also identifies the financial implications arising from the Improvement Plan. In terms of service improvements identified in the report some of the key areas are:-
- Comprehensive streetscene enforcement service
 - Implement Clean Neighbourhoods and Environment Act
 - Improve Community engagement – e.g. schools packs / adopt a street
 - Produce an agreed programme of public realm enhancements
 - Produce a CCTV strategy – review type and location of cameras
 - Simplifying our customer contact arrangements
 - Improve quality of public convenience provision

Much has been learnt in carrying out the Fundamental Service Review. Firstly, the vast majority of the Street Scene Services are being undertaken in an effective manner and are meeting a good proportion of the Public's expectations. There are areas which need greater focus and depth of analysis e.g. Citizen's Panel Surveys in relation to satisfaction rates with street cleanliness and these are dealt with both in the Report on the FSR and in the Critical Friend assessment. In section 5 of the Report it is concluded that Street Scene based services within the District are generally well run, meet Customer expectations and offer reasonable value for money.

- 4.3 Many of the services are tested in the commercial market place or are subject to partnering with other Authorities. Where this is not the case, then the FSR recommends that this should be undertaken.
- 4.4 The widest area of consensus was in relation to the provision of Highway Services by the County Council where there is clearly widespread dissatisfaction with the role of the County in relation to the maintenance of roads and footpaths. This in

stark contrast to the satisfaction levels with the merge maintenance arrangements which are managed by this Council.

- 4.5 The Critical Friend assessment by ENCAMS is attached as Appendix B to this Report and offers a wholly independent view of both the provision of services at North Hertfordshire and the process and conclusions of the Street Scene FSR. The ENCAMS report concludes that the approach taken for the FSR is entirely consistent with advice given in the Audit Commission Briefing Paper “acknowledge learning from Audit Inspection and Research – Street Scene”. The ENCAMS report concludes that we have assessed the right performance data and come to appropriate conclusions and considers this in relation to Corporate documents. The recommendations from ENCAMS are consistent with those reached within the Street Scene FSR report.

5. LEGAL IMPLICATIONS

- 5.1 There are no legal implications directly arising from this report. Although the implementation of individual improvements within the Action Plan will need to have regard to legal implications.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 The Action Plan attached to the FSR Report details the anticipated financial implications from each of the areas of improvement. There is a requirement for the FSR to seek a 5% efficiency saving and this is anticipated that a combination of cashable and non-cashable efficiency savings in excess of 5% will be made from the implementation of all of the actions within the Action Plan. In the short term savings of at least £290,000 will be made. This will increase through further market testing of services, revenue generation (in the areas set out in the report) and the implementation of longer term initiatives. A number of the services contained within the FSR report are listed within the Council’s Risk Register. The Risk Register will need to be updated following the adoption of the Report and subsequently, following the implementation of individual actions.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 7.1 There are no human resource or equalities implications directly arising from the contents of this report. Any organisational changes (e.g. to the Engineering or Enforcement functions) would need to have regard to the Council’s approved policies for restructuring and would be subject to separate approval from the Council’s Restructure Board.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 8.1 Stakeholder meetings have taken place in November 2005 and March 2006 as part of the FSR process. The notes from the Stakeholder Consultation meeting are available on the FSR file. The Member Working Group has been actively involved in the scoping, challenge and preparation of the Review.

9. RECOMMENDATIONS

- 9.1 That the contents of the report are noted and that the FSR report (attached as Appendix A) are endorsed and recommended to Cabinet for approval.
- 9.2 That the Critical Friend report attached as Appendix B is endorsed by PARC as an independent review of the Council's service provision and process of carrying out this FSR.
- 9.3 That all the Members and Officers involved in the FSR be thanked for the considerable time and effort that they have put into the review process.

10. REASONS FOR RECOMMENDATION

- 10.1 To implement the outcomes of the FSR process.

11. ALTERNATIVE OPTIONS CONSIDERED

- 11.1 The Council is required to review its services under the Local Government Act 1999 (revised 2003).

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13. BACKGROUND PAPERS

- 13.1 Citizen's Panel Survey
- 13.2 BVPI data
- 13.3 Notes from Stakeholders' meetings

14. APPENDICES

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BVFSR – STREET SCENE SERVICES

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1 INTRODUCTION

1.1 Terms of Reference

1.1.2 The Fundamental Service Review of North Hertfordshire District Council's Streetscene Services commenced in 2005 as part of the Council's Best Value Review Programme. (PARC 19 May 2005 Minute 14 refers).

1.1.3 Best Value requires NHDC to challenge the need for this service, consult widely, compare its service to others nationally and investigate alternative means of service provision.

1.2 Purpose of the Review

1.2.1 Streetscene brings together the various services that combine to impact on the appearance, condition and amenity of streets, paths, landscaping and green, open spaces of the district. The Streetscene is therefore the one area of Council services that everyone in the District experiences everyday. It includes most of the public areas within the District.

1.2.2 The main purpose of the review was to fundamentally challenge how we provide the street scene services as defined in the scoping document achieve the Council's corporate objectives as set out on the Corporate Plan.

1.2.3 The Corporate Plan sits at the centre of our corporate planning framework, which integrates service and financial planning to ensure resources are allocated to priorities.

Sustainable Communities

Our Short Term Actions for 2005/6

- We will continue to implement measures to address fly-tipping and misuse of the environment.

Our Medium Term Actions for 2006/7 – 2008/9

- We will take steps to care for the environment by encouraging the minimisation of domestic and commercial waste.

Safer Communities

Our Short Term Actions for 2005/6

- We will develop closer working arrangements with parish and town councils in the district.
- We will continue to invest in CCTV initiatives.

Our Medium Term Actions for 2006/7 – 2008/9

- Through delivery of our Community Safety Strategy 2005/08 we will continue to work to tackle crime and the fear of crime.

Listening to you

Our Short Term Actions for 2005/6

- We will strive to secure continuous improvement in customer satisfaction.

1.2.4 Under the Local Government Act 1999, revision 2003, authorities must demonstrate that they are achieving continuous improvement in their services. This means that the service needs to ensure that statutory, political and service objectives are met, that the services delivered are to the highest standard, are cost efficient and are amongst the upper quartile in terms of measured performance. Finally, the Act requires the service to demonstrate that it contributes to the Council's achievement of its corporate vision and priorities, that is to say among the top 25% achievers.

1.2.5 This is a complex set of service areas that cut across many departments of the Council. With this in mind the review is intended to be at a thematic high level rather than a detailed root and branch review of each of the service areas which are sometimes provided by the Council, sometimes by other public organisations, or in partnership.

1.3 Scope of the Review

1.3.1 The review covers a number of cross cutting services which are all present in the Streetscene. These are set out in greater detail in Section 2 and includes the cleaning and maintenance of our streets and verges, car parking, the provision of street furniture (benches, lighting, bins etc.) CCTV and decorative planting trees and hanging baskets. Important aspects of the Streetscene which the review also covers graffiti removal, fly-tipping (deterring and removing) and street based enforcement (e.g. dog fouling / A boards).

1.3.2 The review also considered other significant issues which effected use of the 'public realm' including: community safety, co-ordination of service provision, interrelationship with other service providers, for example, Police, County Council, Highways Agency and Town and Parish Councils.

1.4 Membership of the Review Team

1.4.1 David Scholes, Head of Planning & Building Control chaired the Officer review group, formed of:-

1.4.2	John Robinson	Strategic Director (Customer Services)
	Andrew Mills	Service Manager Ground Maintenance
	Vaughan Watson	Head of Leisure & Environment

Pete Marshall	Chief Engineer
Tony Clampton	Service Manager Waste
Lynn Saville	Strategy & Community Services Manager
Liz Green	Head of Policy, Performance & Partnerships
Andy Godman	Head of Housing & Health
Helen Leitch	Urban Designer
Giovanno Silverio	Enforcement Manager
Debbie Hiscock	Performance Officer
Kate Brierley	Performance Officer
Sue Parnell	Personal Assistant

1.5 **Critical Friends/Consultants**

- 1.5.1 In undertaking the review, ENCAMS (Environmental Campaigns) offered their services as Critical Friend.
- 1.5.2 The Critical Friends were asked to robustly challenge the scope of the review. They also participated in the consultation exercise and shared best practice and information regarding performance and best practice elsewhere, and added a regional and national dimension to the review.

1.6 **Elected Members Involvement**

- 1.6.1 The Officer Group had 6 meetings with Members to review the scope of the study, its implementation and perhaps most importantly the emerging report and action plan. The Member Group comprised:
- Cllr Mrs C Strong (Chairman)
 - Cllr M Paterson (Vice Chairman)
 - Cllr M Weeks
 - Cllr L Oliver
 - Cllr Mrs J Billing
 - Cllr A Hartley
 - Cllr Mrs S Wren

1.7 **Project Management**

- 1.7.1 The methodology used to conduct the review followed the North Hertfordshire District Council's Best Value Toolkit and accepted Audit Commission methodology.

1.8 **Reporting Procedures**

- 1.8.1 The review team met on 8 occasions at predetermined points throughout the review, to discuss progress, and review findings. A programme of meetings, the agendas and minutes of each of these meetings are available for reference in the review file.

2 **DETAILS OF CURRENT SERVICE PROVISION**

- 2.1 North Hertfordshire District Council undertakes this service provision in accordance with its strategic objectives:-

- Promoting sustainable development of the District to ensure that we deliver adequate affordable housing, protect the environment and conserve the heritage of our historic towns and rural settlements.
- Encouraging responsible citizenship and creating safe communities with less crime and less fear of crime.
- Promoting first class leisure and cultural facilities to contribute to healthy living for all our citizens.
- Targeting resources at areas of disadvantage in the District to reduce social exclusion and improve the quality of life for everyone.
- Creating opportunity for all by promoting sustainable local economic development .
- Ensuring that we listen to our communities and deliver high quality, value for money, and customer focussed services.

The services cover the following area:-

2.1.2 **Cleansing Waste**

- Domestic waste
- Street waste
- Commercial waste
- Litter and chewing gum

2.1.3 **Grounds Maintenance**

- Trees and shrubs
- Street planting and hanging baskets
- Ornamental planting
- Verges and grass cutting

2.1.4 **Engineering and Enforcement**

- Street furniture
- CCTV
- Street lighting
- Road signage
- Bus stops
- Disability issues
- Enforcement
- Fly tipping
- Fly posting
- Graffiti
- Street trading
- 'A' signs
- Abandoned vehicles
- Licensing

and 'incidental' services e.g.:

- Highways Agency
- HCC
- Police
- Town/Parish Councils
- Environment Agency
- Letchworth Garden City Heritage Foundation

2.1.5 **Current Service Performance**

2.1.6 Details of each of the Service Plans for the current year are held in the evidence file and set out detailed work programmes for each of the Service Areas. In undertaking the review it became evident at an early stage that many of the Council services are impacted upon one way or another by street scene issues. It has been most important therefore to consider this review at a strategic level rather than a detailed review of each and every aspect of the service areas and also consider only the impacts that will accrue upon the street scene from each of these Service Areas. In this regard the details of the waste contract, for instance, are not included within the review process as this in itself has minimal bearing upon street scene issues. Rather the focus has been on those matters which are present in the street scene for people within the District. The objectives of the review can be summarised as:-

- The design and the appearance of the street scene
- The health and safety and maintenance of the physical street environment
- The safety of the street from crime and from the fear of crime

2.1.7 These service areas which provides street scene services have a significant number of best value performance indicators (BVPIs) which apply to them. The starting point for assessing the delivery of street scene services is to review the evidence already available with regard to performance and cost. The tables in Appendices 2 and 3 show BVPI data for street scene services. Appendix 2 makes comparisons between North Hertfordshire District Council and our “nearest neighbours” according to the CIPFA classification of similar Authorities in terms of their size/population and not necessarily proximity, also other authorities within the Hertfordshire county area. This data is the most recent available data i.e. audited 2004/5 information.

2.1.8 **Waste**

2.1.9 Whilst the review itself has taken a strategic level approach rather than looking in details into each individual service, the overall visual impact on Streetscene of our waste collection and recycling services is an important consideration. The impact of large vehicles entering often small streets or rural areas, the spillage of refuse awaiting collection and the aesthetic effect of numerous recycling bins make this a “high profile” service in the customers’ perception. It is therefore worth noting our progress to date against stringent government targets.

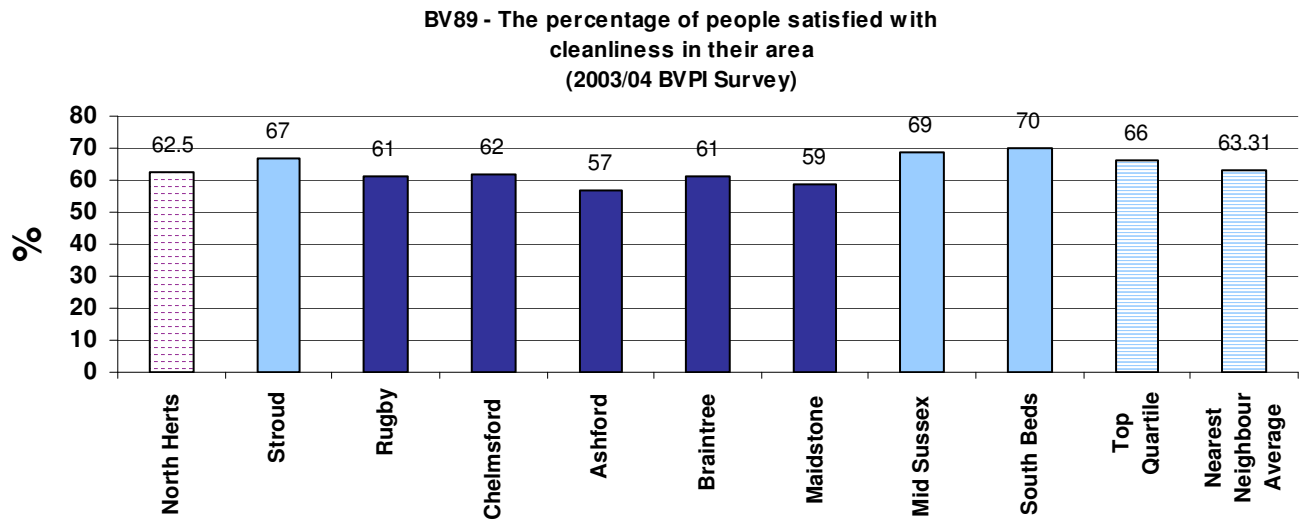
- We recycle 19.8% of household waste, which is below the Hertfordshire average – we are currently investigating additional £380,530 to extend our brown bin service across the district to increase this figure significantly.
- We collect 450 kgms of waste per household, which is above the Hertfordshire average

2.1.10 The cost per head for waste collection of £44.19 is below the Hertfordshire average of £52.66. However, with regard to waste collection 89.2% of

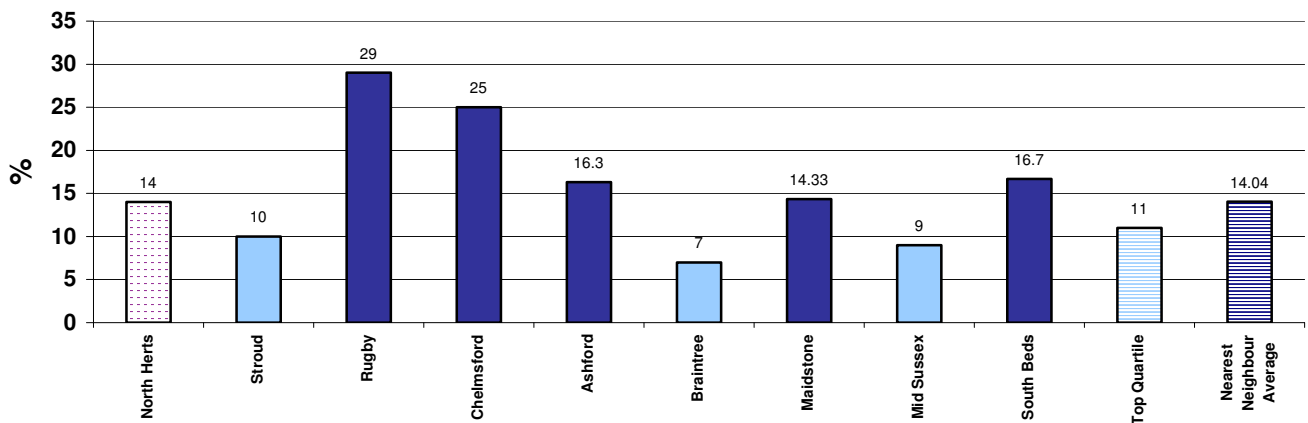
households are satisfied. This compares favourably with the near neighbour average of 87.5% and the Hertfordshire average figure of 81.2%.

- 2.1.11 In respect of recycling 63.7% of households are satisfied compared with a near neighbour average of 80.09% and a Hertfordshire average of 66.57%. We will be able to measure the effect of increased recycling availability in the District wide survey to be carried out in Summer 2006.
- 2.1.12 For kerbside collection 100% of the population are covered by this service, whereas the near neighbour average is 93.13% and the Hertfordshire average is 66.57%. It should be noted that this relates to some form of kerbside collection for some types of recyclables.
- 2.1.13 Waste management itself was the subject of a specific Fundamental Service Review carried out in 2001. The scope of that review focused on waste minimisation, waste collections (including domestic, bulky, commercial etc) recycling, and household waste (bring bank) sites.
- 2.1.14 The service improvement plan arising from the review contained a number of measures (now complete), including;
- increasing joint working with HCC and the Herts Waste Strategy Group to explore increased potential for recycling, new shared waste sites and contractual arrangements
 - increased opportunity for public consultation on the location of bring banks
 - inclusion of trade waste and street cleansing function when subjecting waste management to competition
- 2.1.15 The CPA Inspection of 2003/04 reported that other areas required further improvement, and action 19 (now complete) of the CPA Improvement Plan identified;
- the need to increase monitoring of effectiveness of waste minimisation to a quarterly cycle,
 - conduct a door stepping campaign to raise awareness of initiatives,
 - work with schools and Wasteaware to encourage greater awareness of recycling opportunities within the citizenship agenda,
 - and increase the authority's communications with residents about reducing waste, increasing composting and recycling opportunities
- 2.1.16 **Street Cleansing**
- 2.1.17 The following tables compare North Hertfordshire with our '**Nearest Neighbours**' against satisfaction levels from the 2003/04 BVPI survey (BV89) and the BV199 Cleanliness survey 2005/06.

Light shades denotes better performance than North Hertfordshire and darker shades denote worse.



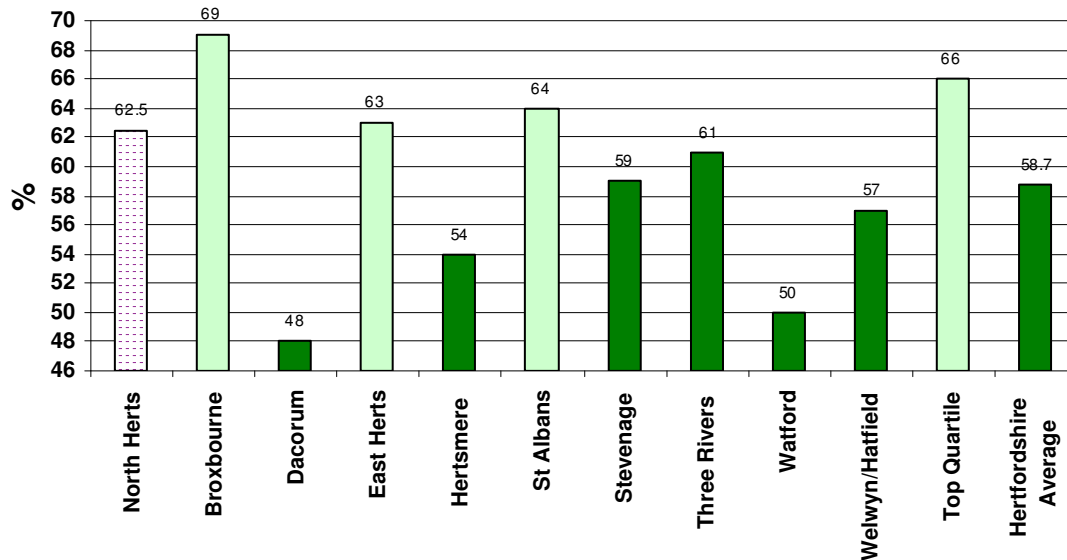
BV199 - The proportion of land and highways assessed as having combined deposits of litter and detritus across four categories of cleanliness (2004/05 audited data)



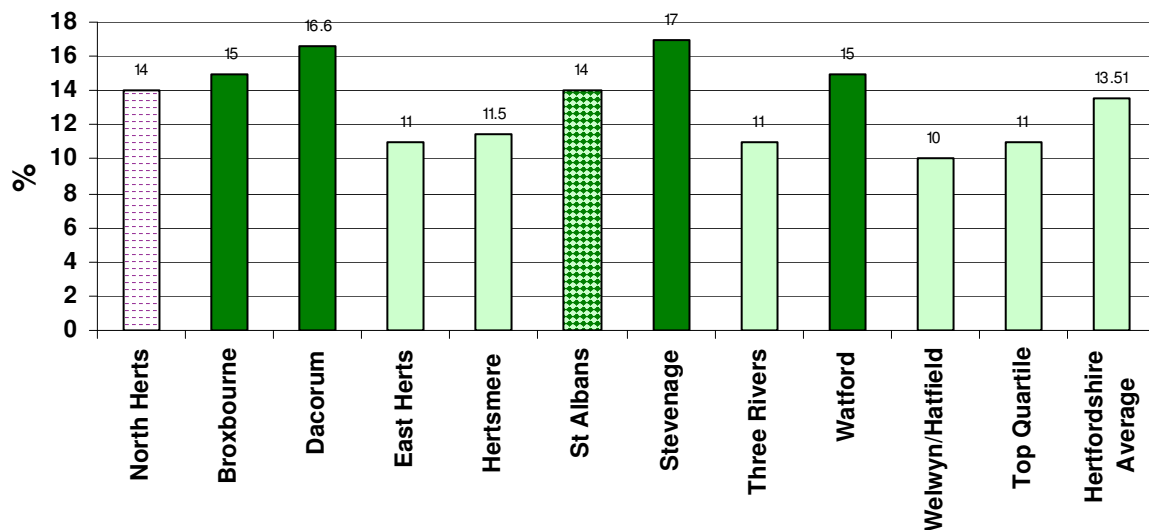
The following tables compare North Hertfordshire with all **Hertfordshire Authorities** against satisfaction levels from the 2003/04 BVPI survey and the BV199 Cleanliness survey 2005/06.

Light shades performed better than North Hertfordshire and darker shades performed worse.

BV89 - The percentage of people satisfied with cleanliness in their area (2003/04 BVPI Survey)



BV199 - The proportion of land and highways assessed as having combined deposits of litter and detritus across four categories of cleanliness (2004/05 audited data)



2.1.18 The above graphs from BVPI data demonstrate quite clearly that North Herts has low levels of combined litter and details compared with our 'near

neighbours' and other Herts Councils. Indeed the Council is within the top quartile nationally. Of concern however is the customer satisfaction levels below 'near neighbour' average and top quartile. This may be a matter of expectation and perception as the Hertfordshire District figures are significantly below the NHDC 'near neighbours'. The next BVPI general survey should be used to inform action planning on this.

2.1.19 **Community Safety BV1127**

2.1.20 Include data from 'fear of crime' survey etc i.e. to stress the difference actual and perceived crime.

2.1.21 The definition "community safety" means preventing, reducing or containing the social, environmental and intimidatory factors which affect peoples' lives. It includes preventative measures, such as providing sufficient lighting or sensitive landscaping to reduce fear of crime and tackle anti-social behaviour.

2.1.22 The CDRP (crime and disorder reduction partnership) crime audit report (Perpetuity Research and Consultancy International Limited – November 2004) found that:-

- North Herts remains a low crime area, compared with other areas of Hertfordshire.
- Recorded crime in North Herts has risen in the past 3 years, but is low for serious crimes and relatively higher for criminal damage in comparison across the County.
- Low level quality of life issues, such as graffiti, vandalism, gangs of youths and rubbish, concerned residents the most. In particular, graffiti was seen as a bigger problem in North Herts than in other areas of the County.
- In a multi-choice selection of improvements 39% of respondents felt that increased police foot patrols were most important to their personal safety, 25% suggested street or neighbourhood wardens would help reduce crime, 21% wanted more CCTV and 12% improved street lighting.
- More residents considered the areas in which they live to be less safe at night than during the day. Town Centres and residential streets were considered "relatively safe" by all except in the over 65 age group, where concern rose significantly (49% would not go out of an evening).

2.1.23 The public perception and reassurance provided by additional "presence" on the street has helped inform the review of our enforcement function which is currently underway. It is anticipated this could strengthen a service the authority currently provides.

2.1.24 Community Safety BVPI127 deals with matters of community safety and is broken into four elements. It deals with violent offence (a) by a stranger (b) in a public place (c) in connection with a licensed premises and (d) under the influence. WEF April 2005 broken into 2 parts only Robbery and Violent Crime

2.1.25 BVPI128 deals with theft of or from a vehicle.

2.1.26 For each of these categories the assessment method is offences per 1,000 population. In respect of violent offences, the North Hertfordshire figure is close to the average for its near neighbours. The range of data varies from

2.2 per 1,000 population to 6.68 in respect of an offence in a public place, again North Hertfordshire is close to the near neighbour average with 8.8 offences. The range here has a similar span and covers 6.86 to 10.78.

2.1.27 In respect of offences in connection with a licensed premises, the North Hertfordshire performance figure is marginally above the average of 0.99 being 1.07. For violent offences connected with those under the influence, the North Hertfordshire figure is approximately twice the average of the near neighbour figures. It is concerning to note that North Hertfordshire has the highest level of offences per 1,000 population of the near neighbours, the next nearest being Maidstone at 3.01. Conversely, in respect of BVPI128 the North Hertfordshire figure is below the average of 9.89 at 8.87. The figures in this performance indicator range from 6.48 (Braintree) to 14.67 (Rugby).

2.1.28 Grounds Maintenance

2.1.29 In respect of grounds maintenance functions, there are no nationally recognised BVPIs. With this in mind the Council participates in the Eastern Grounds Maintenance benchmarking club which has produced a database for assessing grounds maintenance provision and making comparisons between the cost and quantity of work within the constituent district. The Grounds Maintenance function was subject to its own fundamental service review in 2002/3 where this data was used.

- We maintain almost 2.4 million square metres of grass, almost 80% of which is cut on a two week cycle
- We maintain and inspect 49 play areas, with the outcomes of daily inspections reported weekly through our Grounds Team
- We have 22 football pitches, 228 dog bins and 240 litter bins, with 150 of the latter being emptied twice daily
- The extent of flower beds we tend is sufficient to cover approximately six football pitches

2.1.30 Engineering/Enforcement Functions

2.1.31 In the past North Hertfordshire had an agency agreement for highways maintenance with the County. In 1999 this was embodied in a partnership (North Herts Highways – now Herts Highways). The residual engineering function remains with the Council and deals with a range of issues:

- Land drainage
- Controlled parking zones
- Car parking enforcement
- Road naming and signs
- Rural bus stops

2.1.32 A number of other Streetscene enforcement functions are carried out in the Housing and Environmental Health Enforcement and Licensing Team including:

- A boards
- Fly tipping
- Street trading
- Abandoned vehicles

2.1.33 It is appropriate to consider synergies between service areas to see if the current organisational arrangements are the most appropriate.

RECOMMEND

Define objectives for engineering function and review structure (I10)

- Undertake restructure as appropriate (A22)
- Withdraw administrative funding from Highways Partnership (A23)

2.1.34 Other Organisations

2.1.35 Suggest some analysis of services provided by other organisations and some of the difficulty this presents i.e.:

- Different standards of grass maintenance according to highway verge ownership
- Necessity to co-ordinate enforcement activity across agencies e.g. Police, Fire Service and NHDC
- Role of utilities in degrading carriageway surfaces through uncoordinated repairs
- High levels of public satisfaction with highway maintenance standards

2.1.36 Cost of Providing the Service

2.1.37 For the financial year 2006/7 "Streetscene" services cost the following:-

Street Cleansing £902,400 (inc. street waste) to provide:-

Waste household £1,855,660

Grounds Maintenance (excluding cemeteries, allotments) but including verge maintenance etc £2,628,320

CCTV £276,710

Town centre enhancements £55,500 (includes street furniture £8,000, street signs £24,000, decorative lighting £8,500 and footway lighting £15,000)

3 CONDUCTING THE REVIEW

3.1 The 4C's were addressed by Officers and Members: Challenge, Compare, Compete and Consult (for challenge, see 4.1 below).

3.2 Compare

3.2.1 Comparisons were made through BVPI benchmarking data of our nearest neighbours and visits to two authorities which were selected for the following reasons:

3.2.2 **Broxbourne Borough Council** is a neighbouring Hertfordshire authority. the District has a series of small/medium size towns along the busy A10.

The main towns are Waltham Cross, Cheshunt, Broxbourne and Hoddesdon with a total population of 83,000.

- 3.2.3 Its Street Scene Best Value review was reported following an inspection in June 2003, it was found to be a two star good service with promising prospects of improvement.
- 3.2.4 The Audit Commission Inspection included street cleaning, maintenance of parks and open spaces, car parking, and public toilets.
- 3.2.5 The Inspection identified best practice in the following areas:-
- Streets, open spaces and car parks are generally clean and free from litter and grass well maintained.
 - Localised problems of verge parking, fly-posting, graffiti and dog fouling are being tackled.
 - Quick response to abandoned vehicles, graffiti, and fly-tipping.
 - Customers find it easy to access services, helpline; extended opening hours, website and leaflets
 - Education and promotion
- 3.2.6 Effective use of enforcement powers (however not balanced with education and promotion)
- 3.2.7 **Braintree District Council's** Street Scene Best Value review was reported following an inspection in May 2005, it was found to be a two star good service with excellent prospects of improvement.
- 3.2.8 Braintree is the second largest Essex district, in area covering 612 square kilometres and is largely rural in character, just over half of the 134,500 population live in the three main towns of Braintree, Halstead and Witham.
- 3.2.9 There is no overall political control of the council but the Conservatives and Independents form the administration having taken over from Labour at the last election in May 2003.
- 3.2.10 The Audit Commission Inspection included street cleaning, maintenance of parks and open spaces, on and off street car parking and the management of the Council's vehicle fleet.
- 3.2.11 The Inspection identified best practice in the following areas:-
- Streets and public open spaces are clean and tidy
 - Service works effectively with other departments and external partners- County
 - Flexible partnership arrangements- parish/community groups
 - Accessible to local people (response to abandoned cars, flytipping, litter and graffiti prompt)
 - Street cleaning good value for money

Braintree is considered a Nearest Neighbour by the Audit Commission.

3.3 Consult

- 3.3.1 Consultation has been undertaken at regular intervals by the service areas in terms of individual surveys.
- 3.3.2 In addition satisfaction with the districts street cleansing provision is tested regularly as part of the General Survey and the Best Value Surveys.
- 3.3.3 Feedback from the Council's Comments, Compliments and Complaints process, which is widely available for this service area, was also used to inform this service review.
- 3.3.4 Copies of PI data for BVPI surveys and the MORI survey are included in the evidence file.
- 3.3.5 Additional consultation has been undertaken specifically for this review with stakeholders. This has been an essential and informative part of this review. Consultation with these groups was undertaken in the following way.

- **Stakeholder meetings**

The findings of this survey are available in the Evidence File of this Review.

Key stakeholders were identified by the Officer and Member teams staff as partners they work closely with in delivering their service. Stakeholders were invited to participate in a workshop session where they shared their thoughts on what the service should look like, what elements are vital to future success and finally what plans they had that could be included or considered when formulating recommendations from the review. In addition written comments were accepted.

A note of this meeting and the comments raised was sent out to Stakeholders and can be referenced in the Evidence file of the review.

- **Stakeholder Survey**

A note of this meeting and the comments raised were sent out to Staff and can be referenced in the Evidence file of the review.

3.4 Compete

- 3.4.1 This section of the review looked at the process of service delivery and assessed the current method of procurement and the opportunity to either market test the provision of services or enter into partnerships to deliver services with increased efficiency.
- 3.4.2 Procurement of cross cutting services requires co-ordination by service commissioners. Possibilities could include: co-ordinating letting times from grounds maintenance contracts, market testing for street based enforcement services, etc.

4 REVIEW FINDINGS

4.1 Challenge

4.1.2 ENCAMS have provided a comprehensive report relating to the scope of the FSR, the way that the FSR has been undertaken and the outcomes of the FSR process and the improvement plan. In terms of the scope of the FSR, ENCAMS have identified that the areas that the Council wish to cover in the report are appropriate for a comprehensive Streetscene Review and that a high level review of such cross cutting services is entirely consistent with the approach advocated by the Audit Commission. ENCAMS have undertaken their own independent assessment performance and looked at the integration of the various strategic corporate documents. ENCAMS have also analysed the Service Plans, particularly that of the Leisure and Environmental Service to see how this fits in with Corporate priorities, Customer expectations and external factors. The appraisal from the Critical Friend concludes that the Review has taken a strategic look at the delivery of Streetscene services via appropriate methodology. The Review Team included all relevant parties and it took a point of view of a member of the public. The review included a range of consultation methods and surveys (including Stakeholder meetings) and an appropriate comparison was made with other Hertfordshire Authorities and other "near neighbour Authorities". ENCAMS appraisal also identifies the areas for improvement being broadly the same as those identified by the Review itself.

4.2 Compare

4.2.1 The site visits to Broxbourne and Braintree proved particularly useful in demonstrating how other, broadly similar authorities organised their streetscene services. The notes from the visits are in the evidence file with the key points being:
Streetscene based enforcement services are operated by both Councils and are regarded as offering a more comprehensive solution rather than each service area offering individual enforcement elements
There are differing views about contacting out large service areas.

RECOMMEND

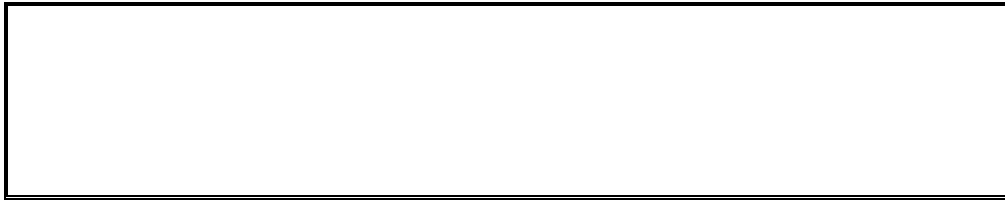
A comprehensive Streetscene Enforcement Service (I6)

- Restructure (A14)
- Implement Clean Neighbourhoods Act (A15)

RECOMMEND

Get the Community more involved (I7)

- Community engagement plan (A16)



RECOMMEND

Simplify customer contact arrangements (18)

- Customer contact centre (A17)
- Seamless co-ordination with contractors (18)

4.3 Consult

- 4.3.1 The consultation element of the review encompassed the analysis of BVPI data, two stakeholder consultation events and a web based survey. The analysis of the BVPI data, the notes from the consultation and the outcomes from the survey are included in the evidence file. The key points that emerge from this element of the review are:-

You told us;

'Getting the community involved'

'Harness goodwill of Citizens'

'Educate everyone how to do it'

'Better information on funding sources'

'Town Centre Ranger/Wardens/Neighbourhood Watch Type Scheme'
Better HCC / NHDC / Parishes co-ordination

Our response is;

- The Annual Parish Conference has already highlighted the need for greater sharing of information regarding not only functions which are carried out by each of the agencies involved, but also sharing expertise and opportunities for resourcing. This dialogue will continue through the development of the Rural Strategy.
- Action 11 in the attached plan identifies that the Council will work with parishes to develop joint arrangements and review services provided in consultation with our parishes
- Action Improvement 1 in the improvement plan indicates our aim to improve community engagement in the maintenance of streetscene throughout the district
- The involvement of schools into the District's recycling initiatives as part of their citizenship agenda will help to raise awareness of younger residents of the District, an example of good practice seen during our visit to Braintree.
- With regard to education, we have recently conducted a door-stepping campaign (see 2.1 above) and are extending our work in schools to raise awareness of recycling potential (2.1 above)
- The North Herts Community Safety Strategy already includes the strategic objective 'to increase the uptake of neighbourhood and business watch schemes', but at its revision will also include factors to address 'envirocrime' (damage to street furniture, litter, graffiti etc) as identified by the Encams Critical Friend report attached.

RECOMMEND

Improve Streetscene when development occurs through (I1)

- Section 106 supplementary guidance (A1)
- Model legal clauses (A2)
- Review and implement our internal procedures (A3) (A4)

RECOMMEND

Improve communication with Stakeholders (I5)

- Joint working (A11)
- Technical advice (A12)
- Review service provision (A13)

RECOMMEND

Define objectives for engineering function and review structure (I10)

- Undertake restructure as appropriate (A22)
- Withdraw administrative funding from Highways Partnership (A23)

You told us;

'Poor lighting' - 13.5% of respondents were very satisfied, 40.5% fairly satisfied, 21.6% neither satisfied nor dissatisfied, 10.8% fairly dissatisfied and 5.4% very dissatisfied in our recent survey

'Herts Highways – could be better, often difficult to get good design solutions'

'Signage – requirements of Traffic Regulation Orders'

'Sun Street / Bucklersbury works well, apply this design elsewhere'

'Local standards reporting hotline'

'Make it easy to report on issues'

Our response is;

- Action 18 in the improvement plan undertakes that we will ensure seamless co-ordination between NHDC and contractors
- Action 17 in the improvement plan identifies the commencement of the NHDC 'one stop shop', enabling residents to use one number to record their complaints or comments, regardless of which authority is ultimately responsible for undertaking action; NHDC will relay calls to the relevant agency direct on their behalf.

You told us;

'CCTV not always focussed on the hotspots'

'Concerned about safety' - 73% of respondents were satisfied/, 24% dissatisfied that North Herts has low levels of crime in our recent survey

'Safety and quality of public toilets'

'Abandoned cars – not a big issue, remove quicker'

**'Churned up verges, verge parking'
'real local policing, on foot or bike preferable'
'co-ordinate street scene enforcement'**

Our response is;

- As a result of this review, and acting on the outcomes of the three yearly Crime Audit referred to within the body of the report at 2.1, we will be conducting a review of CCTV provision and criteria for its use. (Action Improvement 4, to develop a CCTV policy, on the improvement action plan). This will include consideration of location of individual cameras.
- Concerns about safety will be addressed by the Crime and Disorder Reduction Partnership within the delivery of its Community Safety Strategy, by meeting with residents through the new neighbourhood policing panels (to be established shortly), and by the review of existing 'on street' enforcement functions carried out by the Council. The speed at which abandoned cars are removed is being reviewed through our countywide contracting arrangements

RECOMMEND

Improve effectiveness and efficiency of CCTV (I4)

- Business Plan (A8)
- Review camera provision (A9)
- S106 funding (A10)

RECOMMEND

Improve quality of public convenience provision (I11)

- Produce 3 year improvement programme (A24)

You told us;

'Range of open spaces for different users' - 71% satisfied/11% dissatisfied with the quality of open spaces within their locality in our recent survey

'Priory Gardens – well kept thoroughfare'

'General well kept park areas in Hitchin'

'Important to retain open spaces, not lost to building'

Our response is;

- We will maintain our daily inspections of play areas as described at 2.1

(grounds maintenance) within this report

- We will produce and keep up to date a five year rolling programme for streetscene environmental improvements across the district (Action A5 on the improvement plan)

RECOMMEND

Improve Streetscene when development occurs through (I1)

- Section 106 supplementary guidance (A1)
- Model legal clauses (A2)
- Review and implement our internal procedures (A3) (A4)

RECOMMEND

Produce a plan for Streetscene improvements (I2) (A5)

RECOMMEND

Promote policies and minimum standards for the appearance of Streetscenes (I3)

- Section 106 supplementary guidance (A6)
- Local Development Framework policies (A7)

RECOMMEND

Review and develop Parks and Open Spaces Strategy (I9)

- Evidence based – what is there / what needs improving (A19) (A20)
- Review provision of buildings and services (A21)

4.4 Compete

4.4.1 Due to their very nature Streetscene services cross over many (if not all) of the Council's functions. For single service reviews an assessment can be made of the opportunities for providing the service in a different way (either through contracting out/partnerships etc). The same cannot be said for the Streetscene services in their entirety. Significant parts of the service are already market tested through the letting of externalised contracts:-

- Grounds Maintenance

- Waste
- Street Cleansing
- Abandoned Vehicle Collection

4.4.2 The significant service delivery areas that are not tested in this manner are:

- Car Parking Enforcement
- CCTV

RECOMMEND

Improve effectiveness and efficiency of CCTV (I4)

- Business Plan (A8)
- Review camera provision (A9)
- S106 funding (A10)

RECOMMEND

Define objectives for engineering function and review structure (I10)

- Undertake restructure as appropriate (A22)
- Withdraw administrative funding from Highways Partnership (A23)

4.4.3 It is recommended that the service areas that are currently either tested in a competitive environment should be subject to a detailed review to identify whether partnership opportunities exist to provide efficiencies or whether competitive testing is appropriate.

5 CONCLUSION

5.1 Street scene based services in North Hertfordshire are generally well run, meet customer expectations and offer reasonable value for money. Many of the services are tested in the commercial market place and the award of contracts are made on a cost/quality basis. A number of service areas identified in the report could benefit from either market testing or business planning and strategy work. There is clearly widespread dissatisfaction with the role of HCC as Highway Authority particularly with regard to maintenance of footpaths and roads.

5.1.2 The provision of planned maintenance in other aspects of street scene services (e.g. furniture) received support. The Officer group identified the need to have a more rigorous and systematic approach to S106 agreements which will link in with a planned maintenance regime.

5.1.3 Whilst enforcement per se did not feature as an area of particular dissatisfaction the compare visits were most helpful in demonstrating the opportunities in having a more comprehensive approach to street scene enforcement and contract monitoring. In a similar vein simplified reporting

procedures are seen to be desirable and would hopefully lead to further improvements in customer satisfaction.

6 RECOMMENDATIONS

- 6.1 Recommendations are drawn together in the attached Improvement Plan, which aims to collate recommendations of the review into an action plan that is user focussed. The Improvement Plan is attached as Appendix 1.

7 MONITORING

- 7.1 It is important that the Improvement Plan is regularly monitored and evaluated. The Plan will be reviewed in light of the decision made by Cabinet in order to ensure that the necessary revenue and capital finances are in place to deliver the improvements according to the time scales.

Corp. Plan	Improvement	Action	Financial Implications	Timescale	Accountability	Comments
	Improve our negotiation and delivery of streetscene improvements that are funded from Planning Obligations (S106). (I1)	Production of S106 Supplementary Planning Document (A1)	Within existing budgets	Aug-06	David Scholes	Timetable set out in agreed Local Development Scheme
		Produce model S106 clauses (A2)		Aug-06	David Scholes	
		Review internal processes and protocols (A3)		Jul-06	David Scholes	
		Produce a business case to establish S106 Officer post from Planning Delivery Grant funding (2 year post) to implement new arrangement. (A4)	To be funded from Planning Delivery Grant.	Sep-06	David Scholes	
Prosp. LT 2-4 Safer ST 1+2	Produce a programme agreed between partners of public realm streetscene improvements in our towns and villages in partnership with HCC, LGCHF and Town/Parish Councils. (I2)	Produce and keep up to date (through the Town Centre Strategy Action Plans) a rolling 5 year programme for streetscene environmental improvements throughout each of the District's 4 towns. (A5)	Through review of the Capital Strategy	Dec-07	Barrie Jones	Town centre strategy outcomes to feed into capital strategy in the intervening period. Timescale identified here relates to the completion of all 4 town centre strategies
Prosp. ST 1-3 MT 1-3 LT 1-4	Promote policies that require improvements and minimum standards to the physical appearance of our towns, villages and rural areas when development/redevelopment occurs. (I3)	Production of S106 Supplementary Planning Document (A6)	Within existing budgets	Aug-06	David Scholes	

Corp. Plan	Improvement	Action	Financial Implications	Timescale	Accountability	Comments
		Production of Local Development Framework Policies in accordance with the Local Development Scheme. (A7)	Within existing budgets	On going	David Scholes	Timescale set in Local Development Scheme - these are kept under review
Safer ST 5+4 MT 2	Produce a strategy including policy objectives (supporting our community safety strategy) increase the efficiency of CCTV to NHDC, whilst maintaining/enhancing effectiveness. Strategy to encompass the next 10 years operation. (I4)	Produce a Business Plan which encompasses the wider Partnership opportunities (e.g. for the existing arrangement with Stevenage) (A8)	Possible cost savings and/or income generation	Nov-06	Liz Green	
		Review the type and location of cameras (A9)	Within existing budgets.	Jul-06	Barrie Jones / Liz Green	
		Require contributions from S106 agreements as appropriate for the provision and operation of CCTV associated with development (A10)	S106 funding to supplement capital / revenue funding.	Jul-06	David Scholes	Relates to the production of Supplementary Planning Document
Listen ST 9	Undertake effective communication with our stakeholders about the services we provide (I5)	Establish joint working arrangement for Parishes to NHDC contracted services. (A11)	Within existing budgets – efficiency gains	Dec-06	Vaughan Watson	
		Review grant aid rules and the use of NHDC technical consultancy. (A12)	Additional income stream.	Dec-06	Vaughan Watson / Patrick Candler	

Corp. Plan	Improvement	Action	Financial Implications	Timescale	Accountability	Comments
		Review of services in consultation with the Parishes (A13)	Within existing budgets.	Aug-06	Patrick Candler / Vaughan Watson / Liz Green	
Safer ST 6+7 Sustain ST 2	Enhance the streetscene through a more comprehensive enforcement service. (I6)	Restructure project board to determine composition, duties and organisational arrangements. (A14)	Within existing budgets	Aug-06	Norma Atlay / John Robinson	
		To implement the Clean Neighbourhoods and Environment Act (those parts adopted Cabinet 20/9/05) using the current staff resources and introduce FPN (Fixed Penalty Notices). To consider long term enforcement plan/provisions to ensure consistent approach, and one point of contact. (A15)	Within existing budgets with additional income stream. To ensure powers adopted to issue FPN and mechanism to administer. To supersede Bylaws by virtue of the above.	April - 06	Andy Godman	Timescale as dictated by CNEA.
Safer MT 3+4	Improve our care of the streetscene by improving our community engagement. (I7)	Produce a community engagement plan for streetscene based services to facilitate improved communication and participation including themed initiatives e.g. adopt a street; schools packs; community safety. (A16)	Any additional spend to be off set against savings accrued elsewhere in FSR Action Plan and through income generation and	Nov-06	Roger Harrison	

Corp. Plan	Improvement	Action	Financial Implications	Timescale	Accountability	Comments
			sponsorship.			
Listen MT 8	Simplify our customer contact arrangements. (I8)	Establish one stop customer contact centre and area presence through <u>service@north-herts</u> . (A17)	Budget approved through SFP process and SSSC contract. Efficiency savings once operative.	Sept '06		
		Seamless co-ordination between NHDC and contractors (A18)	Within existing budgets	Sept'06	Vaughan Watson	
Health MT 2	Review and develop the Parks and Open Spaces Strategy. (I9)	Produce a robust evidence base to support the Parks and Open Spaces Strategy on the quantity and type of provision and enhancement needed throughout the District. (A9)	Within existing budgets	July 2007	Louise Symes	
		Produce evidence based action plan to support LDF policies (A9)	Within existing budgets	July 2007	David Scholes	
		Review the provision of buildings and services. (A21)	Within existing budgets	July 2007		
	Define operational objectives (in line with agreed restructuring policy) of the engineering service and review organisation thereafter.	Review functions and synergies with other service areas to effect restructuring. (A22)	Minimum £50k saving per annum	April 2006	Norma Atlay / John Robinson	Consultation

Corp. Plan	Improvement	Action	Financial Implications	Timescale	Accountability	Comments
	(I10)					
		Withdraw administrative funding the highways partnership (A22)	Cost savings 2006/7 onwards	April 2006	John Robinson	Poorly perceived by residents generally. Effectively a subsidy to a HCC function.
	Improve the quality of public convenience provision through the District. (I11)	Produce a 3 year implementation plan providing: <ul style="list-style-type: none"> - appropriate locations/availability - improved facilities - consistent management arrangement (A24) 	£80 saving on anticipated 2005/6 costs	April 2006	Vaughan Watson	

Appendix 2

BVPI	Description	Ashford	Maidstone	Mid Sussex	South Beds	North Herts DC	Tonbridge & Malling	Braintree	Stroud	Rugby	Average
BV82a	Percentage of household waste that is recycled	13.36%	10.28%	19.74%	14.98%	14.6%	16.19%	19.17%	20.88%	11.22%	15.60%
BV82b	Percentage of household waste that is composted	0.60%	6.51%	1.59%	0.5%	5.29%	1.86%	9.28%	0	4.60%	3.36%
BV82a + 82b	Percentage of household waste that is recycled and composted	13.96%	16.79%	21.17%	15.12%	19.88%	18.05%	28.46%	20.88%	15.82%	18.90%
BV84	Number of Kg of household waste collected per head of population	413.93kg	445.31kg	348kg	429.5kg	450kg	456kg	415.5kg	354.59kg	461.1kg	419.33kg
BV86	Cost of household waste collection per household	£37.51	£27.74	£37.39	£40.00	£44.19	£30.16	£64.40	£37.05	£44.62	£40.34
BV89 2003/04	The % of people satisfied with the cleanliness standard in their area	57%	59%	69%	70%	62.50%	-	61%	67%	61%	63.31%
BV90a 2003/04	the % of people satisfied with household waste collection	88%	87%	86%	88%	89.20%	-	81%	87%	91%	87.15%
BV90b 2003/04	The % of people satisfied with waste recycling	69%	64%	74%	67%	63.70%	75%	70%	80%	78%	80.09%
BV91	Percentage of households served by kerbside collection of recyclables	82.10%	69.3%	100%	96.5%	100%	100%	100%	100%	94.0%	93.54%
BV199	The proportion of relevant land and highways as defined under EPA 1990 Part IV section 86 that is assessed as having combined deposits of litter and detritus across four categories of cleanliness	16.3%	14.33%	9%	16.7%	14%	10.0	7%	10%	29%	14.04%
BV126	Domestic burglaries per 1000 households	10.57	8.2	5.86	13.23	10.63	8.11	5.62	8.3	15.47	9.56
BV127a	Violent offences per 1000 pop. by a stranger	2.2	2.47	5.18	1.31	3.29	1.70	3.65	2.7	6.68	3.24
BV127b	Violent offences per 1000 pop. in a public place	7.2	6.95	6.86	9.91	8.8	5.25	-	7.81	10.78	7.95
BV127c	Violent offences per 1000 pop. in connection with licensed premises	0.69	0.6	-	0.4	1.07	0.42	-	1.19	1.96	0.90
BV127d	Violent offences per 1000 pop. under the influence of an intoxicating substance (legal or otherwise)	2.63	3.01	-	2.03	4.65	1.99	0.94	2.64	2.88	2.60
BV128	Vehicle crimes per 1000 population	8	9.8	7.9	13.01	8.87	9.42	6.35	10.4	14.67	9.80
BV174	The number of racial incidents per 100,000 pop	1.8	2.83	0	0.87	4.19	0.91	0	0.92	2.24	-
BV175	The percentage of racial incidents resulting in further action	100%	100%	N/A	100%	100%	100%	N/A	100%	100%	-

BVPI	Description	Ashford	Maidstone	Mid Sussex	South Beds	North Herts DC	Tonbridge & Malling	Braintree	Stroud	Appendix 3	
BV176	Domestic violence refuge places provided or supported by the authority per 10,000 population	0	0	0.01	0.37	0	0.20	0.04	0	0	-

		Broxbourne	Dacorum	East	Hertsmere	North	St Albans	Steven-	Three	Watford	Welwyn	
<p>Source: Audit Commission Audited Data. N/A denotes that data is not applicable 'Nearest Neighbours' – those authorities chosen as most similar to NHDC in demographic, economic and social make-up.</p>												
	composted											
BV82a + 82b	Percentage of household waste that is recycled and composted	18.84%	28.66%	18.20%	13.32%	19.88%	22.15%	19.73%	25.27%	25.13%	19.73%	21.09%
BV84	Number of Kg of household waste collected per head of population	425.6kg	399.8kg	409kg	415.8kg	450kg	384.2kg	396kg	341.40kg	391.90kg	394.7kg	400.84kg
BV86	Cost of household waste collection per household	£46.82	£53.25	£62.45	£49.90	£44.19	£46.66	£40	£74.00	£64.96	£44.33	£52.66
BV89 2003/04	The % of people satisfied with the cleanliness standard in their area	69.00%	48.00%	63.00%	54.00%	62.50%	64.00%	59.00%	61.00%	50.00%	57.00%	58.70%
BV90a 2003/04	the % of people satisfied with household waste collection	91.00%	82.00%	88.00%	70.00%	89.00%	87.00%	78.00%	77.00%	77.00%	76.00%	81.50%
BV90b 2003/04	The % of people satisfied with waste recycling	79.00%	71.00%	65.00%	61.00%	64.00%	70.00%	72.00%	66.00%	55.00%	61.00%	66.40%
BV91	Percentage of households served by kerbside collection of recyclables	92.5%	89%	80%	91.3%	100%	89.6%	97%	100%	100%	93.60%	93.3%
BV199	The proportion of relevant land and highways as defined under EPA 1990 Part IV section 86 that is assessed as having combined deposits of litter and detritus across four categories of cleanliness	15%	16.6%	11%	11.5%	14%	14%	17%	11%	15%	10%	13.51%
BV126	Domestic burglaries per 1000 households	17.58	9.86	7.70	15.41	10.63	12.85	8.72	11.80	13.54	16.69	12.48
BV127a	Violent offences per 1000 pop. by a stranger	4.74	3.63	3.00	3.89	3.29	4.07	6.99	2.99	9.80	5.48	4.79
BV127b	Violent offences per 1000 pop. in a public place	11.95	9.47	7.3	9.63	8.80	8.84	16.10	7.36	21.16	11.98	11.26
BV127c	Violent offences per 1000 pop. in connection with licensed premises	0.63	0.90	1.10	0.64	1.07	0.97	1.68	0.53	2.88	1.04	11.44
BV127d	Violent offences per 1000 pop. under the influence of an intoxicating substance (legal or otherwise)	4.84	4.47	4.00	4.40	4.65	4.43	8.55	2.72	11.17	6.97	5.62
BV128	Vehicle crimes per 1000 population	15.32	13.85	7.70	15.93	8.87	14.60	9.74	10.22	16.58	13.08	12.59

BVPI	Description	Broxbourne BC	Dacorum BC	East Herts DC	Hertsmere BC	North Herts DC	St. Albans DC	Stevenage BC	Three Rivers DC	Watford BC	Welwyn Hatfield DC	Average
BV174	The number of racial incidents per 100,000 pop	19.59	14.00	0.00*	1.00	4.19	0.75	0.00	0.00	51.57	11.23	10.23
BV175	The percentage of racial incidents resulting in further action	100%	100%	0%*	100%	100%	100%	N/A	100%	97.56%	100%	99.70%
BV176	Domestic violence refuge places provided or supported by the authority per 10,000 population	2.00	0.09	0.00	0.03	0.0	1.00	0.78	0.05	0.20	0.26	0.44

Source: Audit Commission audited data

* doubts expressed about the reliability of the council's arrangements for producing the data

N/A denotes that data is not applicable

Everyone has contact with the street scene in some way or other and everyone will have a difference perception of what the street scene is. This is a thematic review and it will therefore not be reviewing specific services but will be looking at the street scene in general and how the services that the Council, and others, provide impact on the way that residents and visitors to the District relate to the street.

Given the wide range of services that impact on the street scene, and in order to ensure that the FSR is manageable boundaries have to be draw as to the scope of the review. Therefore the scope will cover the following areas:

1. The design and appearance of the street scene.
2. **The health and safety and maintenance of the physical street environment.**
3. **The safety of the street from crime and fear of crime.**
4. The review will cover the street scene from the perspective of the town and the village from the residents' viewpoint.

The diagram below sets out the services the review will look at. This list is not exhaustive and other services maybe looked at during the course of the review if they impact on the street scene.

Some services are being reviewed as part of other changes and therefore will not be central to this review however where issues arise that impact on those services then the review may make recommendations for changes.

These are:

Planning policy. This is being covered in the consultation on the local development framework and town centre strategies.

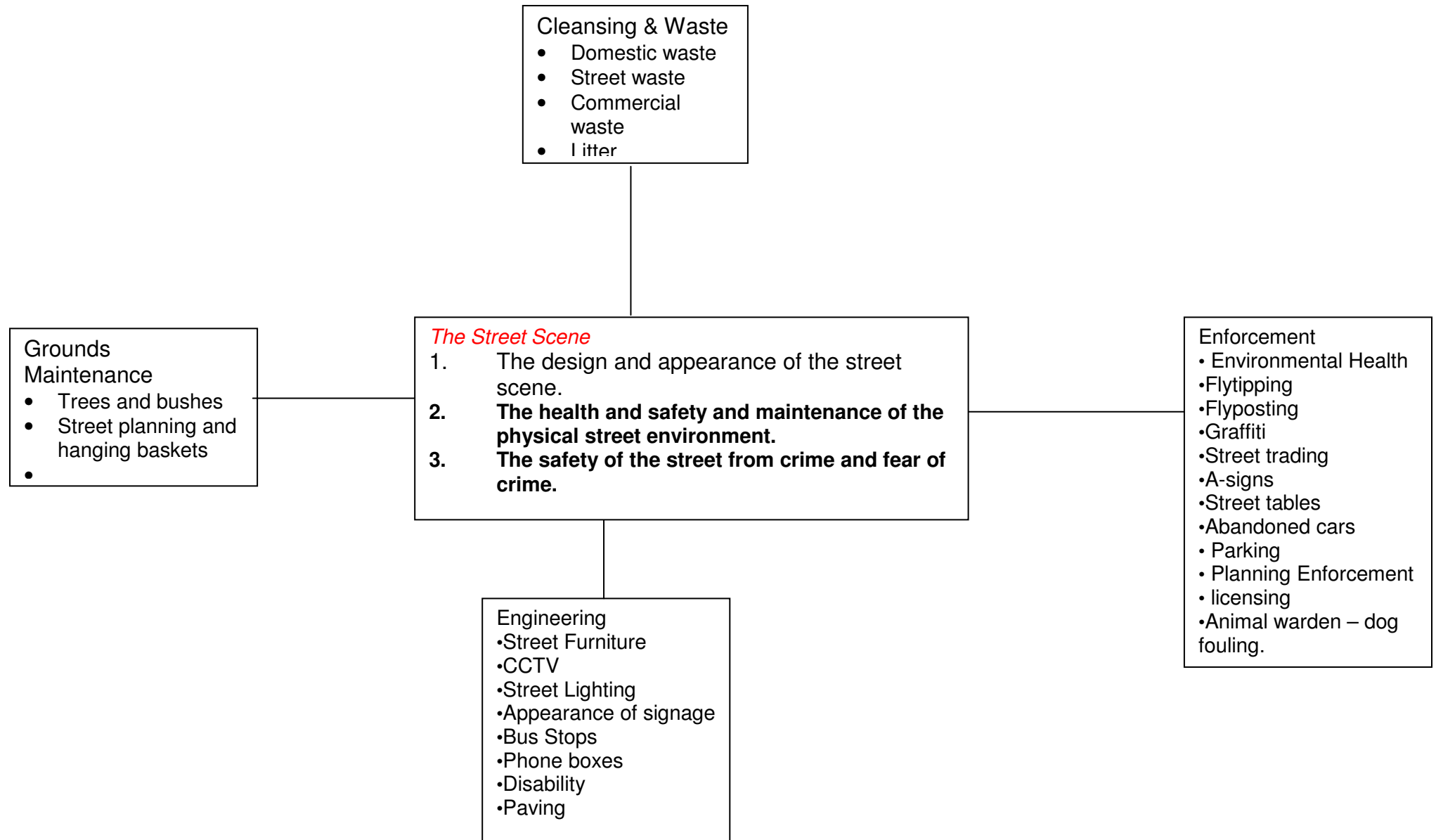
Transport policy – which is covered in other reviews.

Public toilets- these have recently been the subject of a review.

Parking Policy. This is being reviewed separately and traffic management is not part of the review.

Restructuring. The consultation on the Council structure is currently taking place.

Street Scene FSR



North Hertfordshire District Council

Street Scene Fundamental Service Review

A REPORT

On the scope and preparation of the study, its outcomes and proposals, including a review of strategic documents relating to the street scene, with recommendations for further action.



24th March 2006

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1.0 Executive Summary

1.1 Background

The District of North Hertfordshire is located less than 40 miles from central London and has a population of over 119,000. There are three historic towns – Hitchin, Baldock, Royston and Letchworth, the world's first garden city. The area is predominantly rural extending to 127 square miles with many picturesque villages.

In the NHDC Best Value Performance Plan summary 2004/5 the Council stated that its Planning and Environment Directorate would commence Street Scene Best Value review in the year 2004/5. It was stated that the review would cover:

- Street Cleaning
- Street Trees
- Street Furniture
- Grounds Maintenance
- Litter
- Dog Fouling
- Street Lighting
- Town Centre Management
- Tourism
- CCTV

These areas were initially chosen because of the high visibility and fact that the Council was conscious that they were areas of concern to residents. The review at that time would have been driven by one of the Council's Strategic priorities for 2003/4 – 2005/6 "to promote the economic, environmental and social wellbeing of the district".

1.2 Fundamental Service Review (FSR) of Street Scene

An officer group was established, this was chaired by the Head of Planning and Building Control with representatives from all Council services relating to the street scene. A members group was also set up in May 2005 and it drew up the scope of the review.

ENCAMS was invited to act in the role of 'critical friend' providing guidance on the review process, commenting on outcomes and providing good practice where possible.

The approach taken for the FSR is entirely consistent with the advice given in the Audit Commission Briefing sheet ACKnowledge - Learning from Audit, Inspection and Research. - Street Scene. This guidance points out that all residents come into contact with the street scene and the quality of their lives is affected by it. It specifically encourages local authorities to "work with residential and business communities, utilities and other stakeholders to increase engagement and

encourage ownership of issues.” Most importantly any such review should look at the street scene from the viewpoint of the resident or visitor.

1.3 Assessment of Performance

In considering current performance the review team chose to look at BVPI 199a which records the percentage of sites surveyed which fall below Grade B for cleanliness using the grades set out in the Code of Practice for Litter and Refuse (COPL&R) and BVPI 89 which records the percentage of people satisfied with the cleanliness standard of their area.

This score of 16% is well within the Government target of 25% and the result put NHDC in the top quartile.

The BV 89 score of 62% of people satisfied with the cleanliness standard of their area seems like a positive result. However data relating to street scene generated by the citizens panel (District wide survey 2004 shows that there has been a drop in satisfaction when compared with previous surveys for street cleaning, refuse collection, parks and open spaces and public conveniences. The latest findings from the Citizens Panel 2005 shows that levels of satisfaction with street cleaning and public conveniences continues to drop.

1.4 Integration with strategic documents

The N. H. D. C. Anti Social Behaviour Guidance and Procedure Protocol describes the introduction of the Anti-Social Behaviour Act 2003 and defines what is meant by the term and lists some examples including fly tipping, graffiti and litter but not fly posting, abandoned vehicles or dog fouling. The document goes on to describe the ‘multi agency approach’ taken by the North Hertfordshire ASB task group and the role of the ASB officer. Whilst other agencies such as the police and the probationary service are specifically mentioned there doesn’t seem to be any reference to the CDRP

In the absence of any more detailed North Herts ASB policy document there is a wealth of good practice elsewhere.

North Hertfordshire D.C. Corporate Plan 2005 – 2015 is a summary document of ten pages in which one side is devoted to each of the Vision, Mission and six Corporate Objectives.

The North Herts CDRP Strategy refers to some of the national priorities and strategies that influence at the local level, although there are a number of omissions of key national policy relating to low-level antisocial behaviour issues. The strategy makes reference to the Antisocial Behaviour Act (2003) but fails to make reference to the Clean Neighbourhoods and Environment Act (CN&E Act) (2005), and their obligation to consider envirocrime issues. The strategy should make reference to the full range of PSA Targets relevant to Envirocrime and Anti Social Behaviour.

Leisure and Environmental Services – Service Plan 2005/06 gives a background to the department, reports on the successes and lessons learned in 2004/5 and sets out the Performance Targets for 2005/6 The service plan is currently being redrafted following the amalgamation of leisure and Environmental Services Departments

The plan is clearly linked to the Vision, Mission and Strategic Objectives of the NHDC Corporate Plan 2005 – 2015 There are also references to the Fundamental Streetscene Review and the Review of the Waste Management, Recycling and Street Cleansing

Contract prior to developing a strategy for 2006 – 2012. Key Milestones are related back to the strategic objectives in the Corporate Strategy and in this way the service Plan is well integrated into other NHDC strategic documents.

1.5 FSR Draft Report

The Draft Report describes the review process and lists the officers and members involved. In conducting the review the review team addressed the four c's; Challenge, Compare, Compete and Consult. The report concludes that NHDC Street Scene services are well run and meet customer expectations but that there are issues which need to be addressed namely;

- Integrated Street Scene Enforcement and contract monitoring
- The role of Herts C.C. in relation to maintenance of roads and footpaths
- Some service area could benefit from market testing or business planning
- One point of contact for street scene issues

1.6 Conclusions

The Fundamental Service Review of Street Scene carried out by North Hertfordshire District Council between September 2005 and March 2006 has taken a strategic look at the delivery of street scene services which are delivered by a number of different council departments. The preparation and methodology of the review is sound being based on the guidance issued by the Audit Commission. The membership of the Review team was broad and included all the relevant departments.

The review has tried to view the street scene from the point of view of a member of the public and accordingly has included a range of consultation methods from surveys through to stakeholder meetings. The range of consultees may have missed some hard to reach groups such as young people and people with disabilities.

The use of Best Value Performance Indicators in assessing performance was sensible and the use of similar data from other Hertfordshire Councils and 'Near Neighbours' was good.

The relationship between local environmental quality and fear of crime is now better understood but this relationship has not been fully explored in either the service plan or the CDRP strategy.

There needs to be a specific strategy for rural areas and villages perhaps involving parish councils. The environmental impact of such things as litter, abandoned cars and flytipping is much greater in rural areas

The review acknowledges that a range of other agencies impact on the street scene in addition to the Council and if sustainable improvements are to be made then these other agencies need to be involved more closely perhaps through multi agency partnership working.

2.0 Scope of the Review

2.1 In the NHDC Best Value Performance Plan summary 2004/5 the Council stated that its Planning and Environment Directorate would commence Street Scene Best Value review in the year 2004/5. It was stated that the review would cover:

- Street Cleaning
- Street Trees
- Street Furniture
- Grounds Maintenance
- Litter
- Dog Fouling
- Street Lighting
- Town Centre Management
- Tourism
- CCTV

2.2 These areas were initially chosen because of their high visibility and fact that the Council was conscious that they were areas of most concern to residents. The review at that time would have been driven by one of the Council's Strategic priorities for 2003/4 – 2005/6 "to promote the economic, environmental and social wellbeing of the district".

2.3 ENCAMS was invited to act in the role of 'critical friend' providing guidance on the review process, commenting on outcomes and providing good practice where possible.

2.3.1 Review relevant strategic documents;
North Herts D.C. Corporate Plan
Relevant Service Plans
Citizens Panel survey questionnaires
CDRP Strategy
ASB Strategy
Enforcement Strategy

2.3.2 The scope of the study;
were all relevant elements included?
did they each receive appropriate weighting?

2.3.3. An appraisal of the project preparation;
were appropriate information sources used?
was the research data used relevant?
was the analysis robust?

2.3.4 Comment on the outcomes and proposals in the draft review document and make recommendations;

2.3.5 Attend member meeting and stakeholder event in March and make further comments and recommendations;

2.4 A members group was established in May 2005 to oversee the Street Scene Fundamental Service Review. An officer group was also established, this was chaired by the Head of Planning and Building Control with representatives from all Council services relating to the street scene. The members group drew up the scope of the review which is given below;

- The design and appearance of the street scene.
- The health and safety and maintenance of the physical street environment.
- The safety of the street from fear of crime.
- The review covered the street scene from a residents perspective and considered issues relating to both towns and villages.

2.5 Four service areas were specifically included;

Cleansing and waste

Domestic waste Street waste Commercial waste Litter Chewing gum

Grounds Maintenance

Trees and bushes Street planning and hanging baskets

Engineering

Street furniture CCTV Street lighting Appearance of signage	Bus Stops Phone Boxes Disability Paving
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Enforcement

Environmental health Flytipping Flyposting Graffiti Street Trading Animal warden – Dog fouling	A Signs Street Tables Abandoned Cars Parking Licensing Planning Enforcement
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2.6 The scoping document states that the review is thematic and therefore will not be reviewing specific services but will be looking at the street scene in general and how the services provided by the Council and others impact on residents and visitors.

2.7 This broad approach is entirely consistent with the advice given in the Audit Commission Briefing sheet ACKnowledge - Learning from Audit, Inspection and Research. - Street Scene. This guidance points out that all residents come into contact with the street scene and the quality of their lives is affected by it. It specifically encourages local authorities to “work with residential and business communities, utilities and other stakeholders to increase engagement and encourage ownership of issues.” Most importantly any such review should look at the street scene from the viewpoint of the resident or visitor.

2.8 This requires engagement with other departments within the council which is reflected in the make up of the review team. It requires communication with members of the public, this was done through various consultation channels and it involves working with those other agencies which impact on the streetscene who were invited to complete stakeholder surveys and attend stakeholder meetings.

2.9 The cleanseability of the streets is dependent on a range of factors, the amount of litter and detritus that is found there, the physical condition of the highway and the footway, the impediments which may obstruct the cleansing process, the effectiveness of the operatives and their supervision and the age and condition of machinery used in the cleansing process.

2.10 Regular monitoring and evaluation will help to deploy resources to those areas in greatest need, this can be done using the BV 199 methodology.

2.11 The quantity of litter will be dependent on the effectiveness of the cleansing process, the presence or absence of litter bins, and the mindset of the people who have passed down that street.

2.12 The staff need to be properly equipped and trained and there needs to be adequate supervision. Bins should be placed strategically placed, regularly emptied and properly maintained. The amount of litter that people will drop may be reduced if there are local campaigns and well publicised enforcement. The importance of training and supervision of cleansing staff is critical in achieving good results. All staff need to understand the part they play in meeting the council's strategic objectives and this is probably already incorporated into other training processes.

2.13 The most effective cleansing regime will struggle to achieve grade A if the physical infrastructure is damaged and broken. Where the gully is cracked detritus will gather and if left untreated ultimately weeds will grow, where weeds grow litter will become trapped. A good relationship with the County Highways department will assist in preventing physical deterioration.

2.14 The appearance of the street scene will involve several council departments and in some local authorities interdepartmental, multi disciplinary matrix teams have been set up to coordinate their work and to reduce duplication. The review Team set up for this FSR is a good example of such a matrix group.

2.15 In the same way partnerships involving those other agencies whose activities impact on the street scene, water companies, gas and electricity distributors, highways engineers, can help to integrate activities and reduce disruption.

2.16 Public perception of the Streetscene and of the quality of council services will be affected by a number of issues. The publics' view of the street scene will be coloured by a whole basket of issues in addition to litter. They will see graffiti, gum, fly posting, dog fouling, weeds, abandoned vehicles, poor lighting, cracked pavements. The arrival of a mobile, multi skilled hit squad will instil confidence that the Council can carry out remedial measures. The visible presence of cleansing operatives will reassure the public that their street is being cleaned. A single point of contact/telephone helpline for all street related enquiries will simplify the process. The presence of uniformed enforcement officers will give the public confidence that anti social and irresponsible behaviour will not be tolerated.

3.0 Comparisons with other Hertfordshire Councils

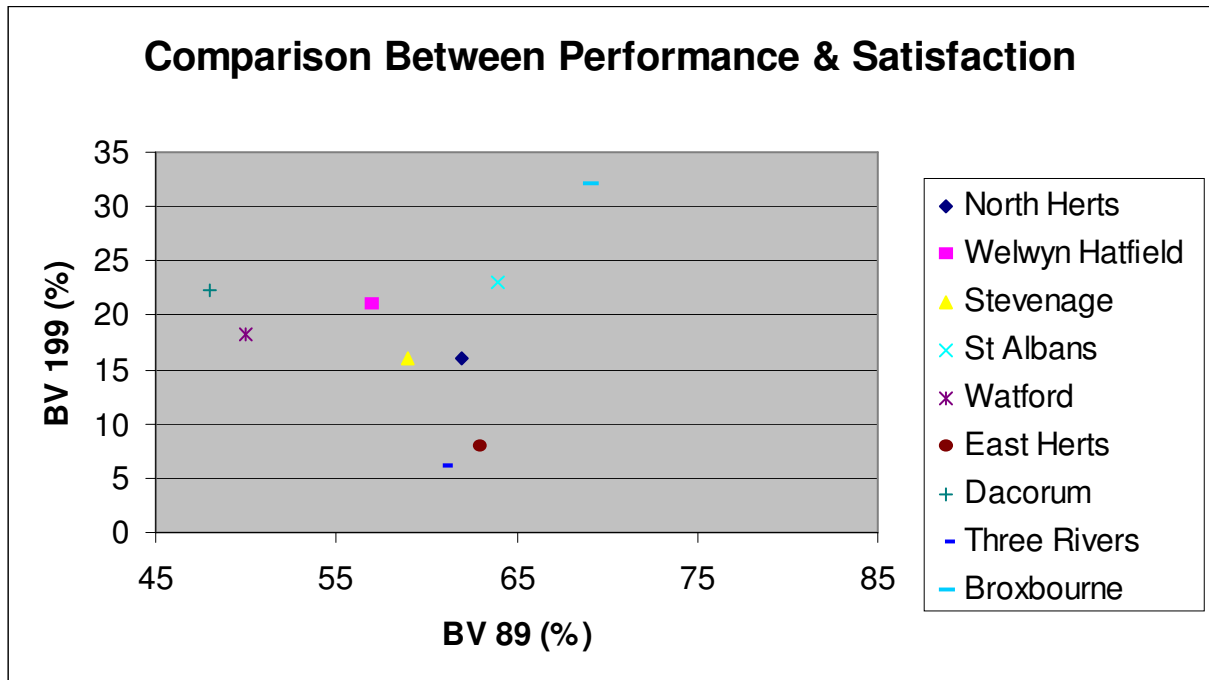
3.1 BVPI 199a

BVPI 199a records the percentage of sites surveyed which fall below Grade B for cleanliness using the grades set out in the Code of Practice for Litter and Refuse (COPL&R) Cleanliness is measured in terms of two indicators, litter and detritus. Their grades are added together to calculate the overall performance indicator. The grading system is designed to reflect the way that a member of the public would perceive the local environment. The figures used in the graph below are for 2003/04

In April 2005 the government reduced the acceptable level of sites below grade B to 25%

3.2 BVPI 89

BVPI 89 records the percentage of people satisfied with the cleanliness standard of their area. The most recent figures for BV 89 are for 2003/04



N.B. In the graph above the BV 199 figures on the y axis are presented in such a way that the lower percentages and therefore better scores are at the bottom of the scale.

N.B. No figures were available for Hertsmere

BVPI 199 and BVPI 89 data 2003/04 from www.bvpi.gov.uk/pages/keyfacts-bvpi

North Herts District Council	BV199	16%
	BV89	62%

The Draft FSR report gives updated and improved performance of 14%

4.0 Comparison with the Local Environmental Quality Survey of England 2004/05

1.1 BVPI 199 Comparative performance

Defra target	25%
National Average	19%
East of England Average	17%
Herts average	18%
Lowest Herts	6%
Highest Herts	32%
North Herts	14%

4.2 This score indicates that the cleanliness levels in North Herts as measured by BV 199 are well within the Government target of 25% well below the national average of 19% and below the East of England average of 17%. The BV 199 results for North Hertfordshire District Council are in the top quartile. Only two Hertfordshire councils achieved better scores for BV199

5.0 Public Perception

5.1 The BV 89 score of 62% of people satisfied with the cleanliness standard of their area seems like a positive result. Only three Hertfordshire councils achieved better scores for BV 89 in 2003/04. However data relating to street scene generated by the citizens panel (District wide survey 2004 shows that there has been a drop in satisfaction when compared with previous surveys for street cleaning, refuse collection, parks and open spaces and public conveniences. The latest findings from the Citizens Panel 2005 shows that levels of satisfaction with street cleaning and public conveniences continues to drop. This is a concern which needs to be addressed.

5.2 The recommendations made in section two of this report might improve the public perception of the street scene, more visible cleansing operatives, uniformed enforcement officers, one point of contact for street scene etc. Furthermore better communication through newsletters, leaflets, public campaigns and support from the local media will raise public awareness and probably public perception.

6.0 North Hertfordshire D.C. Corporate Plan

The North Herts Corporate Plan 2005 – 2015 is a summary document of ten pages in which one side is devoted to each of the Vision, Mission and six Corporate Objectives.

6.1 **Vision**, which was developed by the Local Strategic Partnership, is to make the District a 'vibrant place to live work and prosper.' Dealing with pressures relating to residential growth and airport expansion is a high priority. The plan also mentioned that there are a few pockets where deprivation index scores are relatively high.

There is a brief mention of the LSP Community Strategy and the County strategy known as 'Herts Together' the Local Area Agreement process will offer further opportunities for integration.

6.2 **Mission** notes that it is necessary to work collaboratively with partners to address the multi –faceted, cross cutting issues which affect the quality of life of its residents. This mirrors the approach taken in the current FSR of Street Scene. The Mission emphasises the importance of partnerships such as the Crime and Disorder Partnership and the Local Strategic Partnership.

6.3 Strategic Objective 1; Sustainable Communities

This objective makes a second reference to quality of life being under threat from regional development pressures and implies that the pressure is on development in rural areas. Amidst references to waste minimisation and more affordable housing there is a specific short term action for 2005/6 which requires the 'implementation of measures to address fly tipping and the misuse of the environment.' This is a timely reminder that the review must consider villages in rural areas and minor roads where the impact of envirocrime is much higher and the cost of remedial measures much higher.

6.4 Strategic Objective 2: Safer Communities

This objective encourages responsible citizenship and seeks to address fear of crime. Specific mention is made using the CDRP's Community Safety Strategy to eradicate anti-social behaviour. Whilst links between CDRP and street scene are evident they probably need to be strengthened.

6.5 Strategic Objective 3; Healthier Communities

Investment in parks, playgrounds and open spaces is seen as an important contribution to building healthier communities. The consultation process indicates that this is an area of concern for some people. The service plan notes that nationally parks are in decline. Lack of maintenance leads to an air of neglect which often results in a rise in anti social behaviour and fear of crime. The Liveability Pilots are an excellent source of good practice.

6.6 Strategic Objective 4; Equal Communities

Resources should be targeted at areas of disadvantage in order to reduce social exclusion and improve the quality of life for everyone. There are well documented examples of situations where areas of multiple deprivation have poor local environmental quality. Community engagement and partnership working can address these issues and again the Liveability Pilots are a source of good practice.

6.7 Strategic Objective 5; Prosperous Communities

Promotes sustainable local economic development. The Business Improvement District (BID) process underlines the notion that businesses, especially shops thrive better in quality local environments and whilst none of the town centres in North Hertfordshire have opted to become BIDS they are more likely to prosper if the quality of the street scene is high.

6.8 Strategic Objective 6; Listening to you

The Council's consultation process will be ongoing and must reach all sectors of the community, sometimes the views of hard to reach groups such as young people, ethnic minorities and people with disabilities are not heard unless special measures are in place to reach them. Whilst the NHDC Citizens Panel will represent all these groups it is possible that some of the surveys related to the FSR may not have included them.

In addition to consultation the council will strive to improve on Best Value performance indicators as appropriate, will improve its CPA rating and increase efficiency.

7.0 North Hertfordshire D. C. Anti Social Behaviour Guidance and Procedure Protocol

7.1 This short document describes the introduction of the Anti-Social Behaviour Act 2003 and defines what is meant by the term. It offers a list of examples of ASB which it says is not exhaustive. The list includes fly tipping, graffiti and litter but not fly posting, abandoned vehicles or dog fouling (these may have been omitted because they are not deemed an issue in North Hertfordshire. The document goes on to describe the 'multi agency approach' taken by the North Hertfordshire ASB task group and the role of the ASB officer. Whilst other agencies such as the police and the probationary service are specifically mentioned there doesn't seem to be any reference to the CDRP

7.2 Comparison to other local authority ASB Policies

In the absence of any more detailed North Herts ASB policy document there is a wealth of good practice elsewhere. Some examples include involving the prevention of ASB through Mediation, Warden Patrols, Diversionary Activities, Acceptable Behaviour Contracts(ABCs) Designing out crime and some of it about the actions that follow ASB - injunctions, ASBOs ABCs voluntary agreements, demoted tenancies, possession orders, exclusion from waiting lists (housing) noise abatement orders and of course Environment and street scene issues such as litter, dog fouling, flyposting, abandoned vehicles, graffiti and fly tipping.

There should also be a reference to the role of the council and RSLs as landlord and the powers which are available to them some of which are referred to above.

7.3 ENCAMS can supply examples of good practice if required.

8.0 North Hertfordshire Crime and Disorder Reduction Partnership Strategy

8.1 The North Herts Community Safety Strategy lists Anti Social Behaviour as its number one priority. The Audit showed North Herts to be a low crime area where most of the crime is perpetrated by males aged between 18 and 24. In terms of perception residents didn't think that North Herts had worse crime levels than other parts of Hertfordshire but there were higher levels of fear of crime. Graffiti, Litter and rubbish left lying around, vandalism and groups of youths were thought to be a problem.

8.2 An ASB task Group has been set up. Partnership working included Registered Social Landlords and the methods used were CCTV Anti Social Behaviour Orders, Acceptable Behaviour contracts and Parental Guidance Agreements. Tables indicate clearly the wards where Arson, graffiti and Flytipping are a problem but they are not broken down to super output area. It may well be that officers consider this level of detail in other for a. Many councils have found that by mapping the incidence of these activities hotspots can be identified and resources targeted in a more sophisticated way.

8.3 The Community Safety section of the Community Plan indicates that consultation with residents showed ASB to be a high priority and accordingly the ASB task group has been established and CCTV installed. In the Planning context the Council is specifically addressing Flytipping, graffiti and abandoned cars.

8.4 The North Herts CDRP Strategy refers to some of the national priorities and strategies that influence at the local level, although there are a number of omissions of key national policy relating to low-level antisocial behaviour issues. The strategy makes reference to the Antisocial Behaviour Act (2003) and at some point the CDRP needs to consider envirocrime issues in the context of the Clean Neighbourhoods and Environment Act (CN&E Act) (2005).

The strategy should make reference to the full range of PSA Targets relevant to Envirocrime and Anti Social Behaviour which are given below;

8.5 Home Office Targets

PSA 1 Reduce crime by 15%, and further in high crime areas, by 2007/08.

PSA 2 Reassure the public, reduce the fear of crime and antisocial behaviour, and building confidence in the Criminal Justice System without compromising fairness.

PSA 3 Improve the delivery of justice by increasing the number of crimes for which an offender is brought to justice to 1.25 million by 2007-98

PSA 4 Reduce the harm caused by illegal drugs, including substantially the number of drug misuse offenders entering treatment through the Criminal Justice System.

PSA 6 Increase voluntary and community engagement, especially amongst those at risk of social exclusion.

8.6 Office of the Deputy Prime Minister

PSA 1 Tackle social exclusion and deliver neighbourhood renewal working with departments to help them meet their PSA floor targets, in particular narrowing the gap in health, education, crime, worklessness, housing and liveability outcomes between the most deprived areas and the rest of England, with measurable improvements by 2010

PSA 8 Lead the delivery of cleaner, safer and greener public space and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvements by 2008

Furthermore there are also a number of **liveability best value performance indicators** that are not mentioned in the CDRP's strategy that ENCAMS would have expected to have seen referred to in view of the changes of legislation. These are:

BV199 (a) – litter & detritus

BV199 (b) – graffiti

BV199 (c) – flyposting

BV199 (d) – fly tipping (measured through Fly-Capture database)

BV206 (ii) – deliberate fires: primary (in vehicles)

BV218 (a) – abandoned vehicles (number of reports investigated within 24 hours)

BV218 (b) – abandoned vehicles (number legally removed within 24 hours of report)

9.0 Leisure and Environmental Services – Service Plan 2005/06

9.1 This draft document gives a background to the department, reports on the successes and lessons learned in 2004/5 and sets out the Performance Targets for 2005/6. The service plan is currently being redrafted following the amalgamation of leisure and Environmental Services Departments in November 2005.

The new department is responsible for the following services;

- Swimming Pools and Indoor Sports Facilities
- Markets
- Capital Projects
- Grounds Maintenance
- Engineering and Parking Services
- Waste Management and Street Cleansing

9.2 A table describes the services provided under Waste Management and Street Cleansing and notes that these activities are high profile and deliver a service to every household in the district. The service is contracted out to Service Team Limited. The contract is monitored by an in-house team. Operational details are not given in the service plan but will be found in the contract itself.

9.3 The Service Plan reviews performance against targets and all those listed that relate to street scene are on target or have been met. The document emphasises the need for partnership working, being customer focussed, adopting a performance culture and demonstrating continuous improvement.

9.4 The plan is clearly linked to the Vision, Mission and Strategic Objectives of the NHDC Corporate Plan 2005 – 2015. There are also references to the Fundamental Streetscene Review and the Review of the Waste Management, Recycling and Street Cleansing Contract prior to developing a strategy for 2006 – 2012.

9.5 Key Milestones are related back to the strategic objectives in the Corporate Strategy and in this way the service Plan is well integrated into other NHDC strategic documents.

10.0 Draft Review Document

10.1 The draft internal report on the Fundamental Service Review of NHDC's Street Scene services states that the main purpose of the review was to establish whether the Street Scene Services will achieve the strategic objectives as set out in the NHDC Corporate Plan. It goes on to say that because street scene services cut across several departments this review is thematic and strategic as opposed to detailed and operational. This reflects the approach which is encouraged in the Audit Commission guidance notes (ACKnowledge; Learning from audit, inspection and research). The methodology used to conduct the review followed that suggested in the Best Value handbook.

After listing the service areas which were included in the review the report describes the membership of the Review Team which is broad and appears to include all the departments which are involved in the delivery of street scene services. The review Team met eight times. An officer group was also convened and this met six times.

- 10.2 ENCAMS is named as 'critical friend' whose duty is to robustly challenge the scope of the review, provide good practice and make further recommendations.
- 10.3 The report on the FSR then gives information regarding current performance in Waste and Recycling, Street Cleanliness (Using BV 199) and Community Safety (BV 127 and 128) In each case current performance was compared with other Hertfordshire councils and with 'near neighbours'.
- 10.4 The cost of providing these services had not yet been included in the draft document.
- 10.5 In conducting the review the review team had addressed the four c's; Challenge, Compare, Compete and Consult. The Challenge element is embodied in this ENCAMS report. The team chose to compare with Broxbourne Borough Council and Braintree District Council both of which seemed like eminently sensible choices and from whom, it appears, valuable good practice has been picked up. The consultation process included a number of different channels. Regular individual surveys are carried out by different service areas. There is regular feedback from the Council's Comments, Compliments and Complaints process. Stakeholder meetings were undertaken and a stakeholder survey undertaken. The Compete element assessed the current method of procurement and looked for opportunities to market test the provision of services.

The findings in the draft report follow the same format;

10.5.1 CHALLENGE - This is provided in this ENCAMS report

10.5.2 COMPARE - The main finding was that an integrated enforcement regime which covered the whole range of Street Scene issues was seen as preferable to the current NHDC situation where each service area offers individual enforcement.

10.5.3 CONSULT - The consultation process threw up a long list of suggestions some of which were very detailed. The main trends to have emerged were around the following issues;

- Community involvement
- Teenagers and young people
- Design issues
- Coordinated enforcement
- Customer services
- Duplication of functions

10.5.4 COMPETE - This was seen to be the most difficult to assess because street scene services cut across many Council functions. Some services (grounds maintenance, waste, street cleansing, abandoned vehicle collection) are already market tested through external contracts, others are not.

10.6 CONCLUSION

The report concludes that Street Scene services in NHDC are well run, and meet customer expectations. The review team felt that the district would benefit from a more comprehensive approach to street scene enforcement and contract monitoring. It also felt that simplified system reporting procedures might be desirable.

- 10.7 RECOMMENDATIONS** - a number of recommendations are listed in an Improvement Plan. In many cases they are very similar to the ENCAMS recommendations at the end of this document where they are I have made a cross reference.
- 10.7.1 Improve our negotiation and delivery of streetscene improvements that are funded from Planning Obligations (S106).
This will be a good mechanism for funding improvements and could potentially have a big impact on town centres.
- 10.7.2 Produce a programme agreed between partners of public realm streetscene improvements in our towns and villages in partnership with HCC, LGCHF and Town/Parish Councils.
This is a logical next step and should achieve the same objectives as ENCAMS recommendations 12.1.5 and 12.2.7
- 10.7.3 Promote policies that require improvements and minimum standards to the physical appearance of our towns, villages and rural areas when development/redevelopment occurs.
The development of a set of guidelines or minimum standards for physical improvements could apply to all parts of the district not just those where development is occurring.
- 10.7.4 Produce a strategy including policy objectives (to supporting our community safety strategy) increase the efficiency of CCTV to NHDC, whilst maintaining/enhancing effectiveness. Strategy to encompass the next 10 years operation.
This will be a good way to strengthen the links between anti social behaviour, local environmental quality and fear of crime. See 12.3.4 and 12.3.5
- 10.7.5 Undertake effective communication with our stakeholders about the services we provide.
This will potentially have a positive impact on public perception see 12.1.1 and 12.1.2
- 10.7.6 Provide a more comprehensive streetscene based enforcement service.
This step is a positive response to the good practice observed elsewhere and a good way to make the most of new opportunities presented by the CN&E Act see 12.3.1
- 10.7.8 Improve community engagement to assist in caring for the streetscene and reporting issues to the Council.
This is a measure which has been adopted successfully by other Councils see 12.2.2
- 10.7.9 Simplify our customer contact arrangements
Many Councils have adopted this model as an efficiency measure there is a fair chance that public satisfaction will be improved too. See 12.1.3
- 10.7.10 Improve the quality and quantity (where needed) of our Parks and Open Spaces
The proposed Open Spaces Strategy will provide an opportunity to work with local people to identify needs, to consult with young people specifically and perhaps to involve local people in the management of facilities as 'Friends Groups'. See 12.1.1 and 12.2.1

10.7.11 Define operational objectives (in line with agreed restructuring policy) of the engineering service and review organisation thereafter.

10.7.12 Improve the quality of public convenience provision through the District whilst achieving efficiency savings.

11. Conclusions

11.1 The Fundamental Service Review of Street Scene carried out by North Hertfordshire District Council between September 2005 and March 2006 has taken a strategic look at the delivery of street scene services which are delivered by a number of different council departments. The review has tried to view the street scene from the point of view of a member of the public and accordingly has included a range of consultation methods from surveys through to stakeholder meetings. The second Stakeholder meeting held on thursday 23rd March 2006 was well attended, the audience were well informed and the debate was positive yet probing. The FSR consultation process may have missed some hard to reach groups such as young people and people with disabilities.

11.2 The preparation and methodology of the review is sound being based on the guidance issued by the Audit Commission. The membership of the Review team was broad and included all the relevant departments. Members were involved in the process from the start in a set of parallel meetings.

11.3 The use of Best Value Performance Indicators in assessing performance was sound and the use of similar data from other Hertfordshire Councils and 'Near Neighbours' was good.

11.4 The relationship between local environmental quality and fear of crime is now better understood but this relationship has not been fully explored in either the service plan or the CDRP strategy. The Clean Neighbourhoods and Environment Act requires that the CDRP considers the effect of Envirocrime in the production of its strategy. The link between fear of crime and local environmental quality and quality of life issues need to be explored further.

11.5 There needs to be a specific strategy for rural areas and villages involving parish councils. The environmental impact of such things as abandoned cars and flytipping is much greater. Fast food litter dropped from moving vehicles has increased rapidly in recent years. This has affected rural roads especially and is thought to be related to the rise of drive through restaurants.

11.6 The review acknowledges that a range of other agencies impact on the street scene in addition to the Council and if sustainable improvements are to be made then these other agencies need to be involved more closely perhaps through multi agency partnership working.

11.7 There were several references to the quality of parks and public open spaces and some to references facilities for young people. The production of an open spaces strategy will provide an opportunity to look more closely at these areas which the public probably regard as part of the street scene.

12.0 Recommendations

12.1 Consultation and Communication

- 12.1.1 Develop consultation protocols which will ensure that the voice hard to reach groups such as young people is heard.
- 12.1.2 Improve public participation through higher profile campaigning, education and public awareness initiatives.
- 12.1.3 Consider the creation of a single point of contact for all streetscene issues
- 12.1.4 Ensure that the proposed public open spaces strategy includes the street scene.
- 12.1.5 Develop a similar strategy for villages and rural areas

12.2 Public Involvement

- 12.2.1 Encourage public involvement in the management of parks through Friends groups
- 12.2.2 Consider the creation of street leaders/representatives who monitor streets on behalf of the Council

12.3 Enforcement

- 12.3.1 Review and integrate Street Scene enforcement measures in the context of the CN&E Act
- 12.3.2 NHDC might consider issuing and publicising Fixed Penalty Notices for Street Scene offences
- 12.3.3 Consider the role of Street Wardens and CPSOs in the issuing of Fixed Penalty Notices.
- 12.3.4 Integrate Envirocrime and Liveability issues into the CDRP Strategy
- 12.3.5 Give ASB and Fear of Crime a higher profile in the CDRP Strategy.

12.4 Street Scene operations

- 12.4.1 NHDC might consider the advantages of a more integrated approach to the management of street scene operations
- 12.4.2 Make street cleansing more visible and consider bringing back the operative and barrow.
- 12.4.3 Review the training of all street scene staff
- 12.4.4 Consider the creation of a multi skilled hit squad if one does not already exist.
- 12.4.5 Consider area working
- 12.4.6 Devise a strategy for reducing impediments to cleansing such as A boards and parked cars
- 12.4.7 Establish a street scene stakeholder partnership involving agencies outside the Council.

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REFERRAL FROM SCRUTINY COMMITTEE – 23 MAY 2006 – OFFICER DELEGATED DECISIONS – CALL-IN AND GENERAL PRINCIPLES

[This item was deferred at the Cabinet meeting held on 6 June 2006, pending submission of the Hitchin Town Centre Initiative Service Level Agreement report to this meeting]

The following is an extract from the draft Minutes of Scrutiny Committee held on 23 May 2006:

15. OFFICER DELEGATED DECISIONS – CALL-IN AND GENERAL PRINCIPLES

The Head of Legal & Democratic Services presented a report outlining the principles for decision making by officers and the process for Member scrutiny of such decisions. This was pursuant to a matter referred from the Hitchin Committee to Cabinet relating to an officer decision on an award of a grant under a Service Level Agreement (SLA) to the Hitchin Town Centre Initiative (HTCI). The officer decision was to award the grant for one year instead of three years.

The Committee noted that the Cabinet, at its meeting held on 25 April 2006, resolved “that officers be requested to bring back a report regarding how the decision to extend the SLA for HTCI for a one year term only had been arrived at”. The Cabinet was to receive the requested report at its meeting to be held on 27 June 2006.

The Head of Legal & Democratic Services referred to Paragraphs 4.2 – 4.6 of the report, which outlined the process for delegation of officer decisions, as contained in the Local Government Act 1972.

The Committee was advised that the process for scrutiny of officer decisions was the same as that for any other element of the Council's functions. The Scrutiny Committee may require an officer to attend to explain matters within their remit in relation to any decision or series of decisions; the extent to which their actions implement Council policy and their performance. Where a key decision was taken by an officer with delegated authority from the Cabinet, the Committee could call-in that decision. The report detailed the procedural rules for call-in of a decision, as set out in the Council's Constitution.

In response to a question, the Head of Legal & Democratic Services advised that it was proposed that procedures would be put in place for the prior notification of officer decisions in the weekly issue of Members' Information Service.

The Committee expressed particular concern with the position with regard to the HTCI Service Level Agreement, and general concern with regard to consultation with appropriate Members prior to decisions being made.

RESOLVED:

- (1) That the report be noted;
- (2) That a report on the Service Level Agreement for the Hitchin Town Centre Initiative be submitted to the next meeting of the Committee on 19 June 2006, prior to its consideration by Cabinet on 27 June 2006.

RECOMMENDED TO CABINET: That the concern of the Committee that decisions with profound effects on areas of the District are made without consultation with the Chairman of the relevant Area Committee, and that procedures be put in place to ensure that such decisions are the subject of appropriate Member involvement/consultation in future.

REASON FOR DECISION: To inform the Committee of the processes and procedures relating to Officer Delegated decisions.

The following is the report considered by the Scrutiny Committee at its meeting held on 23 May 2006

TITLE OF REPORT: OFFICER DELEGATED DECISIONS – CALL-IN AND GENERAL PRINCIPLES

REPORT OF THE HEAD OF LEGAL & DEMOCRATIC SERVICES

1. SUMMARY

- 1.1 This report outlines the principles for decision making by officers and the process for Member scrutiny of decisions made by officers.

2. FORWARD PLAN

- 2.1 This report does not contain a recommendation on a key decision.

3. BACKGROUND

- 3.1 The Hitchin Area Committee of 18 April 2006 referred matters relating to an officer decision on an award of a grant under a Service Level Agreement, to the Hitchin Town Centre Initiative, to the Cabinet meeting of 25 April. The officer decision was to award the grant for 1 year instead of 3 years. The referral was made following a presentation made by the Town Centre Manager, which included reference to the award of the grant. The decision to award the grant was made by the Head of Policy, Partnerships and Performance.
- 3.2 The referral from the Area Committee, included a recommendation that "Cabinet be requested to renew the Service Level Agreement to the Hitchin Town Centre Initiative for a three year period, in accordance with the Council's normal practice and that this should be a decision taken by the political administration" and the reason given for this was to allow Cabinet to re-consider the decision.
- 3.3 The Chairman of the Hitchin Area Committee attended Cabinet and made submissions relating to the good work of the Town Centre Initiative. She submitted that although officers had made the decision with the best of intentions, this decision should be overturned and the term for the SLA revert back to three years.
- 3.4 The Cabinet responded and discussed the referrals and the submissions made. The Chairman of Cabinet noted that Area Committees did not have the power to amend officer decisions taken under delegated powers, but can only request that these decisions be reviewed. The Cabinet resolved "that officers

be requested to bring back a report regarding how the decision to extend the SLA for HTCI for a one year term only had been arrived at”.

- 3.5 On 27 April, Committee Services received an e-mail notification that the Chairman of the Scrutiny Committee had received a request for the Chairman of the Hitchin Committee and 5 Members of that committee, to call in the decision of Cabinet.

4. ISSUES

- 4.1 The issues for consideration in this report are the process for officers to make decisions and for Members to scrutinise or challenge those decisions. This report does not seek to address the decision relating to the award of this grant and Members will receive a report relating to that at a future meeting.

Delegation of powers

- 4.2 The starting point for the making of decisions by officers, as with any other decision by a local authority, is establishing that they have the power to make the decision. If the power to make the decision does not exist, the decision is ultra vires and hence void.

In addition to the express powers derived from statute, local authorities are able to exercise incidental or ancillary powers, necessary to enable the discharge of those functions. This is enshrined in s111 of the Local Government Act 1972.

- 4.3 The powers of the authority are derived from statute and vest in the Council. The Council is then able to appoint committees or officers to exercise these powers. This power is derived from the s101 of the Local Government Act 1972. The vesting of the powers and the principles for how they are to be exercised, are derived from law and as set out in the Council's Constitution. Powers may be delegated or referred. Where powers are delegated, unless specifically reserved to a committee, member or officer, these powers are concurrent. This means that the exercise of the power, including the ability to make a decision, vests in all parts of the chain of delegation and can be exercised lawfully by any of those parts. This is provided by s101(4) of the Local Government Act 1972 and reflected in the Constitution which provides that the Scheme of Delegation to Officers is limited by matters expressly withdrawn from delegation by the Scheme or in any particular case by the Council, Cabinet, a committee or a sub-committee. Whilst the power vests concurrently, it cannot be exercised simultaneously. Where a decision has been taken, that becomes the decision of the authority.

- 4.4 The Scheme of Delegation of Delegation to Officers sets out the first link in the chain of empowerment from the Council to the officer. The officer to whom functions are delegated is then able to sub-delegate these functions to other staff, in whom the power then vests. The Scheme of Delegation generally sets out the delegations within broad functional descriptions and is to be interpreted widely, to give effect to its intended purpose.

- 4.5 The Council's Constitution and the officers Terms and Conditions of Employment set out how the officer is to exercise the functions vested in them and take the decisions that relate to this. In broad terms, decisions are to be made in accordance with the law, principles of proportionality, due consultation and professional advice, respect for human rights, openness, fairness and accountability. Officers are required by their contracts of

employment to adhere to the law, the adopted policies and procedures of the Council and its Standing Orders and Financial Regulations.

- 4.6 The Chief Executive's delegations include Policy, Partnerships and Performance and the Community Strategy, including social, environmental and economic well being. The functions falling under these area are then delegated on to the Head of Policy, Performance and Partnerships.

Scrutiny of officer decisions

- 4.7 In accordance with the Local Government Act 2000, the Council's Constitution established Scrutiny Committees which have the power to scrutinise and review the operation of the authority. This power is general, relating to reviewing the operation of the authority and its delivery in accordance with its priorities and policies, and specific in relation to the executive functions of the authority. There are two main processes by which this can be done; firstly by development of policy prior to it being adopted and secondly by scrutiny of decisions after they are made.

- 4.8 The process for scrutiny of officer decisions is the same as that for any other element of the Council's functions. The Scrutiny Committees may require an officer to attend to explain matters within their remit in relation to any decision or series of decisions; the extent to which their actions implement Council policy and their performance. Where a key decision is taken by an officer with delegated authority from the Cabinet, the committees can call-in that decision.

- 4.9 Part IV of the Council's Constitution sets out the procedural rules for call-in of a decision. These provide that a key decision:-

a) shall be published, including on the Council's website and shall be available at the main offices of the Council normally within two days of being made. Notice of all decisions that are required to be published shall be sent to all Members of the Council on the Friday of the week in which the decision was taken.

b) The notice of decisions taken will bear the date of the Friday on which the notice was issued by the Proper Officer. The notice will specify that the decision(s) will come into force, and may then be implemented, on the expiry of six working days, unless within that time the Proper Officer is given written notice signed by five Members of the Council requesting that the decision be referred to the Scrutiny Committee.

c) The Chairman or any five Members of the Scrutiny Committee may, during the six working day period, submit in writing a request to the Proper Officer to call-in a decision for scrutiny.

d) The Proper Officer shall advise the decision-taker whenever a decision is called-in and he/she shall call a meeting of the Scrutiny Committee on such date as he/she may determine, where possible after consultation with the Chairman of the Committee, and in any case within five days of the decision to call-in.

e) If, having considered the decision, the Scrutiny Committee is still concerned about it, then it may refer it back to the decision making person or body for reconsideration, setting out in writing the nature of its concerns or refer the matter to full Council. If referred to the decision maker they shall

then reconsider within a further twenty working days, amending the decision or not, before adopting a final decision.

f) If, following an objection to the decision, the Scrutiny Committee does not meet in the period set out above, or does meet but does not refer the matter back to the decision making person or body, the decision shall take effect on the date of the Scrutiny Committee meeting, or the expiry of that further ten working day period, whichever is the earlier.

5. LEGAL IMPLICATIONS

5.1 None other than those contained within this report.

6. FINANCIAL AND RISK IMPLICATIONS

6.1 There are no financial implications arising from the content or the recommendation of this report.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

7.1 None.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

8.1 None.

9. RECOMMENDATIONS

9.1 That Members note the content of this report.

10. REASONS FOR RECOMMENDATIONS

10.1 None.

11. ALTERNATIVE OPTIONS CONSIDERED

11.1 None.

12. APPENDICES

12.1 None.

13. CONTACT OFFICERS

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14. BACKGROUND PAPERS

Minutes of meetings referred to in the report.

REFERRAL FROM PERFORMANCE, AUDIT AND REVIEW COMMITTEE (PARC) – 25 MAY 2006 – COMPREHENSIVE PERFORMANCE ASSESSMENT – USE OF RESOURCES

The following is an extract from the draft Minutes of PARC held on 25 May 2006:

8. COMPREHENSIVE PERFORMANCE ASSESSMENT – USE OF RESOURCES

The Head of Financial Services (HFS) advised the Committee that the five elements of the Key Lines of Enquiry (KLoE) had changed with a rise in the required standard of performance, which meant that scores of 3 and 4 were more difficult to obtain and a 'value for money element' had been included.

The Committee noted that the Audit Commission (AC) had published the final version of the new framework in June 2005 with the requirement for District Councils to complete a self-assessment on their compliance with the KLoE. The HFS reminded the Committee of the clear links between the KLoE and key corporate activities: Corporate governance; Statement of internal control; Risk management; business continuity planning; Value for money and Efficiency agenda. The Committee noted that the Audit Commission had scored NHDC at 2 (detailed at paragraph 4.4 to the report) which was the same value as this authority's self-assessment.

The HFS provided an overview of the Audit Commissions statement against the KLoE and confirmed that weaknesses previously identified by the AC in 2004/2005 had been addressed and were shown as complete in the Action Plan as presented at Appendix A to the report. The HFS advised the Committee that the aim of the Action Plan was to prioritise resources to maximise scores over the next 18 months and allow for more changes to the KLoE together with the review of the risk management process (Minute 11 below refers)

The Committee discussed at length the merits of going beyond a score of 3 and it was agreed that the target score of 3 should be achieved as it was critical that the role of NHDC partners was well understood and there were several elements of Level 3 which NHDC should achieve as a sensible target. The Committee also agreed that it was essential to maintain a good level of 'value for money' services must be good and that there should not be an inappropriate allocation of resources to achieve a score of 4.

RESOLVED

- (1) That the assessment provided by the Audit Commission be noted;
- (2) That the contents of the revised Comprehensive Performance Assessment Use of Resources Improvement Plan as presented at Appendix A to the report be noted;
- (3) That the Head of Financial Services be requested to present updating reports on self – assessment to PARC at six monthly intervals;
- (4) That the Head of Financial Services be requested to take the appropriate action and measures (subject to the availability of resources) to achieve a Level 3 score subject to confirmation of this by Cabinet.

RECOMMENDED TO CABINET:

That Cabinet be requested to consider the attainment of a Level 3 score as being the most appropriate target for this authority in light of the need to provide excellent levels of service delivery and value for money against the demand for resources to achieve a higher level score.

REASON FOR DECISION:

To ensure that PARC remains aware of the improvements required in the CPA Use of Resources for the attainment of a higher score before a full inspection in 2007 or beyond and balance this against the provision of service delivery and value for money.

The following is the report considered by PARC at its meeting held on 25 May 2006:

COMPREHENSIVE PERFORMANCE ASSESSMENT – USE OF RESOURCES

1. PURPOSE OF REPORT

- 1.1 To inform Performance, Audit and Review Committee of the results of the Audit Commission’s assessment against the CPA Key Lines of Enquiry (KLoE) for Use of Resources.
- 1.2 To provide a recommended approach to the Council’s preparation for improvement on its performance on CPA Use of Resources.

2. FORWARD PLAN

- 2.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

3. BACKGROUND

- 3.1 Comprehensive Performance Assessment (CPA) Use of Resources replaced the previous Auditor Score Judgements (ASJ). The main changes are a raising in the required standard of performance, making 3 and 4 scores more difficult to obtain, and the introduction of a ‘value for money’ (VFM) element.
- 3.2 The five elements that now comprise the KLoE are:

New Elements	Previous Elements	Score 2004
Financial reporting	Financial statements	2
Financial management	Financial conduct	4
Financial standing	Financial standing	4
Internal control	Internal financial control	4
Value for money	Legality of financial transactions	4

- 3.3 The Audit Commission published the final version of the new framework in June 2005 with the requirement that district councils should complete a self-assessment of their compliance with the key lines of enquiry (KLoE). The KLoEs have clear links to the following key corporate activities:

- Corporate governance
- Statement of Internal Control
- Risk management
- Business continuity planning
- Value for Money
- Efficiency agenda

- 3.4 The results of the self assessment and the improvement plan required to improve on the scores was reported to PARC on the 13th October 2005. The self-assessment showed that at that moment in time under the new KLoEs an overall score of 2 was likely. In the meantime the Audit Commission, our external auditor, carried out their own assessment to validate the Council’s

position, they also arrived at an overall score of 2. The minimum score is a 1 and the maximum score is a 4.

- 3.5 Each year the Audit Commission will update the Use of Resources judgements and the process will commence with the 2006/07 audit year, covering the 2005/06 closure of accounts and 2006 systems review.

4. CONSIDERATIONS

Key Lines of Enquiry for Use of Resources

- 4.1 The Use of Resources element is significantly expanded from the ASJ and uses the same scoring as for other areas of the CPA assessment. The standards of performance have been raised and adequate performance at a 3 before will now only score a 2. This change is significant as the rules based approach means that the Use of Resources score can limit the overall CPA category, whereas before it was a much more minor element in the CPA process.
- 4.2 Descriptions of criteria for judgement and typical performance for levels 2, 3 and 4 are given in the CPA Lines of Enquiry for Use of Resources document. The scoring is on a 1 – 4 basis:
- 4 – performing strongly (well above minimum requirements)
 - 3 – performing well (consistently above minimum requirements)
 - 2 – adequate performance (at only minimum requirements)
 - 1 - performance (below minimum requirements)
- 4.3 A set of rules rather than an aggregate score determines the category each Council falls into. An overall score is based on the following rule;
- 4.- Two or more themes with a score of 4 and none less than score of 3
 - 3.- Three or more themes with a score of 3 or more and none less than score of 2
 - 2. - Three or more themes with a score of 2 or more
 - 1. - Any other combination

Audit Commission Assessment

- 4.4 A summary of the previous self-assessment compared to the Auditor score is shown below. The summary shows that the Audit Commission has scored the authority lower on a number of KLoEs, *.

Key Lines of Enquiry	Level Score	
	Self	Auditor
1.- Financial Reporting	2	3
1.1 – Production of Annual Accounts, *	4	3
1.2 – Promotes External Accountability	2	2
2. – Financial Management	2	2
2.1 – Financial Strategy, Budgets and Capital Programme, *	3	2
2.2 – Performance against Budgets, *	4	2
2.3 – Management of Asset Base	2	2
3. – Financial Standing	2	2
3.1 – Management of Spending	2	2

4. – Internal Control	2	2
4.1 – Management of Risk	2	2
4.2 – Sound System of Internal Control, *	2	1
4.3 – Probity and Propriety	2	2
5. – Value for Money	2	2
5.1 – Achieves Good Value for Money	2	2
5.2 – Manages and Improves Value for Money	1	2
<i>Total Assessment Score</i>	2	2

- 4.5 Comparison of the auditor assessment score for North Herts with the other Hertfordshire districts shows that of those 9 authorities, one scored a 3, seven scored a 2 and one scored a 1. The authority that scored a 1 has now successfully appealed that decision and has scored a 2.
- 4.6 The Auditor’s assessment was conducted after the improvement plan based on the self assessment was agreed by PARC at its October meeting and their assessment was also based on factors relating to 2004/05. Thus some weaknesses identified by the Audit Commission have already been addressed and have not been reported in the following paragraphs. They are shown as ‘complete’ in the attached action plan. This is also reflected in the work of the peer review group on risk management , separately reported at this meeting where the self assessment score is now a 3.
- 4.7 **1.- Financial Reporting (3)-** “The council is performing well against the requirements with regards to the criteria for financial reporting”. Key weaknesses were:
- Evidence of member scrutiny and challenge to the financial statements was not clear from committee minutes. (1.1.10. Level 3)
 - The council does not produce an annual report that contains summary financial accounts, (1.2.5. Level 3 & 1.2.8. Level 4).
- 4.8 **2. – Financial Management (2) –** “On the whole the council is meeting the requirements with regards financial management”. Key weaknesses were:
- The financial strategy appears to drive the corporate plan rather than vice versa. In addition it is not clear how the financial strategy links to internal strategies (HR & IT) and does not result in the formulation of high-level budgets that can be used for service planning, (2.1.14., 16 & 17. Level 3)
The alignment of the Service and Financial Planning Process from development of underpinning actions to deliver the Corporate Plan through to the assignment of budget to enable their delivery has commenced in 2006/07, creating an annual cycle from this point forward.
 - Whilst savings and growth items and carry forward budgets are subject to a ‘traffic-light’ system, budget variances are not. The council is not producing fully accrued financial monitoring reports though commitment accounting is in use, (2.2.22. Level 4).
 - The council has not been able to provide evidence that there is a plan in place to reduce the level of backlog maintenance on council assets, (2.3.10. Level 3)

- The council is not using performance measures and benchmarking to evaluate how the asset base contributes to the achievement of objectives, nor is the council linking asset management information with financial information in reporting, (2.3.11 Level 3 & 2.3.13 & 15. Level 4).
- 4.9 **3. – Financial Standing (2)** – “On the whole the council is meeting the requirements with regards financial standing”. Key weaknesses were:
- The council has not set targets for income collection and the recovery of debt. Following on from this there is no monitoring of the effectiveness of recovery actions and cost/benefit analysis, (3.1.8 Level 2 & 3.1.11 Level 4).
 - There are no key financial health indicators/targets for income collection, budget variances, prudential framework indicators or capital programme management, (3.1.12. Level 4).
- 4.10 **4. – Internal Control (2)** - “The council has adequate arrangements in place for internal control”. Key weaknesses were:
- The council has assessed that its risk management process does not routinely identify risks in relation to partnerships and provide assurances in relation to those risks, (4.2.11. Level 2).
 - The council has not been able to evidence that it has procedure notes for all business critical systems, though it is trying to achieve this under business continuity planning processes it has recently introduced, (4.2.7. Level 2).
 - The current committee that deals with audit and governance (PARC) does not have audit and governance as its principal responsibility. In addition it has significant responsibilities in respect of performance, policy framework, community consultation and risk management. This hinders its ability to be proactive in relation to the internal control environment. There is no Audit Committee, (4.2.14. & 15. Level 3).
- 4.11 **5. – Value for Money (2)** – Summary of Auditor’s conclusions on Value for Money; the council has managed its resources to be effectively debt free; to improve performance over most indicators and can demonstrate that it has met key targets such as those around recycling; it has also achieved significant savings above Gershon targets over the last two years and has set similarly challenging savings targets for 2006/07. There is a mixed position on costs. ”. Key improvements needed are:
- The council should develop its strategic analysis of respective costs and their relation to performance. This can be linked to a more focussed programme of best value reviews with clear VFM objectives.
 - While the council provides adequate VFM there are a number of high cost areas which suggest scope for further improvement and with the right information more focussed challenge. The achievement of VFM should be an integral part of service planning and capital scheme planning with demonstrable outcomes.
 - The council should establish the true costs of service delivery and the impact of external factors on those costs. Robust cost data should be

benchmarked against other councils and used to assess whether services are cost effective.

- Investments in service delivery should be linked to targets for service performance improvements. Councillors should monitor service costs and performance as part of their assessment of VFM.

Improving on the Audit Commission assessment

- 4.12 A short to medium term action plan covering the last six months and the current financial year (2006/07) is enclosed, Appendix A. The aim of the action plan is to prioritise resources to maximise the scores over this 18 month period and plan for further proposed changes to the KLoEs.
- 4.13 The targeted improvements, listed in Appendix A, include actions identified in the report on the review of the risk management process which is being presented this evening. The CPA Use of Resources improvement plan will be reported to PARC six monthly.
- 4.14 The group is of the opinion that improvements on the KLoEs over the next twelve months will strengthen the level 2 score and may obtain the necessary number of level 3's to reach level 3 by March 2007 (three or more level 3's).

5 LEGAL IMPLICATIONS

- 5.1 Comprehensive Performance Assessment is underpinned by the statutory provisions of the 1999 and 2000 Local Government Acts.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 There are no financial implications arising from the improvements required to attain level 3 scores. Some level 4 scores will require changes to working arrangements that may have an impact upon costs. Any increased costs will be identified at a later date and may need a value for money assessment on further improvement of CPA scores before being considered for approval.
- 6.2 The risk of failing to attain higher scores has been registered on the risk register.

7. HUMAN RESOURCE AND EQUALITY IMPLICATIONS

- 7.1 Most of the work required to improve on the Council's 'use of resources' is already included in staff objectives and work programmes.

8. RECOMMENDATIONS

- 8.1 That the Committee notes the assessment carried out by the Audit Commission.
- 8.2 That the Committee notes the revised CPA Use of Resources improvement plan and receives regular updates on the self-assessment at six monthly intervals.

9. REASONS FOR RECOMMENDATIONS

- 9.1 The Committee is aware of the CPA Use of Resources and improvements required to attain higher scores before full inspection in 2007 or later.

10. ALTERNATIVE OPTIONS CONSIDERED

10.1 Not applicable.

11. APPENDICES

11.1 Appendix A – CPA Use of Resources Improvement Plan.

12. CONTACT OFFICER

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CPA USE OF RESOURCES IMPROVEMENT PLAN

1. FINANCIAL REPORTING - How good are the Council's financial accounting and reporting arrangements?				
KLoE 1.1 - The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
4	<ul style="list-style-type: none"> The accounts presented for audit contained only 'trifling' errors and misstatements, which did not require reporting to those, charged with governance or adjustment. The quality of the working papers provided was exemplary. 	<ul style="list-style-type: none"> Part of year-end closure process, requires more time/resources applied towards closure of accounts, these are in place. Part of year-end process; continue to apply existing high standard in preparation of working papers. 	<ul style="list-style-type: none"> No SAS610 report from Audit Commission to PARC. Statement from Audit Commission recognising high quality of working papers. 	<ul style="list-style-type: none"> Achieved 2004/ 05 accounts. (Accountancy Manager) October 2005 and each following year. (Accountancy Manager)
KLoE 1.2 - The Council promotes external accountability				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
3	<ul style="list-style-type: none"> A process of consultation has been carried out with a range of stakeholders to establish their requirements in respect of the publication of summary accounts or an annual report. <i>The Council publishes summary accounts that are intelligible and accessible to Members of the public.</i> 	<ul style="list-style-type: none"> The Council has acquired the CIPFA model on Financial Management to assist in the consultation of key stakeholders to determine reporting styles. Introduced as part of 2005/06 year-end closure process 	<ul style="list-style-type: none"> Consultation with key stakeholders. Summary Annual report in Outlook Sept 06. Put draft accounts on web 	<ul style="list-style-type: none"> Consultation with key stakeholders – July / August 06 (Accountancy Manager) Summary Annual report Sept 2006 (Accountancy Manager) Sept 06 (Head of Communications)
4	<ul style="list-style-type: none"> The Council publishes an annual report or similar document, which includes summary accounts and an explanation of key financial information/technical terms, designed to be understandable by Members of the public. The annual report is available in a wide variety of formats to meet local user needs (for example different languages, large print, speaking version). 	<ul style="list-style-type: none"> As above. Consultation with minority groups to establish need and reporting style. 	<ul style="list-style-type: none"> Annual report for 2006/07 financial year. Summary Annual report 2006/07 as appropriate – dependent from consultation 	<ul style="list-style-type: none"> June 2007 (Accountancy Manager) Sept 2007 (Accountancy Manager)

Note: Objectives in Italics are not required for the 2006 assessment but will be added in later years.

2. FINANCIAL MANAGEMENT - How well does the Council plan and manage its finances?				
KLoE 2.1 - The Council medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
3	<ul style="list-style-type: none"> The corporate business plan drives the medium-term financial strategy and internal resource allocation, with changes in allocations determined in accordance with policies and priorities. The corporate business plan projects forward at least three years and takes into account: Stakeholder and partner consultation, external drivers, investment plans, risk assessment, sensitivity analysis etc. The council's medium-term strategy is linked to other internal strategies/plans. Budgets are linked to: The medium-term financial strategy and high level budgets for future years within this, and Risk assessments of material items of revenue and capital, incorporating lessons learned from previous years. 	<ul style="list-style-type: none"> To be reviewed by S& FP Officer working party Part of Service and Financial Planning process. Part of Service and Financial Planning process. Introduce into 2006 Financial Strategy Part of Service and Financial Planning process. Part of Service and Financial Planning process. 	<ul style="list-style-type: none"> Fully compliant Service and Financial Planning process. Fully compliant Service and Financial Planning process. Fully compliant Financial Strategy Comprehensive five-year budget plan incorporating high level budget predictions. Evidence of risk assessment and sensitivity analysis. 	<ul style="list-style-type: none"> July 2006 (S& FP working party) December 2006 (Head of Financial Services) December 2006 (Head of Financial Services) July 2006 (Head of Financial Services) December 2006 (Head of Financial Services) December 2006 (Head of Financial Services)
4	<ul style="list-style-type: none"> The medium-term financial strategy describes in financial terms joint plans agreed with partners and other stakeholders. The medium-term financial strategy models balance sheets and cash flows over a minimum of 3 years. The council monitors and can demonstrate how its financial plans and strategies have contributed to the achievement of its corporate objectives. 	<ul style="list-style-type: none"> Introduce into 2006 Financial Strategy As above Year end report as part of accounts closure process, and quarterly budget monitoring 	<ul style="list-style-type: none"> Fully compliant Financial Strategy As above Regular reports to Scrutiny and Cabinet 	<ul style="list-style-type: none"> July 2006 (Head of Policy, Partnership * Performance) As above (Head of Financial Services) June 2006 and ongoing (Head of Financial Services)

KLoE 2.2 - The organisation manages performance against budgets				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
2	<ul style="list-style-type: none"> The financial performance of partnerships is regularly reviewed, linked to outputs, and the results shared with partners and acted upon. 	<ul style="list-style-type: none"> Conduct review of the effectiveness of significant partnerships. Monitoring of key partnerships. 	<ul style="list-style-type: none"> Define & Identify key partnerships. Report to CMT & PARC on review outcome. Regular reporting to CMT & PARC on key partnerships. 	<ul style="list-style-type: none"> June 2006 (Head of Policy, Partnerships & Performance) Sept 2006 (Head of Policy, Partnerships & Performance) Commence Dec 2006 (Head of Policy, Partnerships & Performance)
3	<ul style="list-style-type: none"> The council's budget monitoring is: <ul style="list-style-type: none"> Related to operational activity indicators that are lead indicators of spend and; Informed by risk assessment Progress in achieving planned savings and efficiency gains is regularly reported to senior management with developed action plans. 	<ul style="list-style-type: none"> Identify key operational activity indicators on expenditure and income Conduct risk assessment on key expenditure and income. Part of existing budget monitoring process but requires detailed procedure guidance. 	<ul style="list-style-type: none"> Report on key operational activity indicators as part of budget monitoring. Part of Service & Financial Planning process. Budget monitoring reports to CMT and Cabinet. 	<ul style="list-style-type: none"> Dec 2006 (Accountancy Manager) Dec 2006 (Head of Financial Services) Sept 2006 (Accountancy Manager)
4	<ul style="list-style-type: none"> Savings and efficiency gains are profiled over the year and there is monitoring throughout the period by members to ensure their achievement. 	<ul style="list-style-type: none"> Cashable savings and efficiencies already profiled, reported and monitored. Non-cashable gains will be treated similarly. 	<ul style="list-style-type: none"> Budget monitoring reports to CMT and Cabinet. 	<ul style="list-style-type: none"> Nov 2006 (Accountancy Manager)

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KLoE 2.3 - The Council manages its asset base				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
3	<ul style="list-style-type: none"> • There is a plan in place to reduce the level of backlog maintenance and this has been approved by Members. • <i>The Council has developed a set of local performance measures in relation to assets that link asset use to corporate objectives.</i> • The Council makes investment and disposal decisions based on thorough option appraisal and whole life costing. 	<ul style="list-style-type: none"> • Backlog maintenance programme will be reported to Cabinet as part of Service & Financial Planning. • Investigate suitable PI's that can be gathered that meets the objective. • Part of existing programme management procedures but will require expansion for sub PRINCE2 projects. 	<ul style="list-style-type: none"> • Members will allocate maintenance budgets and will be aware of their impact upon the maintenance backlog. • Regular reporting to CMT as part of performance management (2006). • Guidance included in programme management procedures. 	<ul style="list-style-type: none"> • July 06 (Property Services Manager) • September 06 (Property Services Manager) • September 06 (Head of Financial Services)
4	<ul style="list-style-type: none"> • Performance measures and benchmarking are being used to describe and evaluate how the Council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities. • The results of performance measurement and benchmarking are communicated to stakeholders where relevant. • The Council has developed an approach for the co-ordination of asset management information and its integration with relevant organisational financial information. 	<ul style="list-style-type: none"> • Investigate suitable PI's that can be gathered that meets the objective. • Set up benchmarking group. • Non financial data included in quarterly budget monitoring. • Non financial data included in quarterly budget monitoring. 	<ul style="list-style-type: none"> • Regular reporting to CMT and PARC as part of performance management (2007) • Regular reporting to CMT and Cabinet as part of performance management (2007) • As above 	<ul style="list-style-type: none"> • September 06 (Head of Financial Services) • December 06 (Accountancy Manager) • December 06 (Head of Financial Services)

Note: Objectives in Italics are not required for the 2006 assessment but will be added in later years.

3. FINANCIAL STANDING - How well does the Council safeguard its financial standing?				
KLoE 3.1 - The Council manages its spending within available resources				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
2	<ul style="list-style-type: none"> <i>The Council sets and monitors targets for income collection and recovery of arrears, based on age profile of debt.</i> 	<ul style="list-style-type: none"> Analyse current arrears and bad debt provision. Introduce targets. 	<p>Set targets for 2006/07</p> <p>Consideration to be given to local indicators to be reported to Portfolio Holders</p>	<ul style="list-style-type: none"> July 2006 (Accountancy Manager) July 2006 (Accountancy Manager)
3	<ul style="list-style-type: none"> The Council has identified target levels for reserves and balances that are based on a thorough understanding of its needs and risks, including its treasury management strategy and is meeting these targets. Monitoring information is available that evaluates the effectiveness of debt recovery actions, associated costs, and the cost of not recovering debt promptly. 	<ul style="list-style-type: none"> Introduced as part of Service and Financial Planning. Part of Level 2 debt analysis. 	<ul style="list-style-type: none"> Set target levels for five-year Financial strategy. Value for money analysis completed and recovery processes reviewed. 	<ul style="list-style-type: none"> Completed January 06 July 2006 (Accountancy Manager)
4	<ul style="list-style-type: none"> Members monitor key financial health indicators and set challenging targets, for example for income collection, levels of variances from budget, prudential framework indicators, capital programme management. The Council monitors the opportunity costs of maintaining its levels of reserves and balances and compares these to the benefits it accrues. 	<ul style="list-style-type: none"> Review of existing Revenue and Capital Budget monitoring procedures. Introduce into 2006 Financial Strategy. 	<ul style="list-style-type: none"> Introduce changes for 2006/07 monitoring period. Fully compliant Financial Strategy. 	<ul style="list-style-type: none"> July 06 (Head of Financial Services) July 2006 (Head of Financial services)

Note: Objectives in Italics are not required for the 2006 assessment but will be added in later years.

4. INTERNAL CONTROL - How well does the Council's internal control environment enable it to manage its significant business risks?				
KLoE 4.1 - The Council manages its significant business risks				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
3	<ul style="list-style-type: none"> The risk management process specifically identifies risks in relation to partnerships and provides for assurances to be obtained about the management of those risks. The members with specific responsibility for risk management have received risk management awareness training. The member committee with responsibility for risk management receives reports at least quarterly and takes appropriate action to ensure that corporate business risks are being actively managed, including reporting to full Council at least annually. 	<ul style="list-style-type: none"> Review of partnership risks. Further consideration to be given after all significant partnerships have been identified.. Training already provided and is incorporated into member Learning and Development Plan. Training provided for cabinet members. New reporting cycle and content of reports will be presented to PARC for approval. 	<ul style="list-style-type: none"> Where necessary risks will be entered on the risk register. Risks for all significant partnerships recorded. All PARC members trained with regular refresher courses. All Cabinet members trained. PARC report in Nov 05 and new reporting framework commences February 2006. 	<ul style="list-style-type: none"> Complete. October 2006 (Head of Policy, Partnerships & Performance) June 2006 (Risk Manager) Sept 2006 (Risk Manager) Complete.
4	<ul style="list-style-type: none"> <i>A senior officer and member jointly champion and take overall responsibility for embedding risk management throughout the council.</i> <i>The council can demonstrate that it has embedded risk management in its corporate business processes, including performance management.</i> <i>All Members have received risk management awareness training.</i> <i>The Council considers positive risks (opportunities) as well as negative risks (threats).</i> 	<ul style="list-style-type: none"> Already in place. Risks to specific performance indicators to be included in the risk register. Introduce as part of Member Learning and Development Plan. Service managers advised to review their service risks identifying positive/negative risks. 	<ul style="list-style-type: none"> Head of Financial Services as chair of Risk Management Group and Finance Portfolio holder. Risks to service delivery are recorded and managed. Scheduled training sessions over next 6 months. Risk register will clearly indicate both positive and negative risks. 	<ul style="list-style-type: none"> Complete. Complete. Sept 2006 (Risk Manager). November 06 (Risk Manager)

Note: Objectives in Italics are not required for the 2006 assessment but will be added in later years.

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KLoE 4.2 - The Council has arrangements in place to maintain a sound system of internal control				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
2	<ul style="list-style-type: none"> There are procedure notes/manuals for those systems identified by the Council as being business-critical. There are partnership agreements in place for all the council's significant partnership arrangements. 	<ul style="list-style-type: none"> This is the next stage of the Business Continuity Planning work which is currently underway. Linked to review of the effectiveness of significant partnerships. 	<ul style="list-style-type: none"> 6 monthly review of Business Continuity Plans, procedure notes and manuals in place. All significant partnerships have adequate arrangements. 	<ul style="list-style-type: none"> March 2007 (Emergency Planning Officer) Sept 2006 (head of Policy, Partnerships & Performance)
3	<ul style="list-style-type: none"> The Council has put in place an assurance framework that maps the Council's strategic objectives to risks, controls and assurances. The assurance framework provides Members with information to support the Statement of Internal Control (SIC). <i>There is a specific member group (such as an audit sub-committee or member panel) which has audit and governance issues as the principal responsibility in its terms of reference.</i> <i>The member group provides effective leadership on audit and governance issues. It is proactive and has a forward-looking programme of meetings and agenda items to ensure comprehensive coverage of all responsibilities in relation to the internal control environment.</i> <i>The procedure notes/manuals for those systems identified by the Council as being business-critical are reviewed and updated at least annually.</i> Compliance with standing orders, standing financial Instructions and the scheme of delegation is monitored by management, and any breaches identified and appropriate action taken. 	<ul style="list-style-type: none"> Officer group will develop an assurance framework for approval by PARC. Part of above. Officer group will prepare a report on suitable 'Audit Committee' arrangement, see Level 4 below. Part of above 'Audit Committee' review. This is the next stage of the Business Continuity Planning work which is currently underway. Monitoring is in place but reporting and appropriate action on breaches requires a more formalised approach. 	<ul style="list-style-type: none"> Assurance framework in place. 2006 SIC for Annual Statement of Accounts will show clear links to assurance framework. Decision on type of 'Audit Committee' suitable for effective internal control. Work programme for 2006/07 agreed at PARC Sept 06. 6 monthly review of Business Continuity Plans, procedure notes and manuals in place. Breaches reported to relevant Head of Service or Strategic Director. 	<ul style="list-style-type: none"> Complete. May 06 (Risk Manager) July 06 (Head of Legal & Democratic Services) Aug 06 (Head of Financial Services) March 2007 (Emergency Planning Officer) June 06 (Head of Financial Services)

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KLoE 4.2 - The Council has arrangements in place to maintain a sound system of internal control (Continued)				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
4	<ul style="list-style-type: none"> <i>The assurance framework is fully embedded in the Council's business processes.</i> <i>The Council can demonstrate corporate involvement in/ownership of the process for preparing the SIC.</i> <i>There is an audit committee, which is constituted as a full committee of the Council and is independent of both the Executive and Scrutiny functions.</i> <i>The council has taken steps to ensure that the audit committee chair either has previous knowledge of, or has received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime.</i> <i>Audit committee members are provided with specific training relevant to their responsibilities.</i> <i>The audit committee has terms of reference which are reviewed on an annual basis, taking account into account relevant governance developments and how it integrates with other committees within the council.</i> <i>Partnership agreements are subject to regular review and updating.</i> 	<ul style="list-style-type: none"> Part of Level 3 work above. Part of Level 3 work above. Part of above 'Audit Committee' review. Part of above 'Audit Committee' review. Part of above 'Audit Committee' review. Part of above 'Audit Committee' review. Some agreements already subject to regular review, remainder will be in place. 	<ul style="list-style-type: none"> Assurance framework in place. See Level 3 above. Decision on type of 'Audit Committee' suitable for effective internal control. Training provided commensurate with audit committee chair's current knowledge and experience. Training provided. Suitable terms of reference and review process in place. All agreements regularly reviewed. 	<ul style="list-style-type: none"> Complete. Complete. July 06 (Head of Legal & Democratic Services) Sept 2006 (Audit Manager) Sept 2006 (Audit Manager) Sept 2006 (Head of Legal & Democratic Services) March 06 (Head of policy, Partnerships & Performance)

Note: Objectives in Italics are not required for the 2006 assessment but will be added in later years.

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KLoE 4.3 - The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
2	The Council has adopted a code of conduct for staff	<ul style="list-style-type: none"> Existing policies and procedures will be assembled into an agreed corporate code. 	<ul style="list-style-type: none"> Staff code of conduct in place. 	<ul style="list-style-type: none"> July 2006 (head of Human Resources)
3	<ul style="list-style-type: none"> <i>The Council is proactive in its role to raise the standards of ethical behaviour amongst members and staff, including the provision of ethics training.</i> The Council has undertaken an assessment of standards of conduct, including how effectively members are complying with the code of conduct, the number and types of complaints received, and takes action as appropriate. Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interest. There is evidence that members and staff are making appropriate disclosures in the registers and that they are regularly reviewed. A strong counter fraud culture is supported and promoted by members and senior officers. The Council undertakes proactive counter fraud and corruption work which is determined by a formal risk assessment. <i>The Council can demonstrate that counter fraud and corruption work is adequately resourced.</i> The whistleblowing policy is publicised within the council and demonstrates the council's commitment to providing support to whistleblowers. 	<ul style="list-style-type: none"> Review of Anti-fraud and Corruption policy ethics training is provided A review of the operation and effectiveness of the current standards of conduct will be carried out. Remind all members & staff of need to complete Hospitality register Registers reviewed on appointment of new members Code of Conduct for members & HR policies for staff in place As above, emphasising importance of counter fraud. counter fraud and corruption work already determined by formal risk assessment. Review of Internal Audit and Investigations unit workloads. Review of Confidential Reporting policy, emphasising commitment to support disclosure. 	<ul style="list-style-type: none"> Part of Learning & Development programme. Determine how effective the standards of conduct are and if necessary what remedial action is needed. Regular reminder in place. Annual review of officers register in place Ensure covered in induction Regular review process in place. Demonstrate proactive requirements against risk assessment. Demonstrate service capacity as part of risk assessment. Publicised on intranet & part of HR policies Build into procurement strategy 	<ul style="list-style-type: none"> Complete September 2006 (Head of Legal & Democratic Services) Complete As necessary (Head of Legal & Democratic Services) July 06 (Head of Legal & Democratic Services) Complete September 2006 (Audit Manager) September 2006 (Audit Manager) policy approved. November 2006 (Head of Financial Services)

APPENDIX A

KLoE 4.3 - The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business (Continued).				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
4	<ul style="list-style-type: none"> The Council can demonstrate that its members, officers and agents exhibit high standards of personal conduct. The Council can demonstrate a strong counter fraud culture across all departments. Staff have clearly acknowledged and accepted their responsibility to prevent and detect fraud and corruption. The risk of fraud and corruption is specifically considered in the Council's overall risk management process. Successful cases of proven fraud/corruption are routinely publicised to all staff. The Council has a track record for effective action in response to whistleblowing disclosures. There are periodic reviews of the effectiveness of the whistleblowing arrangements, and there are effective arrangements for receiving and acting upon disclosures from Members of the public. 	<ul style="list-style-type: none"> Not tested. Develop review process. Not tested across all departments. A review of embedding counter fraud culture within the Council will be carried out. Revision to Risk Strategy and risk registration guidance. No policy in place regarding external or internal cases. Develop publication policy. Review of disclosures will be carried out. Part of fraud review above. 	<ul style="list-style-type: none"> Regular review process in place. Obudsman Reports to go to Standards Committee Test counter fraud culture is strong and if necessary recommend steps to improve position. Specific attention to risk of fraud and corruption under 'financial' category. Regular publication of all proven cases. Review process in place on individual examples & who they relate back to personnel 	<ul style="list-style-type: none"> September 2006 (Head of Legal & Democratic Services) September 06 (Head of Legal & Democratic Services) November 06 (Risk Manager) Complete. September 06 (Head of Legal & Democratic Services, Chief Finance Officer & Head of Human Resources)

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5. VALUE FOR MONEY				
KLoE 5.1 - The Council currently achieves good value for money				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
3	<ul style="list-style-type: none"> • There is clear information on costs and how these compare to others and to the quality of services achieved currently and over time. Members and managers routinely use this information to review and challenge value for money throughout services and corporately. • Overall costs and unit costs for key services are low compared to other Councils providing similar levels and standards of services and allowing for the local context. • Areas of higher spending are in line with stated priorities and the investment results in improved services. 	<ul style="list-style-type: none"> • Review of current benchmarking will be carried out and improvements to processes recommended. • Part of review above • Part of review above 	<ul style="list-style-type: none"> • Service cost and quality information available and regular reviews carried out. • Determine whether costs are low or not and what action if necessary is required. • Test that investment provides higher quality service. 	<ul style="list-style-type: none"> • July 06 (Head of Financial Services) • September 06 (Head of Financial Services) • September 06 (Head of Financial Services)
4	<ul style="list-style-type: none"> • The Council regularly benchmarks its costs and quality of services achieved currently and over time. • Members and managers actively use this information to review and challenge value for money throughout services and corporately. Achieving value for money is an integral part of senior officer's performance appraisal. • Areas of higher spending are in line with stated priorities and the investment results in improved services. 	<ul style="list-style-type: none"> • Part of review above • Part of review above • Part of review above 	<ul style="list-style-type: none"> • As in Level 3 above • As in Level 3 above and incorporated into appraisal process. • As in Level 3 above 	<ul style="list-style-type: none"> September 06 (Head of Financial Services) • September 06 & March 07 (Head of Financial Services) • September 06 (Head of Financial Services)

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KLoE 5.2 - The Council manages and improves value for money				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
2	<ul style="list-style-type: none"> • Sound processes for reviewing and improving value for money are in place and have led to some significant improvements in value for money. • Information on costs and the quality of services is collected, regularly reported to Members and taken into account when reviewing performance. This includes information on equity across the whole community. • Targets are set and applied to improve efficiency and value for money. • The Council has produced and [from 2006] is delivering on a robust efficiency plan to achieve the Efficiency Review targets of 2.5 per cent gains per year over a three-year period. • The Council has effective procurement practices and can demonstrate improvements in value for money from significant procurement exercises. It has explored options for joint procurement and works with the LSP and other partners to improve value. 	<ul style="list-style-type: none"> • Part of review in 5.1 above. • Part of evolving budget monitoring reporting style, incorporating non-financial information. • Part of review in 5.1 above. • Part of Service and Financial Planning process and annual savings target. Further work required arising from change management as part of SSSC. • Part of Procurement Strategy and procurement improvement plan. 	<ul style="list-style-type: none"> • Service cost and quality information available and regular reviews carried out. • Improved budget/quality monitoring process. • As in 5.1 above • Achieve annual savings targets. • Cost and quality improvements in service delivery. 	<ul style="list-style-type: none"> • July 06 (Head of Financial Services) • September 06 (Head of Financial Services) • September 06 (head of Financial Services) • Ongoing (Head of Financial Services) • Various (Head of Financial Services)
3	<ul style="list-style-type: none"> • The scope for improving cost-effectiveness is kept under review and scrutiny. There are clear policies and effective processes for reviewing and improving value for money. Internal reviews are targeted at high cost services and lead to improved value for money. • Members and managers routinely and actively use clear information on costs and the quality of services to challenge how these compare to others currently and over time, corporately and for services. Information on equity is actively used to promote access and value for money across the whole community. 	<ul style="list-style-type: none"> • Part of review in 5.1 above • Part of evolving budget monitoring reporting style, incorporating non-financial information. 	<ul style="list-style-type: none"> • as in 5.1 above • Improved budget/quality monitoring process. 	<ul style="list-style-type: none"> • September 06 (Head of Financial Services) • July 06 (Accountancy Manager)

KLoE 5.2 - The Council manages and improves value for money (Continued)				
Level	Objectives	Action	Outcome	Key dates/(Lead Officer)
4	<ul style="list-style-type: none"> There is strong commitment among Members, senior managers and service managers to managing costs alongside quality of services and responding to local needs. The impact on users is assessed and then tracked to ensure that costs are not simply cuts without regard to outcomes. The scope for improving cost-effectiveness is kept under review and scrutiny. Innovative approaches are used where appropriate and have achieved clear improvements in value for money. 	<ul style="list-style-type: none"> Part of Service and Financial Planning process and annual savings target. Regular monitoring of savings target will review impact upon service quality if necessary. As above 	<ul style="list-style-type: none"> Emphasis on service quality as well as cost-effectiveness. As above 	<ul style="list-style-type: none"> July 06 (Head of Financial Services) July 06 (Head of Financial Services)

TITLE OF REPORT: AMALGAMATION OF POLICE FORCES - IMPACT FOR HERTFORDSHIRE

REPORT OF THE CHIEF EXECUTIVE
PORTFOLIO HOLDER: COUNCILLOR: TRICIA GIBBS

1. SUMMARY

- 1.1 This report is to update Cabinet on the current status of Police Force Amalgamation across the United Kingdom and with particular regard for how this may affect North Hertfordshire.
- 1.2 The report also reflects the Hertfordshire Police Authority's recent response to the proposals to merge local forces and seeks Cabinet views to further inform a Hertfordshire wide response.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 1st May 2006.

3. BACKGROUND

- 3.1 The consideration of merging police forces arose following a report by Her Majesty's Inspector of Constabularies (HMIC) of the fitness for purpose of the existing structures in September 2005. The original report 'Closing the Gap' was commissioned following growing concern across the Police Service about the gap in tackling serious cross border crime.
- 3.2 The HMIC report found a correlation between force size and ability to provide protective services - those addressing counter terrorism, major/serious crime and public order; it was felt that forces with fewer than 4000 officers or 6000 staff simply do not have the critical mass to provide the level of protective services required to tackle modern crime and domestic extremism.
- 3.3 The conclusion of that report was that the best business solution would be to create strategic police forces of sufficient size to provide effective services, but which would not then be incompatible with the delivery of the locally based, neighbourhood policing agenda.
- 3.4 On 28 October 2005, forces and authorities were required to submit a list of possible options to enable them to meet the design criteria for the new 'strategic' forces. Each force and authority in the Eastern Region agreed to submit a core list of three options and any additional options they felt were appropriate.

- 3.5 In response, on 9 November 2005, the Home Office informed all forces and authorities in the Eastern Region that only the three core options, listed below, met the criteria and could be developed further - no force in the Eastern Region could stand-alone. The options were;
- a regional force made up of the six police forces in Anglia
 - an east/west divide of the six forces - Herts/Beds/Cambs and Essex/Norfolk/Suffolk
 - a north/south divide of the six forces - Herts/Beds/Essex and Cambs/Norfolk/Suffolk
- 3.6 The Hertfordshire Police Authority consulted with a wide range of stakeholders to seek their views on the proposed force mergers, to help inform discussions at their extraordinary meeting on Friday 16th December.
- 3.7 Police forces and Authorities were required by the Home Secretary to submit their final business case and preferred option to the Home Office by 23rd December, but all nationally agreed with the stance taken by the Association of Police Authorities (APA) that they would not commit to such undertakings whilst there was still uncertainty about governance, finance and the effect on local, Base Command Units.

4. ISSUES

- 4.1 Having failed to secure voluntary merger agreement by the Authorities, the then Home Secretary Charles Clarke issued a statement on 11 April 2006, naming 5 regions which he felt had sufficient merit in terms of efficiency and effectiveness to enforce a merger. The Home Secretary issued a written notice to Police, Police Authorities, Local Authorities and Chief Constables of his intention to merge Bedfordshire, Essex and Hertfordshire.
- 4.2 This option, above the other two proposed, was considered to provide not only the critical mass required for the larger, strategic authorities but could also provide a force which would be able to deal with the particular cross-border issues arising from each individual force's proximity to London.
- 4.3 The Hertfordshire Police Authority are again seeking views from stakeholders and members of the public to this proposal prior to their meeting on 21st July 2006. The results of these consultations will then inform a formal response to the Home Secretary for submission by 11 August 2006.
- 4.4 The Herts Police Authority statement on current position and their views arising from discussions with stakeholders to date is attached at Appendix 1 for consideration and comment by this Cabinet.

5. LEGAL IMPLICATIONS

- 5.1 The Authority has a duty to work with partners to address community safety through the Crime and Disorder Act 1998.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 There are no additional financial implications or additional risks arising from this proposal at this time.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 7.1 There are no additional human resource implications arising from this proposal at this time.
- 7.2 Any model adopted by the Police and Police Authorities will be required to address their organisational equalities policies, and in its work with such external partners, NHDC must also ensure the Authority's equalities standards are maintained.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 8.1 Consultation with external organisations and ward members has been conducted by the Herts Police Authority as outlined above, in December 2005, April 2006 and as present.
- 8.2 NHDC elected members, including Parish Council representatives, were requested to respond directly to the proposals through the HPA questionnaire submitted via the Members Information Service in May 2006.

9. RECOMMENDATIONS

- 9.1 That Cabinet note the proposals made so far in the modernisation of the Police Force.
- 9.2 That Cabinet provide a response to the Herts Police Authority to inform their formal response to the Home Office, to be submitted by 11 August 2006.

10. REASONS FOR RECOMMENDATIONS

- 10.1 The report contains the latest proposals put forward by the Home Office
- 10.2 The Herts Police Authority request a countywide response from the ten District Councils

11. ALTERNATIVE OPTIONS CONSIDERED

None applicable

12. APPENDICES

- 12.1 Appendix 1: Herts Police Authority Statement and Resolution

13. CONTACT OFFICERS

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Sally Patient
Herts Police Authority

14. BACKGROUND PAPERS

'Closing the Gap' - Her Majesty's Inspector of Constabularies report Sept 05

TITLE OF REPORT: REGIONAL AND STRATEGIC PLANNING ISSUES

REPORT OF THE HEAD OF PLANNING AND BUILDING CONTROL
PORTFOLIO HOLDER: COUNCILLOR R. A. C. THAKE

1. SUMMARY

- 1.1 To inform Members of the current positions regarding:
- West of the A1(M) at Stevenage;
 - The draft East of England Plan;
 - Growth Area Liaison for the Luton conurbation;
 - Luton & Dunstable Northern Bypasses;
 - London Luton Airport and Stansted Airport.

2. FORWARD PLAN

- 2.1 This report to Cabinet is included within the Forward Plan.

3. BACKGROUND

- 3.1 Members will be aware of, and familiar with, many of the issues surrounding the significant strategic planning issues referred to in paragraph 1.1 above. This report is intended to provide Members with the current positions on these strategic planning matters.

4. ISSUES

4.1 West of the A1(M) at Stevenage

- 4.2 Following the “minded to approve” letter from the Secretary of State in October last year, the West Stevenage Consortium submitted a new draft s106 Agreement, to which the 3 Councils (NHDC, SBC and HCC) duly responded. A further version of the draft was received from the Consortium in early May, and since then various meetings have taken place to seek to resolve the outstanding points.

- 4.3 The First Secretary of State’s current deadline for a completed agreement or unilateral obligation is 20th June 2006. At the time of writing this report (13 June), it is not yet clear which of these routes the Consortium will choose to follow. I will update Members orally at the meeting.

4.4 **The Draft East Of England Plan**

4.5 As at 13 June, we still await publication of the Panel's Report and Recommendations, expected this month.

4.5 **Growth Area Liaison for Luton/Dunstable/Houghton Regis**

4.6 A series of Landowner Consultations were held on 3 dates in May and June. At these sessions, all landowners interested in securing the development of their land as part of the Growth Area strategy gave short presentations (15 minutes maximum) on why their land should be developed. Those with land to the north-east and south-east of Luton – including land within North Hertfordshire – made their presentations on the afternoon of 8 June at South Bedfordshire District Council offices.

4.7 Of greatest interest to North Hertfordshire were the presentations given by the Crown Estate, Bloor Homes and London Luton Airport. The first of these addresses land to the north of the A505, between the present built-up area and the proposed M1 / A6 / A505 bypass. A new country park is proposed, together with an expansion of the Butterfield Green employment area (to provide some 4,000 jobs), new housing areas (around 5,000 dwellings, the majority of which would be close to Butterfield Green and served from the A505) and associated community facilities. The great majority of the site lies outside North Hertfordshire. However, the proposed bypass (route G was assumed in the presentation) encroaches slightly into North Hertfordshire at its junction with the A505 at Putteridge Bury. A park-and-ride facility is suggested associated with this junction. The Crown Estate indicates that further residential development opportunities exist to the north and west of the proposals currently put forward, wholly outside North Hertfordshire.

4.8 The second presentation of great interest was that given on behalf of Bloor Homes and relates to land south of the A505 and Putteridge Bury in the vicinity of Cockernhoe and Mangrove Green. Indeed those two settlements would be completely surrounded by the proposals. The proposal is essentially a large residential urban extension of more than 3,000 dwellings, although it would include low levels of local employment and a country park. A key feature would be a new road linking the airport to the A505. Two possible routes are suggested. All this development would be in North Hertfordshire.

4.9 The London Luton Airport presentation focused on the perceived need for an Area Action Plan, extending from the M1 Junction 10 eastwards to include the airport and environs, and then northwards to the A505, including the Bloor Homes Land. This Area Action Plan would set out proposals for the airport itself, employment associated with the airport and around 3,000 dwellings.

4.10 At the present time, these proposals, together with all the others presented at the Landowner Consultations, are of no weight in planning terms. They represent the landowners' own views on how their land could best be developed. From the Councils' perspective, they represent valuable information on the issues and options potentially available to meet the strategic needs and targets. As Members will recall, the MKSM Sub-Regional Strategy was unable to set out directions of growth for the Luton conurbation. Instead, it identified two areas of search, and left it to the relevant local authorities to establish the directions of growth (and the scale of growth at specific locations) through the Local Development Framework process. The outcome of the

Landowner Consultation exercise is an early step in this process, which should be noted.

4.11 **Luton & Dunstable Northern Bypasses**

4.12 At the meeting of the Luton / Dunstable / Houghton Regis and Leighton-Linslade Growth Area Joint Planning and Transportation Committee taking place on 16th June, one of the agenda items relates to the Luton Northern Bypass. The consultants, Halcrow, have now completed their report, and it is available on the scheme website, www.luton-northern-bypass.com. The officer recommendations to the Joint Committee are to consult on various routes for a northern bypass of Luton as part of the Local Development Framework process for the Growth Area, and to further review the non-bypass options as part of the same process. I will report on the outcome of the Joint Committee's deliberations orally at Cabinet.

4.13 There is nothing to report this month on the Dunstable northern bypass.

4.14 **London Luton Airport / Stansted Airport**

4.15 London Luton Airport

4.16 There is nothing further to report on this issue this month.

4.17 Stansted Airport

4.18 The Council has received a copy of the BAA Stansted planning application to remove and vary conditions on the current planning permission. It is envisaged by Uttlesford District Council, who are the local planning authority, that the planning application will go before Members for a decision in September. Any comments which it is proposed to send to Uttlesford District Council on this application, will come before Members at the Cabinet in July.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications directly arising from this report.

6. FINANCIAL AND RISK IMPLICATIONS

6.1 There are no new financial or risk implications arising from the contents of this report. The West Stevenage Consortium has undertaken to pay the Council's legal costs in respect of the preparation of revised S106 agreement. Other costs can currently be accommodated within existing budgets.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

7.1 There are no new HR or equalities implications arising from the contents of this report with the exception of the additional work associated with the reformulation of the legal agreement and appraisal of the Inspector's report and Secretary of State's decision.

Adjustments may need to be made to the Service Plan to accommodate specific work associated with the Secretary of State's decision.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

8.1 Councillor Thake has been kept fully informed on all the matters set out above.

9. RECOMMENDATIONS

9.1 That the contents of this report be noted.

10. REASONS FOR RECOMMENDATIONS

10.1 To ensure that Cabinet is aware of current developments.

11. ALTERNATIVE OPTIONS CONSIDERED

11.1 There have been no alternative options considered.

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13. BACKGROUND PAPERS

13.1 None

TITLE OF REPORT: PLANNING DELIVERY GRANT 2006/2007 – USE OF GRANT

REPORT OF THE HEAD OF PLANNING AND BUILDING CONTROL
PORTFOLIO HOLDER – COUNCILLOR R.A.C. THAKE

1. SUMMARY

- 1.1 To advise Cabinet of the recent announcement of Planning Delivery Grant for the year 2006/7 and to seek approval for the general areas of expenditure identified in the report.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on 1 May 2006.

3. BACKGROUND

- 3.1 The Deputy Prime Minister announced in July 2002 that the Government was to make additional funding available to Local Authorities over the period of 2003/6 to assist in the delivery of planning and to help ensure the realisation of the Government's Communities Plan Objectives. This has subsequently been extended to cover the period 2006/8.

- 3.2 The first tranche of grants for the financial year 2003/4 was for £148,000 for North Hertfordshire District. For 2004/5 North Hertfordshire was awarded £374,079. The award for 2005/6 was £396,780.

- 3.3 The award for 2006/7 is £472,412 from the following components:-

i)	Planning Control performance	£255,846
ii)	E-planning	£ 24,446
iii)	Housing sites delivery	£136,368
iv)	Plan making	£ 52,525
v)	Re-cycled grant (from abated Councils)	£ 1,616
vi)	Adjustment from previous years	£ 1,610

- 3.4 At its 6th June meeting Cabinet considered and approved an action plan arising from the Audit Commission report on the Planning and Building Control service. The areas of proposed expenditure assist in the delivery of the Action Plan as well as the Council's corporate objectives.

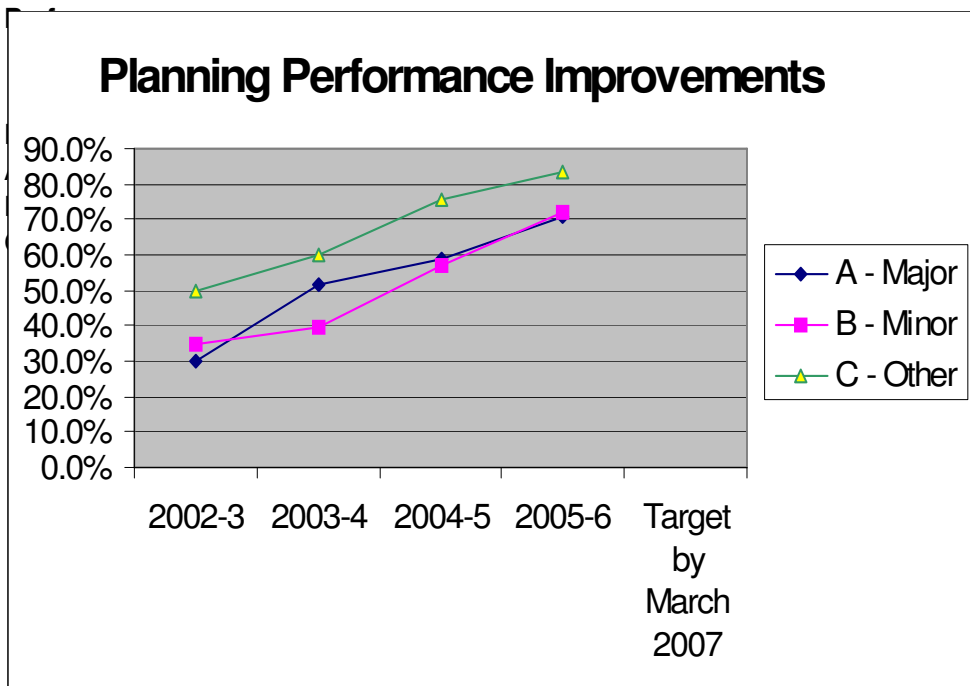
- 3.5 The approach taken so far to the use of PDG has been to look at medium and long term improvements carrying PDG across years. This approach certainly now seems to be paying dividends in contrast to many authorities who have taken a short term view. Equally the use of PDG has been integrated with

workforce development planning in the service and opportunities through restructuring.

4. CONSIDERATIONS

4.1 Considerable improvements have been made to Planning Control performance since 2002 as set out below:-

BVPI 109	2002-3	2003-4	2004-5	2005-6	Target by March 2007
A - Major	30.0%	51.7%	59.0%	70.59%	60.0%
B - Minor	34.9%	39.8%	57.2%	71.97%	65.0%
C - Other	49.8%	59.9%	75.5%	83.31%	80.0%



4.2 In assessing the service in early 2004, ODPM consultants identified the following areas for further improvement which have formed the basis of service delivery improvements to date:-

- Meeting local validation targets.
- The potential vulnerability of resources to handle workload, given existing high case loads and recruitment and retention problems.
- The impact of changes in I.T.
- Current Committee arrangements.

4.3 The Audit Commission inspection raises a number of similar issues though the recruitment and retention issue has improved marginally. A detailed Improvement Plan has been produced in October 2004 and endorsed by PARC which integrates outcomes from the Regulatory Services Best Value FSR, service improvement initiatives approved by PARC and Cabinet

(principally in relation to the use of PDG) and other service development issues.

- 4.4 The impact of IT indicated in paragraph 3.2 (above) has been or will largely be met through improvements to e-planning (NHDC has now achieved the maximum e-government rating for the planning service delivery) and the [services@north-herts](#) project.
- 4.5 The Audit Commission Inspection identified a number of areas for improvement for which Cabinet approved an action plan in June. Many of the actions have a low financial impact and relate to refining processes. In addition to these factors, the implementation of the service @ north-herts project and new ways of working (e.g. mobile working) have a significant bearing on the proposals for use of this year's grant.
- 4.6 A spreadsheet setting out the proposed spend is attached as Appendix A to this report. The following paragraphs briefly explain the rationale behind the proposals.
- 4.7 **Planning Control – Further Improvements**
- 4.8 For Planning Control and Conservation there are a number of key issues that require further action to continue performance improvements for BVPI 109 to ensure that current performance levels are maintained or enhanced whilst retaining high levels of customer satisfaction.
- 4.9 Case officer workloads are still at or above that which ODPM recommends. The definition of reasonable case loads as set out by ODPM is; "a sustainable caseload has been taken to be around 150 applications per Case Officer". In essence case officers are undertaking around 173 applications per annum on average (roughly 150 of these appear on the PS1 return and there are other forms of application which are additional to this but do not appear on PS1). However, in addition to this there is an appeals workload of around 40 appeals per annum. It is difficult to predict the exact number of applications or appeals in the forthcoming year though to date there has been an increase of 6%. In terms of applications the existing resources are at a level that demonstrate efficiency though some extra allowance should be made to enable appeals work to be excluded from this calculation. It is estimated that the current appeals workload represents around 1 FTE. On this basis it is recommended that a sum of £55,000 be allocated to this work.
- 4.10 In Conservation there is now a statutory requirement to undertake Conservation Area Reviews and Character Statements. This is one area where there have been acute recruitment difficulties. As a result of this we were unable to meet this BVPI for 2005/6 though we are now hopeful that the establishment post can be filled which will enable applications to be dealt with in a timely manner. There is no dedicated resource to undertake conservation area review work, consequently in the past such reviews have not had high priority. It is proposed that a sum of £10,000 be allocated from this years PDG for consultancy/agency support to enable these reviews to be undertaken.
- 4.11 **Local Development Framework**

4.12 It is proposed that £48,000 be allocated to the Local Development Framework budget. This budget was the subject of a growth bid for the year 2006/7 of £219,500 with growth of £169,500 being approved and the matter being identified in the final budget report strategy as a risk. Allocating funding from PDG will reduce the risk to the Council and would remain within the ring fenced account.

4.13 **Regional and Strategic Planning**

4.14 Given the significant issues that currently exist around the Government's growth agenda and the likely work that will be necessary to resist or mitigate against the impact of these it is suggested that a sum of £30,000 be allocated from this PDG award for the use of consultants/legal advice. This area is identified in the budget strategy as a risk and the precautionary approach advocated would reduce this risk on reserves. It is proposed to allocate £115,409 from PDG to finance staffing. This sum would include part resourcing for temporary S106 co-ordinator support as advocated in the Streetscene FSR Action Plan. This post would also be part funded through S106 administration income.

4.15 In reporting to Cabinet in May 2005 on PDG it was anticipated that there would be more clarity about the future income/grant position post PDG. To date there is no clarity about this, however, once this is the case, further business planning will need to be undertaken.

5. **LEGAL IMPLICATIONS**

5.1 There are no legal implications directly arising from this report however should the Authority's performance on BVPI 109 fail to meet targets then intervention by ODPM is likely. The Council is required to produce a Local Development Framework in accordance with the approved Local Development Scheme.

6. **FINANCIAL AND RISK IMPLICATIONS**

6.1 The proposals in the report do not place any long term commitments upon the Authority. The approach advocated manages the budgetary risk and the proposals advocated in the report make investments within the service that will be of significant benefit in future years. The development threat to the District is identified as a risk in the final budget report. The proposals in the report provide resourcing across a number of years, however, once the future funding position (grant/fees) is made clear, a long term resourcing strategy will need to be developed.

7. **HUMAN RESOURCE AND EQUALITIES IMPLICATIONS**

7.1 There are no HR or Equalities implications directly arising from this report.

8. **CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS**

- 8.1 The Planning and Transport Portfolio holder has been fully informed and involved in the process via Officer contact.

9. RECOMMENDATIONS

- 9.1 That the use of the 2006/7 Planning Delivery Grant as set out in Appendix A and explained in section 3 of the report is supported as it will:
- (i) continue to deliver the initiatives identified in the Improvement Plan and action plan arising from the Audit Commission Inspection
 - (ii) provide a funding stream in the medium term for existing and predicated workloads, and
 - (iii) assist in managing the financial risk to the Authority associated with the Government's growth proposals.

10. REASONS FOR RECOMMENDATION

- 10.1 To approve the use of Planning Delivery Grant funding to ensure optimum impact across the service and corporately.

11. APPENDICES

- 11.1 Appendix A - proposed expenditure.

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CABINET
27th June 2006

***PUBLIC DOCUMENT**

AGENDA ITEM No.

11

TITLE OF REPORT: AREA GOVERNANCE AND THE COST OF DEMOCRACY BUDGET SAVINGS 2006/7

REPORT OF THE HEAD OF COMMUNITY DEVELOPMENT AND CULTURAL SERVICES
PORTFOLIO HOLDERS: COUNCILLOR TRICIA GIBBS
COUNCILLOR ANDREW YOUNG
COUNCILLOR RICHARD THAKE

1. SUMMARY

- 1.1 This report provides an overview of a number of actions that have been taking place during the past year in relation to the area governance and decision making process of the Council.
- 1.2 This report sets out the responses made by each Area Committee to the report on Area Governance in respect of improvements that are proposed for the Council's approach to area governance and improved community engagement.
- 1.3 The report makes reference to the recommendations on improvements to planning delivery as set out in the response to the Audit Commission Inspection Report on Planning and Building Control.
- 1.4 The report also considers, in outline, changes to the Council's decision making procedures that are required in order that the Council can make the savings identified in the Service and Financial Planning process for 2006/7 on costs of democracy.
- 1.5 Cabinet is asked to note the actions that have been taken to date and agree that further work be commissioned to identify savings that are consistent with the overall policy objectives in respect of Area Governance and decision making.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision that was referred to in the Forward Plan of 1st May 2006.

3. BACKGROUND

- 3.1 The Council had a short term action for 2005/6, set within its Corporate Plan 2005-2015, to consider the potential for delegating additional powers to Area Committees and take appropriate action.

- 3.2 The function and process of Area Governance supports the Council's Strategic Objective of "ensuring that we listen to our citizens and deliver high quality, value for money customer focussed services."
- 3.3 At its meeting on 17th May 2005, Cabinet approved recommendations on Area Governance that had been produced by a Scrutiny Committee Task and Finish Group whose purpose had been to review the effectiveness of the Council's Area Committee system of democratic engagement.
- 3.4 The list of actions for improvement as agreed by Cabinet were divided into three sections. Those in section A could be implemented immediately by Area Committees. Those in section B required further consideration by Area Chairmen and Vice Chairmen. Those in section C required further work on feasibility and potential costs. (See Appendix 1).
- 3.5 A report on the outcomes of the discussions on area governance with Area Chairmen and Vice Chairmen was presented to each of the Area Committees during the December 2005 cycle.
- 3.6 Several of the actions in section C (48, 49 and 54) on the Action Plan required Area Committee comment prior to a re-submission of these to Cabinet.
- 3.7 At the same time as Area Committees were reviewing the report on Area Governance, the Council was considering the Service and Financial Planning Process for 2006/7, which, amongst other savings, recommended a reduction of £50k on the costs of democracy. This saving was formally approved by Council at its budget meeting on 9th February 2006.
- 3.8 A Member workshop was held on 29th March 2006 at which consideration was given to report by the Audit Commission on the Council's Planning Services. One aspect of the report related to the way in which the Council deals with its planning control function through the Area Committees.
- 3.9 The IDeA Planning Advisory Service has produced a report on the effectiveness of area based decision making (ABDM) for planning control. It sets out the advantages and disadvantages of adopting this approach.
- 3.10 On May 8th 2006, the Lyons Inquiry on National Prosperity, Local Choice and Civic Engagement was published. There are many suggestions within this that reflect the Council's ambitions to engage more effectively with its local communities.

4. KEY ISSUES

- 4.1 Notwithstanding Cabinet's response to the Scrutiny report on Area Governance, it quickly became evident that aspects of its original work and ideas for implementation were effected by fundamental questions around firstly, planning issues, and secondly, the ability of the Council meet the budget savings on the costs of democracy.
- 4.2 Though many of the Scrutiny findings set out in Sections A, B and C of the original Area Governance report could be implemented within existing estimate provision and the timescales stated, there were some elements that required further consideration Actions 48, 49 and 54).

- 4.3 In summary, all Committees were broadly in favour of greater devolution of budgets and functions to Area Committees, but that the full implications of these should be examined in greater detail within the context of the Service and Financial Planning Process. The majority of Area Committees were strongly in favour of retaining the determination of planning applications at the Area Committee level. (See Appendix 2).
- 4.4 Subsequent to this, the Audit Commission report on Planning Services has been received by Cabinet. A response and action plan was prepared for PARC (26th April, 2006) and this was then referred to Cabinet for its meeting on 6th June 2006. The resolution is attached in Appendix 3. However, the key actions that have been agreed will need to be considered as part of the broader approach that this report is proposing should be adopted.
- 4.5 It must be recognised that there are conflicting pressures between the area governance programme (including planning) and the need for the Council to meet its £50k savings identified within the Service and Financial Planning process 2006/7.
- 4.6 However, it is also evident that these savings cannot be found unless there is a more thorough and systematic review of the overall decision making processes of the Council, which include the following:
- Cabinet and delegated decision making to Portfolio Holders, Area Committees and Officers
 - Operational arrangements for PARC/Scrutiny functions
 - Cost effectiveness of and consistency of planning determination at Area Committees
 - Enhancing capacity of community leadership by Area Committees
 - Changing the functions of Area Committees
 - Reducing the number and frequency of meetings
 - Reducing the number and frequency of ancillary meetings, sub-groups, etc
- 4.7 Although not specifically included within the costs of democracy budget headings, those associated with elections can also be considered.
- 4.8 As all the above functions are both complex and inter-linked, further work needs to be undertaken to ensure that the strategic and operational implications of all aspects are fully evaluated. This will have to be completed within a six month timeframe so that any implementation would start in the new financial year 2007/8.
- 4.9 It is proposed that officers work now to develop specific proposals in consultation with the relevant Portfolio Holders based on the available options, and any permutations thereof, as detailed on paragraph 4.6.

5. LEGAL IMPLICATIONS

- 5.1 There are no legal implications arising at this stage.

6.0 FINANCIAL AND RISK IMPLICATIONS

- 6.1 While the majority of actions arising from the review of Area Governance could have been met within the Council's overall budgets for the cost of democracy, the fact that there has now been a £50k reduction for 2006/7, requires a clearer understanding of the

priorities to be achieved. This savings target was assessed as a medium risk when determining key budget risks for 2006/07.

- 6.2 The savings option of £50,000 is unlikely to be achieved in 2006/7. However, it is anticipated that as part of the Service and Financial Planning Process for 2007/8, linked into the additional work that is proposed, then the savings that are required will be implemented for 2007/8.
- 6.3 A summary of the budget costs for analysis is set out below.

Cost of Democracy Code Description	Actual Budget 2005/6
Training	12,491
Car Allowances	11,007
Printing	78,091
Postage	13,104
Telephones	4,125
Member allowances	204,642
Miscellaneous	20,506
Sub Total	344,146
Recharges:	
Chief Executive (including democratic services)	261,692
Customer Services MSU	88,385
Amenity Administration	18,504
Finance and IT	45,402
Environment	47,354
Engineering	24,455
Housing	45,782
Building Services	12,265
Office accommodation	119,877
Legal	10,563
Audit and Financial Services	30,999
Development Control	277,030
Environmental Health	26,197
Sub Total	1,008,505
Chairman's Office	24,899
Leader's Expenses	5,605
Sub Total	30,504
Total	1,383,155

- 6.4 The savings shortfall for 2006/7 has been accommodated within the overall financial position of the Council as set out in the report on 2005/6 Annual Statement of Accounts, that will be reported to Cabinet at its meeting on 27th June 2006.
- 6.5 By way of an indicative comparison with other Hertfordshire District/Borough Councils, this Council has more meetings (including those for licensing) than any other:

Council	Frequency of Meetings Per Annum	Costs of Democracy (£000)*
North Hertfordshire	194	1,383
Hertsmere	149	798
Welwyn Hatfield	137	1,141
Three Rivers	121	655
St Albans	106	962
East Hertfordshire	60	2,030
Watford	55	1,620
Broxbourne	24	246
Dacorum	N/A	N/A
Stevenage	N/A	N/A
Hertfordshire County Council	220	N/A

- NB: costs are not calculated on a consistent basis across all Districts/Boroughs.

6.6 The effective implementation of Area Governance is seen as being central to the democratic engagement and accountability of the Council to its citizens. Failure to do this could result in damage to the reputation of the Council, to its ability to manage the regulatory planning environment, and to deliver on a key strategic objective.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

7.1 Any improvements to Area Governance will have to be made within a changing human resource organisational structure, where there will need to be new ways of working and approaches adopted.

7.2 A number of the recommendations and ensuing actions have been developed to improve opportunities for those whose views are often excluded from the democratic process and to encourage their greater participation, eg: Actions 30, 33 and 35.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

8.1 All Area Committees were consulted on the actions and their responses are contained in Appendix 2 to this report.

8.2 A special Member's workshop was held on 29th March 2006 to consider the outcomes of the Audit Commission report on Planning Services.

8.3 Further consultation with Portfolio Holders, opposition Shadow Portfolio Holders and Area Committee Chairmen will be arranged as part of the review.

9. RECOMMENDATIONS

Cabinet is asked:

9.1 To confirm all the actions set out in Appendix 1, Sections A and B and C (except nos: 48,49,54).

9.2 To note the referrals from Area Committees on the Area Governance Action Plan as set out in Appendix 2 (nos: 48, 49, 54).

- 9.3 To agree that officers undertake further detailed work to review the options in paragraph 4.6 on the area governance and decision making arrangements of the Council in order to meet the future savings requirements of the Service and Financial Planning Process.
- 9.4 To note that a further report on proposals for new arrangements will be submitted to Cabinet in October 2006.

10. REASONS FOR RECOMMENDATIONS

- 10.1 To ensure effective implementation of Area Governance.
- 10.2 To ensure that savings identified within the context of the Service and Financial Planning process for 2006/7 are achieved.

11. APPENDICES

- 11.1 Appendix 1 - Area Governance Action Plan November 2005
- 11.2 Appendix 2 - Referrals from Area Committees on the Area Governance Action Plan 2005.
- 11.3 Appendix 3 - Resolution from Cabinet in response to Audit Report on Planning Services.

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13. BACKGROUND PAPERS

- 13.1 Report to Cabinet on Area Governance May 17 2005

- 13.2 Report to Cabinet on Area Governance March 15 2005
- 13.3 Report to Area Committees on Area Governance, December 2005
- 13.4 Area Based Decision Making (ABDM) – IDeA Planning Advisory Service 2006
- 13.5 National prosperity, local choice and civic engagement – Lyons Inquiry into Local Government, May 2006.

Appendix 1

AREA GOVERNANCE – ACTION PLAN – NOVEMBER 2005

A. Recommendations to be forwarded to the Area Committees immediately

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
1	That reports for 'information only' be notified via the Members' Information Service and dropped from the agenda or, if for public information, included but not discussed, except at the Chairman's discretion	This should be agreed by officers with their Head of Service and finalised when agendas are agreed with Chairmen. 'Information Only' reports may go to Committees in a section on Information Notes. Other items that do not require a decision can go in MIS. Local ward issues to be discussed with relevant ward Members and Committee chairmen to be notified. Champion News will go on the agendas.	FB	All DMT members	In place	A1
2	That the Chairman considers how to welcome people and whether to introduce who's who and the committee's role	A guidance note for Chairmen has been produced. An information leaflet for the public has been produced and made available at each meeting.	FB		In place	L3
3	That officers be expected, normally, to present reports with only a <u>short statement</u> , to explain to the public, and then answering questions concisely.	Guidance has been given to Officers with reminder template. Chairmen to determine who best to introduce the report.	FB	DMT to notify	In place	A2
4	That Area Committees be involved so that they can fulfil their role in advising on decisions regarding disposal of assets	This already happens.	PC		In place	B3

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
5	That community development items encompass the whole Area, not just town centre (Baldock)	This already happens.	PC		In place	B5
6	That planning appeals are presented in a table for information.	These will be tabled at meetings and will clearly show the nature of the decision. Presentation will be as part of an oral report.	FB	MC	In place	M9
7	That voting is by a clear show of hands	Chairs to request. Clerk to remind.	FB		In place	M8
8	That the Area Champion (Committee Clerks) maintains a running action plan reporting on the progress of actions, decisions and projects brought to previous meetings	Committee clerks will maintain a running record of progress on minutes as set out in decision sheets. Area Champions to report progress on community actions/projects from own and other work areas.	FB/ PC	CDO's Clerks	In place	B4
9	That the Area Champion's work programme is informed by the decisions of Area Committees working within the Council's strategic objectives.	The work of the Area Champion is very much based around the area visioning. However, Area Champions are also in a position to advise Area Committees of new projects, schemes, issues.	PC	CDO'S	In place	D4
10	That the Area Champion works with ward Members, committee services, the press office, legal services, youth and community services and the consultation officer to improve communication links, especially with young people.	This already happens.	PC	CDO'S	In place	D5
11	That Area Committees actively prioritise the budgets for which they are responsible	Area Committees receive regular progress reports on the combined visioning and development budgets. Committees are able to review and prioritise spending.	PC	CDO'S	In place	J2
12	That Chairmen receive training to provide strong yet	Included in Member Personal Development				

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
	inclusive leadership	Plans.	FB	KS	TBC	E1
13	<p>That the Chairmen and vice Chairmen attend occasional workshops to share expertise and develop skills in –</p> <ul style="list-style-type: none"> • agenda planning, and flexibility in responding to the meeting • ensuring meetings are Member-led, rather than officer-led • communication and publicity • creating an atmosphere that is conducive to open and yet focused debate • handling hostility • improving in line with public feedback • managing time-keeping at meetings • putting speakers at their ease • summarising concisely the purpose of items • welcoming members of the public <p>no extra resources unless Chairmen require officer attendance at workshop</p>	<p>This will be referred to Member development for programming and cross reference with the competency skills framework plans.</p> <p>There can be an annual review of Chairmen and Vice Chairmen’s needs.</p>	FB	KS	TBC	E2
14	That the report template is amended to include a one-paragraph Plain English summary at the start; these to be collated on the agenda.	<p>The template has been amended to include “Summary” in place of purpose with guide to use “plain English” and to indicate whether for decision or information.</p> <p>Report guidance note and reminder to notify report writers of one sentence summary.</p>	FB	Author s	In place	F3

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
15	<p>That the action plan for improvement should include annual training for Members on:</p> <ul style="list-style-type: none"> • the use of delegated budgets • scrutinising financial reports • planning protocol and planning law • highways planning, priorities and processes • effective use of Scrutiny powers • the use of professional, non-partisan debating techniques <p>HR team confirms that this would be provided within existing budget</p>	Refer to Member development and cross-reference with competency skills. Competency framework for members.	FB	KS	TBC	H3
16	That Members will undertake further planning training, including shadowing at other NHDC Area Committees	Members to take up as optional.	FB	MC	TBC	M3
17	That Members discuss planning concerns with officers well in advance to avoid deferment or to explore any potential grounds for rejecting the officers' advice.	Planning Code to include this is being redrafted for consideration by Standards Committee and recommendation to Council.	FB	MC	Dec 05	M4
18	That planning applications are supported with a site photograph wherever possible	This will be an aerial photograph of the site, plus any additional photographs, relevant to the application.	FB	MC	Dec 05	M5
19	That domestic planning applications are called in sparingly.	Domestic planning applications are called in only in accordance with the constitution and not in cases where call-in is inappropriate.	FB	MC	In place	M6
20	That a workshop is arranged for Members to debate the issue of Area Committees retaining responsibility for planning applications, in the light of additional data currently being gathered.	Outstanding workshop to be arranged by Planning Officers, to include different data on each committee and views from Planning Advisory Service. Awaiting	FB	MC	Mar 06	M1 2

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
		outcome of the Audit Report on Planning Services which is expected early in the new year.				
21	That the Democratic Services Manager be asked to report on options to simplify the procedure for speaking at committee to provide the same period of notice and speaking time for all types of question or address	<p>It is recommended that the current system is generally maintained. Although apparently inconsistent, it allows Area Chairmen to be flexible and use their discretion to allow speakers more time. This discretion is exercised frequently for both planning and non-planning issues. To provide a consistent base line it is recommended that all contributors in future be invited to speak for three minutes and the notice period be standardised at noon of the day before the meeting, but with chairman's discretion applying.</p> <p>This will require constitutional change.</p>	FB	DM	Jan 06	L1
22	That Cabinet routinely invites Area Committees to give a local perspective on policies and decisions, and that they receive the Cabinet's Forward Plan and agree on which items they might wish to review. However, Cabinet will necessarily weigh the scope for inviting Area perspectives against the need for a district-wide approach and any resource implications.	<p>Leader to consider items for Area Committee consideration or attendance of Area Committee Chairman at Cabinet pre-agenda meetings. Area Chairmen to be circulated with pre-agenda lists. Forward Plan to be reviewed by Area Committee Chairmen at their agenda planning meetings.</p>	FB	Clerks	Jan 06	N3

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
23	That Area Committee Members have a responsibility to inform the Chairman if they would be absent from a meeting, in order to ensure that meetings were quorate.	Members to inform Committee Clerks of every absence before meetings.	FB		Dec 05	added by Cabinet
24	That the Property Services Manager is asked to urgently provide a portable audio system. Systems are currently being costed but hire currently = £100 per meeting	The purchase of an appropriate portable audio system is being investigated. This will include practical handling as well as audio operation. Risk assessment of transport and assembly arrangements needs to be done.	PC	JT	April 06	P3

B. Recommendations for further discussion by the Area Committee Chairmen

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
25	<p>That agenda planning is:</p> <ul style="list-style-type: none"> actively selective – rejecting items which do not match the council's strategic objectives, the Committee's and the public's priorities and selecting items according to the objective and what value the Area Committee can add transparent, in terms of how matters may be raised Member led informed by public involvement focused on the environmental, economic and social interests of the local community including topic-based discussions on 'hot' issues, to which the relevant portfolio holder might be invited – this should be done sparingly 	<p>To take place between Chairmen in liaison with report writers at pre-agenda meetings at least 14 days before the agenda is sent out.</p> <p>This and other provisions have been summarised in the guidance note to Chairmen.</p> <p>At the Chairman's briefing, it will be important to discuss how to deal with items in terms of presentation as well as report details.</p>	FB	DM	Jan 06	
26	That public interest items be put at the start where possible	<p>Chairmen already have options to move items according to public interest at pre-agenda meetings.</p> <p>They also have the option to review the agenda order at the meeting itself.</p>	FB		In place	
27	That the meeting may be split into two parts, planning and non-planning, at the discretion of the Chairman	This already happens. However, a set time when items of general interest will be	FB	MC	In place	

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
		considered would be of value to the public.				
28	That, as each agenda item begins, the Chairman or presenting officer concisely sums up the story so far for the benefit of members of the public	Refer to Action A2. The guidance for Chairmen will cover this.	FB		In place	
29	That Area Committees be more proactive in providing area inputs on behalf of the Scrutiny Committee and PARC by receiving the Scrutiny & PARC work programs and agreeing on which items to have an input.	Chairmen to review Scrutiny work programme with the Scrutiny Officer twice a year and agree items for input. Chairmen to review PARC work programme with Strategic Director of Customer Services twice a year and agree items for input.	FB	RF	TBC	
30	That Area Committees seek more actively to fulfil their community engagement and development role	The area visioning process will allow Area Committees to become more engaged with their local communities. Each Committee will develop its own methods for consultation and engagement. There will be an annual review of visioning progress. Aim for area visioning to be broad based to attract as wide a range of interested persons.	PC		In place	

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
31	<p>That the Chairmen of other Area Committees observe each others' public forums such as Hitchin Town Talk or Royston's annual meeting to consider whether and how to offer such interactive sessions in all Areas:</p> <ul style="list-style-type: none"> • Prior to the main Area Committee meeting or on another occasion • with an informal and yet structured style • with Members and public sitting together • held weekend or evening • focusing on a 'Hot Topic' to draw interest and involvement • encouraging open debate between members of the public, partners, interest and community groups and councillors. 	<p>Area Committees can be used to promote their good work e.g. grant presentations.</p> <p>Issues will primarily be locally determined.</p> <p>Important to manage expectations of local communities.</p>	PC	CDO'S	In place	
32	That Chairmen are encouraged to 'shadow' to share best practice	Optional for Chairmen to take up. Dates of all meetings are circulated.	PC		TBC	
33	That all willing partners are periodically offered a 'Hot Topic' slot at meetings	CDOs will discuss with Area Chairmen the relevant topics well in advance of the meeting. The CDO will liaise with the Committee Clerks and vice-versa if Committee Clerks are approached in the first instance.	PC		In place	
34	That partner agencies are invited to become involved on relevant projects	This already happens on an ad-hoc basis. A planned approach for all Area Committees would improve joint working.	PC		Jan 06	
35	That presentations are invited from community groups, interest groups and the business community	This already happens.	PC		In place	

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
	on specific issues					
36	That portfolio holders are invited, on specific items, to present and/ or join in debate	Chairmen to direct requests through committee services.	FB		In place	
37	That county, town or parish councillors are invited to present on relevant items and/or join in debate	Report authors to identify relevant items and parishes and to notify Parish Clerks.	FB		In place	
38	That County councillors are encouraged to make more consistent use of their ability, under the Area Committee protocol, to attend meetings, and speak.	Invitation letter to County Councillors from Area Chairmen as reminder. IG to produce standard letter and reminder of protocol.	FB	IG	Dec 05	
39	That town and parish councils are encouraged to join other collaborative activities such as training	This already happens through, eg: the Rural Strategy, Parish Conference, Parish Plans.	PC		In place	
40	That town and parish councils are actively encouraged to attend.	All Parish Clerks will be sent a reminder of Area Committee meetings.	PC		In place	
41	That where the venue permits, the room is laid out with: <ul style="list-style-type: none"> • Tables for members in a U shape facing the public seating • Ample room for visitors and a clear view • Officers' and Members' name plates visible to visitors 	Refer to C58. The practical implications of this, particularly when holding meetings at non NHDC locations, will need to be more fully explored.	FB		In place	

C. Recommendations needing further work on feasibility and potential costs

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
42	That the Area Champion provides a single point of contact with the council and promotes a pro-active approach to working with the Council's partner agencies, and responding to community needs and initiatives.	CDOs do not have capacity to provide a single point, but they can act as a referral point and do promote positive, collaborative working. In many ways this is already happening, but it remains a big task. A pro-active positive approach must be backed up by other Officers/Departments and agencies to respond positively to community needs and initiatives.	PC	CDO'S	In place	
43	That the job description is amended to include the need to visit, by invitation, some town and parish councils in the area, and residents', tenants, and community groups.	The intention of the recommendation is already covered within the current job description. No further action required.	PC	CDO'S	In place	
44	That the key role of the Area Champions be recognised and their contribution safeguarded by – <ul style="list-style-type: none"> ensuring a high calibre of staff through the person specification and grading, and the recruitment process ensuring continuity comprehensive induction and training, and appropriate personal and professional development mechanisms for shadowing, and seeking and sharing best practice 	There is an increasing volume of work but the Council's reorganisation has reduced the size of the Community Development Team. There has been greater consistency within the team during the past year. Its Greater maturity has helped its stability and continuity. Learning and development opportunities will be provided and new ways of working explored.	PC		In place	

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
45	<p>That the Press Office devises a communication strategy to work with the Area Committee Chairmen to provide regular advance publicity and ongoing public awareness of Area Committees' activities and achievements – to include :</p> <ul style="list-style-type: none"> • Community information in Outlook that links to Area Committee work • details of how to get involved/claim a grant/ present a petition • an explanation of what Area Committees can and cannot do • a 'track record' of what is achieved, including grants awarded • local radio articles and interviews 	<p>There is significant room for improvement here to publicise the work and functions of Area Committees through Outlook, eg: the launch Parish Challenge, grants presentations, dedicated web-pages on new web-site.</p> <p>A District A-Z is due to be produced by summer 2006.</p> <p>The new Media Officer is now beginning to work more closely with CDOs and Ward Councillors to generate news items and stories.</p>	PC	RH	<p>Jan 06</p> <p>July 06</p>	
46	<p>That the communications strategy includes eye-catching posters at public meeting points and local facilities, including supermarkets, post-offices, surgeries etc.</p> <p>Officer time, half a day per meeting; plus postage</p>	<p>Limited opportunity for increased officer commitment to this area of work.</p> <p>Improved use of existing arrangements/sites can be considered.</p> <p>Need to adopt a positive approach to encourage greater use of web-site.</p> <p>Option for NHDC noticeboard.</p> <p>Opportunity for local members of Area Committees themselves to promote their work.</p>	PC	RH	Jan 06	

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
47	<p>That the NHDC website is upgraded to provide</p> <ul style="list-style-type: none"> • easier navigation • full details of Area Committee meetings, agendas and minutes • information that is clearer and more attractive to read • inter-activity on regularly updated topics coming up at Area Committees • the facility to receive automatic notification and downloading of new agendas 	<p>This will be picked up by new strategic partner.</p>	PC	GB	Jan 06	
48	<p>That at their workshop the Chairmen prepare for consideration by Cabinet an analysis of any additional budgets that might be passed to Area Committees; this could include</p> <ul style="list-style-type: none"> • Area Visioning budgets • budgets for local amenities • allotments 	<p>Area Committees already have a Development Budget, that includes the area visioning element. Option for more detailed information on Section 106 funding. Local benefiting Service Level Agreements can be delegated to Area Committees.</p>	PC	BJ	Mar 06	
49	<p>That at their workshop the Chairmen prepare for consideration by Cabinet an analysis of any additional powers that might be passed to Area Committees to enable them to better further the environmental, economic and social interests of the community, such as</p> <ul style="list-style-type: none"> • Environmental initiatives • Planning and monitoring delivery of local services • Traffic Regulation orders 	<p>This work needs to be linked into the Service and Financial Planning process.</p> <p>Chairmen to review own Committee arrangements and use of Area Committee budgets as appropriate.</p>	LG	PC	Mar 06	

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
50	<p>That the Democratic Services Manager and Area Champions arrange for the production of a leaflet for partner agencies, community and interest groups, explaining how the Committee works, how they can contribute and what help is available</p> <p>One officer x 5 days plus stationery If professionally designed & printed = c. £400 for 1,000</p>	<p>Leaflet can be produced in-house, but production costs could be met from each of the Area Committees.</p>	PC	DM	March 06	
51	<p>That separate meetings are held periodically, as and when necessary, with local interest and community groups, town and parish councils, partners, representatives of the LSP/visioning groups, and others to discuss local issues and plans</p> <p>Cost = hire of venue (c. £100) plus officer support</p>	<p>This already happens within existing budgets, eg: Parish Conference, Town Talk, visioning meetings, Parish Plans, Town Centre Strategy discussions.</p> <p>Funding can be made available from existing Area Committee budgets.</p>	PC		In place	
52	<p>That Area Committee relationships with the LSP and Area Visioning plans and processes should be clarified, action plans should be integrated and followed through, and communication made more regular and interactive.</p>	<p>The area visioning programme has been considered by the LSP (December 2004).</p> <p>The annual review of area visioning will take place in the November/December committee cycle.</p> <p>Completed actions from area visioning will be reported within the community strategy review which will be considered by the LSP.</p>	PC	LG	Dec 05	

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
		Option for Area Committee chairs to attend the LSP to brief on key issues that affect their area.				
53	That people making representations should be advised by officers, in advance of the meeting, of any guidance material, and updates received in relation to objections and recommendations	Notification of those making representations to be circulated to report authors for information to be provided.	FB		Jan 06	
54	<p>That responsibility for Planning is retained by Area Committees, sometime meeting for planning items only, and that while not more than 10 meetings of each Area Committee should be fixed in the annual calendar, the Committee Chairman has discretion to hold extra meetings, so that:</p> <ul style="list-style-type: none"> • The council can improve planning performance times • officers' time is managed more efficiently with fewer peaks and troughs of activity • applicants can expect a more timely service <p>Initial costings of 12 meetings pa: Planning officers: 5x4 extra meetings @ £20 each = £400 Committee clerks 5x4 extra meetings @ £20 each = £400 Additional printing & postage £11,000 (although e-democracy will cut this) Administration – officer time equates to 0.6 fte officer – c. £11,000</p>	A decision on where best planning should be located can be taken after the report from the Audit Commission on Planning Services.	FB	MC	Mar 06	M1

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
	However, failure to increase the planning cycle and any consequent failure to improve planning performance times could result in a loss of the Planning Delivery Grant of up to £150,000.					
55	<p>That further work is done to consider whether the practice of one senior officer being responsible for each Area Committee could be re-established, to</p> <ul style="list-style-type: none"> • achieve greater co-ordination • encourage committee debates to remain strategic • encourage Members to question officers on detail before the meeting (provided this adheres to Access to Information requirements) • save the cost of other officers having to attend. Report authors would attend only where absolutely necessary and at the discretion of the Chairman; the officer would be able to leave once their item had been dealt with by the committee. <p>The following calculation excludes planners, area champions, clerks and officers above grade 12 (who do not claim)</p> <p>Officers attending during 2003/04 who would no longer attend:</p>	<p>This option is not considered feasible at the present time.</p> <p>The need to reduce officer input is already noted and if committee agendas are rigorously reviewed at pre-agenda meetings, the number of reports and hence officers required may be also.</p> <p>However, any specialist or technical report needs qualified officer to introduce and answer member questions.</p> <p>Any issues emerging from the management of Area Committees should be directed in the first instance to Head of Community Development and Cultural Services who can then take up with respective Departments.</p>	PC	FB DS	Jan 06	

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
	<p>Baldock 10; Hitchin 16; Letchworth 9; Royston 15; S Rural 10</p> <p><u>SAVING</u> = 60 x £20 attendance (£1200*) plus 60 x 2 hrs (120 hrs) time in lieu</p> <p>*NB: not all officers currently claim attendance allowance or time off in lieu</p> <p><u>COST</u>: Senior officers involved will need to find time for briefing and attending: c.4 hours per meeting = up to 12 meetings x 5 senior officers x 4hrs = 240 hrs = 33 working days p.a. total</p>					
56	That this senior officer liaises regularly with the Area Champion, other officers, and the Chairman and vice-Chairman to ensure projects progress.	Relates to 55 above.	PC	CDO	Jan 06	
57	That the Area Champion ensures that visitors who wish to be subsequently updated on progress are kept informed.	Minutes of meetings can be sent to those who request them. Champion News is a way of ensuring progress is reported.	PC	CDO	Jan 06	
58	<p>That the venues for Area Committees are chosen to provide:</p> <ul style="list-style-type: none"> • a consistent 'home' for the committee • accessibility by public transport • comfort and sufficient space for visitors • provision to meet the needs of disabled visitors <p>(if hiring non-NHDC premises this would incur a cost of c. £90 each time)</p>	<p>Greater consistency of venues has been achieved.</p> <p>Need to balance this with 'going out to the community'.</p> <p>Will be considered further as part of the Council's accommodation strategy.</p>	FB	DM BJ	April 06	

	Recommendation	Action	Lead officer	Contributing officer(s)	Deadline	Original Scrutiny recommendation
59	<p>That the constitution is changed to reflect the agreed changes including:</p> <ul style="list-style-type: none"> • giving Chairmen the power to invite county, town and parish councillors to participate • giving representatives of town and parish councils the right to speak by arrangement with the Area Committee and at the discretion of the Chairman • giving Chairmen the power to invite other Area Committee Chairmen, or deputies to address the Committee on matters of mutual interest • giving Area Committee Chairmen, or deputies the right to address Cabinet on Area Committee recommendations, local issues, or local dimensions of council strategy 	<p>Some of these powers are already contained with existing constitution.</p> <p>Area Chairmen have the flexibility to invite speakers at their discretion.</p> <p>However, need to be clear about guest speaking arrangements at pre-agenda meeting in advance of main Committee.</p>	FB	DM	Mar 06	

CMT = Corporate Management Team

The final column provides a cross-reference to the recommendations as listed by the Scrutiny Committee's Task & Finish Group in March 2005

HCDCS. 28.11.05

Appendix 3 – Cabinet Resolution on Audit Commission Report on the Planning and Building Control Service.

Cabinet considered an extract from the Minutes of the meeting of Performance, Audit and Review Committee (PARC) held on 26 April 2006 (Minute number 117 refers), regarding the Audit Commission Inspection of Planning and Building Control.

A copy of the report and the following documents were included with the minute:

Appendix A - Recommendations in Audit Commission Report

Appendix B - Draft Action Plan

Appendix C - Letter from ODPM.

In endorsing the Planning and Building Control Service Action Plan, Cabinet asked officers to ensure that it was reviewed by PARC on a regular basis.

RESOLVED:

- (1) That the Planning and Building Control Service Action Plan, as presented at Appendix B to the report, be endorsed;
- (2) That officers ensure that the Action Plan is reviewed by the Performance, Audit and Review Committee on a regular basis.

REASON FOR DECISION: To advise the Audit Commission of the concerns of PARC and officers views on the outcome of the Audit review.

TITLE OF REPORT: APPOINTMENT OF CONSULTANTS FOR HOWARD PARK & GARDENS REGENERATION

REPORT OF THE HEAD OF LEISURE AND ENVIRONMENTAL SERVICES
PORTFOLIO HOLDERS: COUNCILLOR I.J. KNIGHTON, COUNCILLOR L. NEEDHAM

1. SUMMARY

- 1.1 To seek Cabinet approval for delegated authority to appoint a firm of consultants to undertake the development of a Heritage Lottery Fund (HLF) "Parks For People" lottery bid for the restoration of Howard Park & Gardens.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 1st June 2006.

3. BACKGROUND

- 3.1 The submission of a Lottery bid for the regeneration of Howard Park & Gardens is listed in the Councils 2005 – 2015 Corporate plan, section six 'Healthier Communities' under a short term action for 2005/06.
- 3.2 We received, on the 20th March 2006, the HLF confirmation that a Project Planning grant of £38,000 had been awarded. This contribution enables consultants to be appointed to develop a Stage One application to the HLF under their Parks for People programme.
- 3.3 At the Cabinet meeting on the 28th March 2006 the following was resolved:
- ❖ That, subject to the successful outcome of the Stage One Lottery submission, a capital programme for the regeneration of Howard Park and Gardens be approved in principle.
 - ❖ That the potential revenue and capital increases associated with the restored Park and Gardens be noted.
- 3.4 The intention to appoint consultants, was advertised in the Official Journal of the European Union. Twenty six expressions of interest were received and of these, thirteen landscape consultancy companies completed pre qualification questionnaires.
- 3.5 The companies were assessed on quality, relevant experience and financial stability. Of the thirteen, five were selected to be invited to tender for the consultancy works.
- 3.6 On the 22nd May 2006 tenders were sent to the five companies. In line with the requirements of the European Union the return date for tenders is the 3rd July 2006.

4. SCHEME DEVELOPMENT

- 4.1 In 2005 the HLF and the Big Lottery Fund agreed to run a joint programme for Public parks in England. Over the next three years they will be jointly making available £160 million for projects.
- 4.2 Decisions on grants will be made in a two stage process. Stage 1 is a competitive process and has two closing dates, 31st March and 30th September. It is for the production of this stage 1. bid that the HLF have provided grant support.
- 4.3 It is a condition of the Project Planning Grant award that work supported by the grant is completed by mid March 2007. It is therefore important to submit the Stage 1 bid by 31st March 2007. To ensure this happens it is desirable to appoint consultants at the earliest opportunity.
- 4.4 It is anticipated that there will be a months lead in time from appointment to the consultant starting on the scheme.
- 4.5 User consultation forms a vital element in the development of the scheme. The busiest period of park use is during the August holiday period. If approval waited until the Cabinet meeting on the 25th July 2006, we would miss this consultation opportunity. There is also the increased risk that the Stage 1 bid would not be completed by March 2007.
- 4.6 It should be noted that the HLF require a high standard of design and construction to all lottery funded schemes. In line with their recommendations it is intended to evaluate tenders on a 70% quality 30% price ratio. The process used will be compliant with Council Standing Orders and with the agreement of Internal Audit.

5. LEGAL IMPLICATIONS

- 5.1 **Section 2 of the Local Government Act 2000 (Promotion of Well-being):** the Act empowers the authority to do anything which it considers likely to promote the economic, environmental or social well-being of the area. This power can be exercised with regard to the whole or part of the area and for the benefit of all or any persons resident or present within the area. In exercising the power regard should be had to the authority's Community Strategy.
- 5.2 Tendering processes for the appointment of the consultant must be carried out in accordance with the Public Contracts Regulations 2006. These new Regulations set out the process for award of the contract where the value of a services contract exceeds £144,000 (approximately).

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 It is anticipated that the development of a stage 1 lottery application for Howard Park and Gardens will cost in the region of £75,000, which is currently included in the Council's capital estimates. The capital estimates also include £70,000 for the stage two bid in 2007/08.
- 6.2 The Garden City Heritage Foundation are contributing £10,000 towards the development of the scheme and this is included in the capital estimates.

6.3 The Council's contribution towards the stage 1 bid is £27,000 and will be funded from the 2005 / 06 and 2006 / 07 capital allocation for Howard Park and Gardens.

6.4 It is anticipated that the resulting scheme will cost in the region of £1.5 – 2.0 million. The HLF can contribute up to 75% of the project cost. Once the consultants have completed a stage one submission more detailed costs will be available.

6.5 Risks

6.5.1 The conditions of the Project Planning Grant award require that work supported by the grant is completed by mid March 2007. It is therefore important that the Stage 1. bid is submitted by 31st March 2007.

6.5.2 If the March 2007 date is missed the next date a Stage 1 bid can be considered is 30th September 2007. This would delay the programme by six months.

6.5.3 The HLF are treating the Stage 1 bid applications as a competitive process and officers consider early submissions may face less competition and stand a better chance of attracting funding.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

7.1 Upon obtaining stage one approval for the Lottery funded development of Broadway Gardens it was necessary to appointment a part time project manager. During the construction phase of the project a Clerk of Works was also employed.

7.2 It is anticipated that similar resources will be required for the development of this scheme. It should be noted that the cost associated with such additional resources can form part of the lottery bid.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

8.1 In September 2004 the proposal to renovate Howard Park & Gardens was reported to the Letchworth Area Committee.

8.2 Letchworth Garden City Heritage Foundation have been a consultee in the development of the project planning grant application and have helped in the assessment and selection of suitable Consultancies who have been invited to tender.

8.3 Extensive local consultation will form an integral element of the development of the scheme. This will include the Town Council, existing users of the Parks and Gardens, residents and other interested parties.

9. RECOMMENDATIONS

9.1 That for the reasons listed at 4. in the report delegated authority be granted to the Portfolio Holders for Leisure and E-Government and Environment and Waste Management to agree the appointment of a firm of consultants to undertake consultancy services in connection with the regeneration of Howard Park and Gardens.

9.2 Cabinet approve the evaluation criteria as listed at 4.6 in the report.

10. REASONS FOR RECOMMENDATIONS

10.1 To meet the councils strategic objective to:

- ❖ Promote first class leisure and cultural facilities to contribute to healthy living for all our citizens.

10.2 To provide a means to appoint a firm of consultants at the earliest opportunity. This will provide addition time in the preparation of the Stage 1. Lottery bid and allow for user consultation during the summer period.

11. CONTRIBUTING OFFICERS

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12. BACKGROUND PAPERS

- ❖ HLF Project Planning Grant Application
- ❖ Pre Qualification Questionnaire
- ❖ Tender Documents

TITLE OF REPORT: TOWN CENTRE PARTNERSHIP ARRANGEMENTS WITH PARTICULAR REGARD TO FUNDING AND SERVICE LEVEL AGREEMENTS

REPORT OF THE HEAD OF POLICY, PARTNERSHIPS AND PERFORMANCE
PORTFOLIO HOLDER: COUNCILLOR TRICIA GIBBS

1. SUMMARY

- 1.1 To present the background to the establishment, legal status and operational procedures of the district's three existing town centre partnerships.
- 1.2 To clarify the decision taken to implement a one year Service Level Agreement for Hitchin Town Centre Initiative
- 1.3 To report on progress to establish a fourth partnership, in Baldock.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision, which has not been notified to the public in the Forward Plan. The Chairman of the Scrutiny Committee has been informed and notice of the recommendation has been available at the Council Offices in Gernon Road, Letchworth Garden City for three clear working days prior to the date of this meeting.

3. BACKGROUND

- 3.1 The Authority currently provides funding to three town centre partnerships, all of which are established, funded and operated in an agreed manner to reflect the needs of their particular town.

HITCHIN TOWN CENTRE INITIATIVE

- 3.2 Hitchin Town Centre Initiative (HTCI) is now in its 11th year of operation and is formally established as a Company Limited by Guarantee. Funding for the partnership is provided by North Herts District Council and Herts County Council as well as the various retailers, financial institutions and professionals operating within the Town Centre. The partnership is a flourishing and successful one, acknowledged nationally by the recent recognition of Keith Hoskins as Town Centre Manager of the Year.
- 3.3 The Hitchin Town Centre Manager is employed by the Partnership and the Council's direct contribution (£27,500) is effectively for the numerous initiatives undertaken by that partnership, not a direct contribution to salaries; this sum is increased by membership receipts and gives a total cash turnover for the partnership in the region of

£150,000 per annum. Additional funding is provided by the Hitchin Area Committee discretionary budget for specific events or decorations; the most recent application in April 2006 resulted in a grant of £11,750 being approved for Christmas lights and hanging baskets for the town.

LETCHWORTH TOWN CENTRE PARTNERSHIP

- 3.4 Letchworth Garden City Town Partnership is a non-profit making business partnership organisation which was established in 2001. The partnership is currently funded equally by the District Council and by the LGC Heritage Foundation who contribute £15,000 each per annum. Other funding to the partnership is received from retailers and businesses within the town centre including around £3,500 membership fee receipts.
- 3.5 Whilst the Town Centre Partnership is actually responsible for the recruitment and employment of the Town Centre Manager, the salary is paid directly via the NHDC payroll, which effectively means that the LGCHF contribution is paid directly into the economic development salary budget held by the Head of PPP. The agreement with the Heritage Foundation is that any underspend of funding provided will be returned to them each year end, the most recent totalling around £2,000 at the end of 2005.
- 3.6 With the imminent departure (end of June 2006) of the current Letchworth Town Centre Manager, and in consideration of the extensive proposals for the redevelopment of Letchworth Town Centre, the partnership is currently discussing the future remit which will fall to the Manager. It has therefore been proposed by LGCHF to consider increasing the funding provided to the partnership in order to employ a person with considerably more complex project experience, at a higher salary. Negotiations are at a very early stage, but it is likely that NHDC will be approached to match the higher funding offered by the LGCHF. This could incur a potential growth on budget of anything up to £13,000 per annum; since the funding is provided as direct salary payment, this funding must be sustainable in the longer term in order to maintain employment contracts and conditions etc.
- 3.7 Letchworth Town Centre Partnership has also received additional funding via the Letchworth Area Committee discretionary budget, including £10,000 worth of demountable market stalls for the very successful farmers' markets.

ROYSTON TOWN CENTRE PARTNERSHIP

- 3.8 The Royston Forum is the youngest of the district's partnerships, having been in existence since 2004. In order to facilitate the establishment of a robust financial status early in its development, the Royston Town Council originally took on responsibility for the management of funds. However, the partnership is currently going through the relevant legal processes to become a Company Limited by Guarantee, and this should be effective by the end of June 2006.
- 3.9 The Forum receives £7,500 funding from North Herts District Council, £10,000 from the Royston Town Council and additional contributions from local employers totalling £5,000 per annum approximately.
- 3.10 In consideration of the size of Royston Town Centre, number of retailers and businesses etc which the partnership has to support, it was agreed at the establishment that a part time town centre manager should be appointed and this is still

the case. Hence the overall 'pot' currently available to the partnership of £22,500 is significantly lower than that for the two larger towns of Hitchin and Letchworth.

- 3.11 Royston Area Committee has also considered and awarded a number of discretionary grants to support the partnership's work, notably a one off allocation of £7,500 towards promotional events for the town including the Royston Kite Festival, Easter Egg Hunt etc.

BALDOCK TOWN CENTRE PARTNERSHIP

- 3.12 The Baldock Town Centre Partnership is very much in its infancy, having so far held only four meetings, but has an enthusiastic membership of around 30 businesses contributing to its development, with a core of around four businesses represented at the steering group itself.

- 3.13 Whilst it is intended to submit a budget growth proposal to fund the recruitment and salary of a town centre manager in the Autumn of 2006, the opening of the bypass almost eight months ahead of time has greatly accelerated the need for action to increase the footfall on the High Street. Funding has already been found (by making other budget savings) within the Economic Development Budget held by the Head of PPP to provide initial support to the partnership in terms of additional postage, administration etc, but this is a short term 'fix' and unsustainable in the longer term.

- 3.14 Baldock Partnership currently needs funding for initiatives such as
- the creation of a promotional brochure encouraging visitors to the town,
 - the creation of a website promoting Baldock as a town to enjoy
 - possible funding for a feasibility study to determine the need for either a full or part time town centre manager
 - determining the types of business currently established or to be encouraged to the town centre in order to increase visits and particularly footfall

- 3.15 The Town Centre Managers for both Hitchin and Royston have been instrumental in providing start up advice and support regarding the formal establishment of the partnership and it is anticipated that this will continue in the foreseeable future, and certainly until a Manager can be recruited.

4. TOWN CENTRE MANAGEMENT - GENERAL PRINCIPLES

- 4.1 The Town Centre Partnerships are all funded via a Service Level Agreement (SLA) arrangement, generally for a period of three years, with annual formal monitoring of progress against the agreed targets. The majority of the SLAs in place with the Authority are used to fund statutory, community and voluntary sector initiatives, not such formal, economic partnerships such as this. So whilst consideration of moving decision making on SLA awards to Area Committees is in train, the overall budget for 'economic partnerships' lies in the Head of PPP's area of responsibility and delegated powers. The use of SLAs for these partnerships is simply as a tool to establish clear priorities and targets to measure their success.

- 4.2 The Partnerships are all resourced by the Senior Strategy Officer, Economic Development within the Policy, Partnerships and Performance Team. This officer attends the partnership meetings, draws up the requirements of individual SLAs for the

coming year and provides ongoing support in terms of local initiatives, identifying other relevant officers within the Authority etc.

4.3 Elected member representation at the existing partnerships is

Hitchin	Cllrs J Billing, Sheard and Ashley
Letchworth	Cllrs Paterson and Kercher
Royston	Cllr Hill, County Councillor Doug Drake and a representative from the Town Council
Baldock	Cllrs Knighton, Muir, Kirkland and Weeks

5. SERVICE LEVEL AGREEMENTS

- 5.1 Whilst it is generally the principle for the Authority to establish three yearly SLAs with organisations and partnerships in order to ensure a more consistent base for activities, the decision to establish a one year SLA for Hitchin for the 2006/07 period was taken for a number of reasons.
- 5.2 The early opening of the Baldock Bypass and associated speed with which the Baldock retailers were seeking support required the Authority and its partners to look to commence establishment of a town centre partnership around eight months earlier than originally anticipated. Whilst initial costs were found by the sacrifice of other initiatives (including a small residual from Letchworth partnership funding) and subscriptions within the economic development budget, it was clear that more funding could be required in the short term.
- 5.3 The consideration of a reduction in the level of funding allocated to the Hitchin Town Centre Partnership was raised with the Chairman of Hitchin Area Committee and the relevant portfolio holder in early January 2006; that approach was taken in the light of considerations regarding the other existing town centre partnerships, expressed below. Originally, it was considered that the Baldock partnership may require around £9,000 to fund a leaflet promoting the town centre, website, launch events, contribute to the costs of establishing a formal partnership and its financial management, and researching the viability of appointing a town centre manager either full or part time. However, as the partnership developed a little more slowly than anticipated, it was then envisaged that this figure would reduce to around £5,000.
- 5.4 Letchworth Town Centre Partnership initiatives in the previous year had left the Authority with a small residual sum, almost £2,000 which had already been diverted into some of the initial stakeholder meeting costs, postage etc for Baldock. However, with the considerable increase in responsibility required to support the refurbishment of the town centre in Letchworth, it was considered more likely (as has been proven) that Letchworth would seek major additional funding.
- 5.5 Royston, who already receive a much lower level of grant at £7,500, require all their grant to support the various initiatives to which they are committed. The Town Centre Manager for Royston has been working with Council officers to secure Investing In Communities Funding (IIC) to support the retail sector; part of this success has resulted in the allocation of £8,000 to provide electrical points within the market, and most recent, £30,000 towards the provision of new market stalls.

- 5.6 The intention, therefore, in establishing a one-year SLA was not to penalise Hitchin Town Centre Initiative and was to seek *possible* alternative solutions to maintaining the balance for both existing partnerships, their ongoing requirements, and establishing a new one. The decision was taken on the basis that this would also provide an end of year review for the partnership (an annual audit of performance against the SLA had not take place since 2004) and take stock of what resources may still be required at Baldock versus the wide ranging priorities for Hitchin. In the light of Baldock's reduced *financial requirements*, it was also likely that this 'resource' could be in, say, a contribution of time from the Hitchin Town Centre Manager himself to coach new Baldock partners about their role, preparation of promotional literature, shadowing etc. This role is currently being provided by the part time Town Centre Manager in Royston, but that may change according to increasing pressures on his time too.
- 5.7 However, these negotiations and the decision to review the funding allocation for Hitchin could not be taken in isolation from the factors affecting that town centre, and at the time of preparing conditions of a three year SLA, the situation was still unclear; the progress regarding the Churchgate development and providing added assurance to the tenants there, discussions with market traders etc would need to be taken into account. It had also been agreed that the Chairman of Hitchin Area Committee should attend the review and contribute to the discussions.
- 5.8 The proposals for the SLA were discussed by the Town Centre Initiative and Strategy Officer from the Authority, and when it became apparent there were concerns that action could intimate funding would cease or reduce by the amount required to fund a *salary* at Baldock, the Head of PPP spoke directly with the TC Manager. This was to provide reassurance that this proposal simply allowed a 'break point' at which it would be possible to measure the current position locally and across the district, but that it was now very likely that due to the situation at Baldock, the resourcing for Hitchin would remain unchanged at the year end. It was essentially the specific targets for achievement of the SLA which would be considered at that review.

Reassurance was also given that this was to be viewed as the first year of a three year agreement (as expressed in the original SLA letter), and the TC Manager appeared satisfied with this explanation.

- 5.9 In order to provide further financial assistance to Baldock in its infancy, it is proposed that £4,500 received from the Local Authority Business Grants Initiative, which can be used by the Council in 'furthering local business or commercial benefit' , should be allocated to the establishment of the town centre partnership there. This will remove the need to identify any other existing partnership resources pending a growth bid for the town centre manager's salary in the Autumn 2006.

6. FUTURE CONSIDERATIONS

- 6.1 As the final town centre partnership for the district is established, the Authority needs to consider fully the resourcing implications surrounding the four town centres, not only in pure financial terms but also in establishing a parity according to the number of businesses, population etc within each town.
- 6.2 The finance to town centre partnerships must be sustainable in order for them to develop fully, and especially in the light of the various town centre strategies also underway. However, consideration could be made to establishing 'reducing' SLAs to

ensure that partnerships receive maximum support initially, reducing by a small percentage as other funding and memberships are established.

- 6.3 Whilst the Authority currently funds town centre partnerships through a ring fenced budget of £50,000 per annum, there are a number of other initiatives within town centres which are funded by either Area Committee discretionary grants, visioning monies or other grants. This does not make it easy to determine the true funding received by a single town centre, and consideration of providing a central point of reference for town centres within the Authority is therefore under way. This will help to identify both funding and officer resources being allocated to each locality at any given time.
- 6.4 Whilst we currently fund town centres in order to retain their economic viability and certainly the retention of our market towns is vital to the peri-rural communities surrounding them, it is also vital that we continue to take into account the support we provide to the retail sector in the rural areas. The retention of the final post office or shop for a number of dwellings is equally important in terms of sustainability, social inclusion etc and to continue to increase town centre capacity could be to the detriment of rural shops and businesses.

7. LEGAL IMPLICATIONS

- 7.1 There are no legal implications arising directly from this report.

8. FINANCIAL AND RISK IMPLICATIONS

- 8.1 The establishment of a partnership at Baldock and the potential employment of a part time town centre manager for Baldock will require consideration of a growth bid of up to £20,000, depending greatly on the hours to be worked and additional funding which can be secured from partners.
- 8.2 The Letchworth Town Centre Partnership proposal for NHDC to increase funding to that provided by our partner could result in a growth bid of up to £13,000, as outlined at 3.6 above; however, negotiations on this are at a very early stage and would require separate consideration in terms of funding.

9. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 9.1 The Authority has no direct human resource implications, since apart from the administrative payroll function provided to Letchworth Town Centre, there are no Council employees within the partnerships themselves.
- 9.2 The SLA established for each partnership requires that the work of the group, and the events supported by them are run in accordance with the Authority's equalities policies.

10. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 10.1 The formal review of the Hitchin Town Centre Partnership is proposed for December 2006 and the Chairman of Hitchin Area Committee will be invited to attend that review meeting as previously agreed.

11. RECOMMENDATIONS

- 11.1 That Cabinet note the method by which the three existing town centre partnerships are funded and managed
- 11.2 That Cabinet note the progress made to establish a partnership in Baldock
- 11.3 That Cabinet note the reasons for establishing a one year SLA for Hitchin pending clarification on a number of outstanding issues within the town centre and the proposal that this agreement will be reviewed in December, for continuation funding in the following two years.
- 11.4 That Cabinet note the potential growth required on budgets in late 2006 in order to maintain and develop a partnership for each town within the district.

12. REASONS FOR RECOMMENDATIONS

- 12.1 The three existing partnerships are managed and financed in a number of ways according to their membership, location and existence of a town council, for instance.
- 12.2 The 'early' opening of the Baldock Bypass has increased the need for support to retailers in the town centre more quickly than originally anticipated.
- 12.3 The establishment of a one year SLA was not to penalise the Hitchin Town Centre Initiative, but to allow consideration of the various, changing requirements which may be placed on that partnership in the coming years.

13. ALTERNATIVE OPTIONS CONSIDERED

None.

14. APPENDICES

None

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16. BACKGROUND PAPERS

TITLE OF REPORT: REVIEW OF USAGE AND PROMOTION OF MARKETS TASK AND FINISH GROUP

REPORT OF THE HEAD OF POLICY, PARTNERSHIPS AND PERFORMANCE
PORTFOLIO HOLDER: COUNCILLOR IAN KNIGHTON

1. SUMMARY

- 1.1 The purpose of this report is to highlight the recommendations in the main report of the Scrutiny Committee Task and Finish Group that reviewed the Usage and Promotion of Markets. The report is at **Appendix 1**.

2. FORWARD PLAN

- 2.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

3. BACKGROUND

- 3.1 The Scrutiny Committee approved this cross-party task and finish group in September 2005. The purpose of the group was to look at the current situation of the markets and investigate ways to improve the situation.
- 3.2 The task and finish group met six times between November 2005 and April 2006. The group has questioned, heard evidence and received information from the lead officers, Hitchin and Royston market traders and the Town Centre Managers of Hitchin and Royston.

4. CONSIDERATIONS

- 4.1 Following a discussion with the Strategic Director of Customer Services, Members are asked to consider the following points once they have read the report of the task and finish group.
- 4.2 Para 1.1 - The Council's market utilisation is a measure of the number of stalls occupied not of the overall footfall or economic vibrancy of the market. Market utilisation figures are one of the few quantifiable figure sources of data available and have probably been overly relied on in the absence of anything else. Similarly, utilisation does not measure the breadth of products available as individual traders can diversify their 'offer'.
- 4.3 Para 2.1.1 - In addition to the market utilisation figures used to analyse the national decline in market trade, there is also evidence to suggest that markets in major urban centres have continued to thrive and grow but those in more rural, smaller communities have not. However, the group has not had the opportunity to discuss this issue further as part of this review
- 4.4 The group was not able to cover the final point in their Scope (page 4 of the report).

- 4.5 Para 2.3.1 - there is no clarity about whether the decline in footfall is a result of traders leaving early or whether them leaving early is a result in the poor footfall. This issue would require further consideration as part of the routine review of the authority's markets service in the future.
- 4.6 With reference to recommendation 4.15 of the main report, the Hitchin Market Traders Association is an independent body, so it will not be appropriate for the Council to set up a group like this in Royston. However, Officers meet quarterly with the Hitchin Market Traders, the Portfolio Holder and the Chair of the Hitchin Area Committee. Therefore, if a Royston Market Traders Association were to be formed, it would be possible to consider having a similar meeting in Royston as that currently happening in Hitchin.

5. LEGAL IMPLICATIONS

- 5.1 The authority has the power to provide a market place or other buildings, derived from the Food Act 1984. It is entitled to fix charges for the benefit of the general fund, to review the charges it makes and to attach conditions to the stallholder licences.
- 5.2 Franchise markets have common law protection from rival markets establishing within the area, as do local authority markets established under statute.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 All additional costs that may arise from the recommendations set out in paragraph 8 below will be either contained within existing budgets or if a growth bid is required will be subject to the standard scrutiny process as part of the Annual Service and Financial Planning process.
- 6.2 Risks associated with the recommendations, in particular those relating to failure to attract traders, will be registered and appropriate actions introduced to manage the risks.

7. CONSULTATION

- 7.1 The group has consulted with members of the Hitchin Market Traders Association, Royston Market Traders and the Hitchin and Royston Town Centre Managers.

8. RECOMMENDATIONS

- 8.1 Senior Officers in partnership with the Hitchin Town Centre Manager, consider the viability of running a Sunday Market in Hitchin.
- 8.2 Include some regular specialist markets in Hitchin.
- 8.3 Remove some empty stalls to allow more space to have additional mobile stalls and trading vehicles at Hitchin.
- 8.4 Give new traders in Royston the opportunity to rent a stall, if they need one.
- 8.5 Abolish the requirement for a month in advance system of collecting rent, and introduce an option to pay daily, by using a modern portable device to enable traders to pay by credit card if they prefer to do so.
- 8.6 Consult with traders about replacing the current holiday allowance system with an alternative system.

- 8.7 The group would like to see greater control of the spreading policy given to the Markets Manager, so that judgement can be given to traders based on changes in turnout on particular days.
- 8.8 The Markets Manager to introduce and advertise a promotional scheme to traders for Tuesday rent in Hitchin and Wednesday rent in Royston.
- 8.9 Senior Officers to look at reviewing annual licenses for the shuttered units at Hitchin market and to report to the Hitchin Area Committee with their proposal.
- 8.10 A Member of the Hitchin Area Committee to attend and support the quarterly meetings of Hitchin Market Association.
- 8.11 Once a full risk assessment has been undertaken, the Council to consider opening Biggin Lane car park for shoppers on Tuesdays and Fridays in Hitchin.
- 8.12 Officers to ensure that they develop and maintain a close working relationship with the new company that now manages Baldock market.
- 8.13 Due to the lack of advertising in the local press in Royston, the Markets Manager to ensure that adverts are placed in Royston local papers and other local publications.
- 8.14 The Markets Manager to ensure that the installation of bollards and electric points at Royston market are carried out.
- 8.15 If a Royston Market Traders Association is set up, consideration be given to involve, officers, the portfolio holder and a Member of the Royston Area Committee in a market group akin to that established in Hitchin.
- 8.16 The Markets Manager to ensure that vans are not parked on the Royston market site, unless they are trading vans.
- 8.17 Through the working group suggested in 8.15, traders to be encouraged to finish trading at the same time, to avoid only a few stalls being left trading in the afternoons.
- 8.18 A District wide publicity campaign to promote all of NHDC markets once the new initiatives are in place.

9. REASON FOR RECOMMENDATIONS

- 9.1 To enable the Scrutiny Committee to carry out its work efficiently.

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12. BACKGROUND PAPERS

- North Hertfordshire District Council marketing plan
- First National Survey of Retail Markets
- Hitchin Market Traders Association business plan
- Markets Utilisation and Performance Report

13. APPENDICES

13.1 Appendix 1 – Report of the Usage and Promotion of Markets Task and Finish Group

APPENDIX 1.

NORTH HERTFORDSHIRE DISTRICT COUNCIL



Review of the Usage and Promotion of Markets in North Hertfordshire

April 2006

**Report of the
Usage and Promotion of Markets
Task and Finish Group**

Membership of the Task and Finish Group:

Councillor Michael Muir (Chair)	Councillor Paul Clark
Councillor Derek Sheard	Councillor John Barry
Councillor Joan Kirby	Councillor Raymond Shakespeare-Smith

Other contributors to the review:

Councillor Martin Stears (Chairman of the Scrutiny Committee)	Steve Crowley (Project Manager)
Councillor Richard Thake (Portfolio Holder for Planning and Transport)	Tara Page (Markets Manager)
Councillor Alison Ashley (Portfolio Holder for Housing and Environmental Health)	Grace Crawford (Scrutiny Officer)
Councillor William Davidson (Portfolio Holder for Waste Management and Environment)	Margaret Bracey (Hitchin Community Development Officer)
Markets traders from Hitchin and Royston	Alan Fleck (Royston Community Development Officer)
Vaughn Watson (Head of Leisure and Environmental Services)	Keith Hoskins (Hitchin Town Centre Manager)
	Geraint Burnell (Royston Town Centre Manager)

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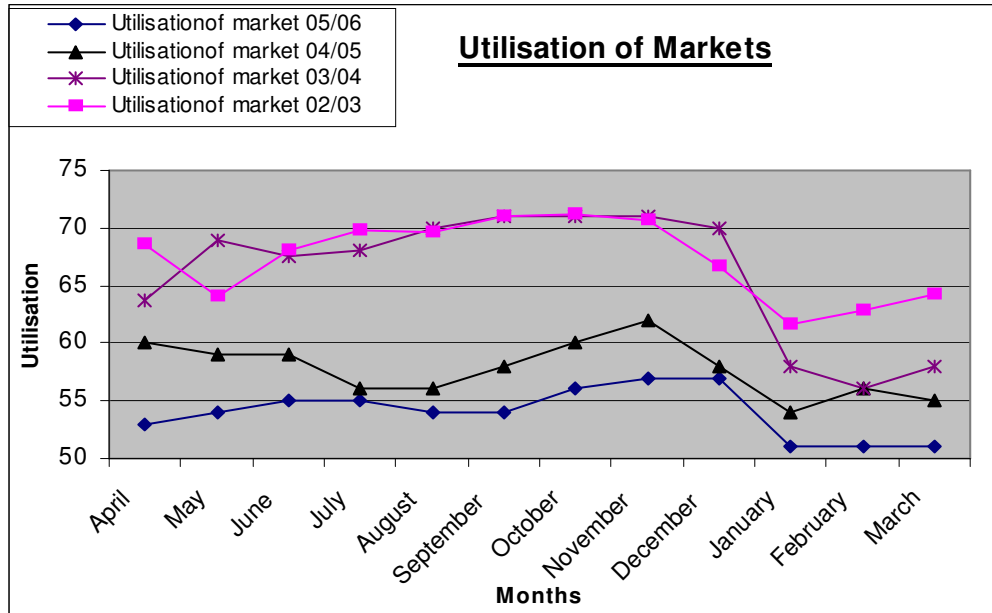
1. Introduction & Background

- 1.1 Over the past three years the Council's market utilisation has seen a decline. This decline has been greater in mid-week trading than weekend trading. This has had a negative impact on the Council's ability to keep and attract traders, which has been cited as one of the reasons the market has been unable to attract new customers.
- 1.2 At the Scrutiny Committee meeting on 13 September 2005, it was approved that the **Usage and Promotion of Markets Task and Finish group** would be established to analyse the current promotional activities and investigate ways of improving the Council's current work.
- 1.3 The group began its work in November 2005 and agreed the following scope:
- To consider all means to improve the usage and promotion of the Council's markets;
 - To utilise ideas gleaned from best practice operated by markets elsewhere, particularly in towns of a similar size to those in North Herts and, if necessary, organise visits to such markets;
 - To obtain evidence from market traders currently operating in Hitchin, Baldock and Royston, from the respective Town Centre Managers and from the appropriate Community Development Officers;
 - To commission work on a customer analysis to determine the numbers and type of customer currently using the markets.
- 1.4 The group has met 6 times between 29th November 2005 and 26 April 2006.
- 1.5 The group worked with market traders from Hitchin and Royston, as well as the Town Centre Managers of both Towns. As a result, they have contributed to the development of the recommendations discussed later in this report.
- 1.6 This report presents the findings of the groups investigations and makes recommendations for practical ways forward to improve the current situation of North Hertfordshire's markets.

2. Findings

2.1 Market Utilisation

2.1.1 Recent studies by the National Market Traders Federation show there is a national decline in outdoor markets. The following graph shows the Council's market utilisation figures from 2002/2003 to 2005/2006.



2.1.2 The group discussed several factors that have contributed to the reduction of market utilisation, as below:

- Changes in customer shopping behaviour. There is now a greater range of shops and services that provide similar quality and prices as that of goods purchased on a market stall. More and more shops and services are open seven days a week. Also, the growth and availability of the Internet has enabled people to purchase many goods from the comfort of their home.
- The reduction of employment in Town Centres. The group identified a link between the increase in closure of local businesses to the significant reduction of customers who are available to visit local markets during the week.

Due to these and other reasons, less people are visiting our markets and the knock on affect is, it is harder to attract and keep traders.

2.2 Hitchin Market

2.2.1 Hitchin Market is the Council's biggest outdoor market with just over 200 stalls. The Saturday market has seen a drop of 14% since 2003 where 80% of the stalls were occupied. The Tuesday and Friday Markets have declined by 10% and 14% respectively since 2003. The group found that signage in the town centre to the market is very poor.

2.2.2 The task and finish group invited the Hitchin Town Centre Manager and representatives from the Hitchin Market Traders Association to their meeting

on 8th February 2006. At this meeting the current utilisation trends were presented and the group heard about what the Council is currently doing to promote Hitchin Market as part of the Council's Marketing Plan (**the Marketing Plan can be found at Appendix B**). For example, the Markets Manager has organised specific events and these have proven to be popular and received good publicity.

2.2.3 The group received a marketing plan written by the market traders and heard about their concerns and ideas for improvements. These included:

- the impact that the level of rent is having on attracting new traders
- problems associated with collecting rent by cash
- the negative effect the market has by having empty stalls
- lack of a tourism feel to attract new visitors
- poor signage
- the impact that no Bank Holiday and no Thursday trading has had

2.2.4 The group also heard ideas from the Hitchin Town Centre Manager. These included:

- running a Sunday market
- having more themed market days
- re-locating the market to the Town Square on certain days

2.3 Royston Market

2.3.1 Royston market has a potential capacity for 60 stalls. Less than half this amount is currently being occupied. The market tends to suffer with a poor footfall in the afternoons and empties around 3.00pm, leaving only a few traders who are there until approximately 4.00pm on Wednesdays and 5.00pm on Saturdays.

2.3.2 The group invited the Royston market traders and the Royston Town Centre Manager to their meeting on 14th March 2006. At this meeting the group heard about what the Council is currently doing to promote Royston market and heard the concerns and ideas from the traders and the Town Centre Manager.

2.3.3 The market traders raised a number of ideas and concerns, these included:

- the need for specialised stalls
- incentives for attracting new traders
- supplying mobile stalls for new traders who do not have their own
- car park discounts for the public on market days
- having charity stalls
- having set times for packing and unpacking stalls
- policing the market all day
- the lack of advertisements in local newspapers
- the impact that Tesco is having on their trade

- 2.3.4 The group heard about the initiatives that are already in place to improve Royston Market. These included:
- installing electrical points, bollards, anchor points
 - having less vans on the market site to provide more space for new traders
 - purchasing new mobile stalls
- 2.3.5 The group was also informed that a consultation exercise is being undertaken with the traders to inform them of these plans and to seek their views.

2.4 Baldock Market

- 2.4.1 Recent years have seen a significant decrease in the size of Baldock market, with the occupancy rate of pitches reducing from 80% to 50% since 2001.
- 2.4.2 Since 6th April 2006 the Council were no longer responsible for running this market. However, the group was informed that the Council would develop and maintain a close working relationship with the new company in order to benefit North Hertfordshire's residents, visitors and traders.

3. Conclusion

- 3.1 The group has based most of their recommendations on the contributions from NHDC's officers, the market traders and the Town Centre Managers.
- 3.2 It was felt that there was a lack of signage, advertising and publicity campaigns for both markets.
- 3.3 The group discussed new initiatives that could be introduced to attract shoppers and new traders to both markets.
- 3.4 There were several incentives suggested by the traders to encourage existing traders to continue trading at both markets. Some of which were agreed by the group and are included in the recommendations.
- 3.5 The Scrutiny Officer will review the progress of the suggested actions in the recommendations and report back to Scrutiny any success or further issues.

4. Recommendations

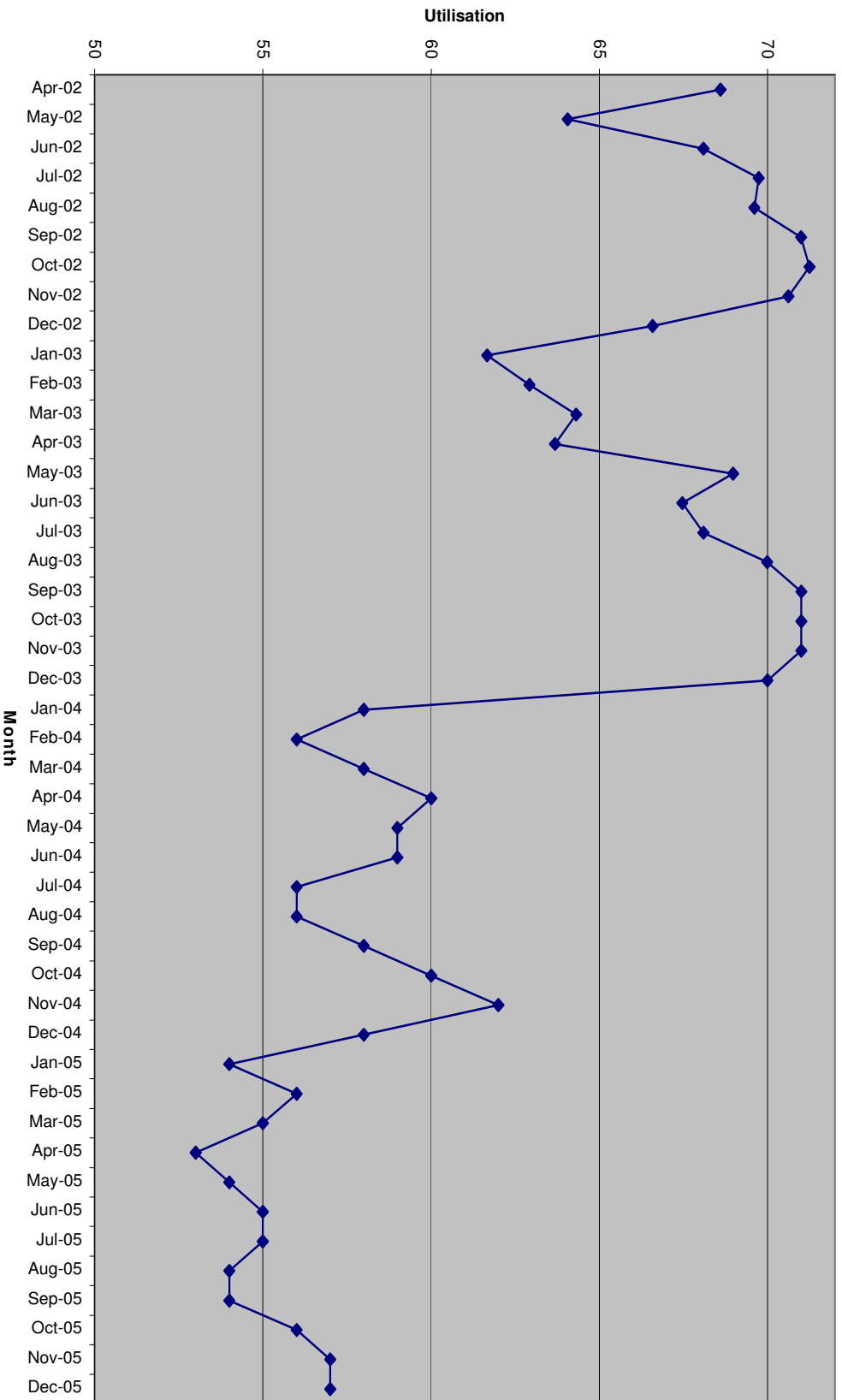
On the 29 March 2006, the group reviewed the results of their investigations and agreed the following recommendations:

- 4.1 Senior Officers in partnership with the Hitchin Town Centre Manager to consider the viability of running a Sunday Market in Hitchin.
- 4.2 Include some regular specialist markets in Hitchin.
- 4.3 Remove some empty stalls to allow for more space to have additional mobile stalls and trading vehicles at Hitchin.
- 4.4 Give new traders in Royston the opportunity to rent a stall, if they need one.
- 4.5 Abolish the requirement for a month in advance system of collecting rent, and introduce an option to pay daily, by using a modern portable device to enable traders to pay by credit card if they prefer to do so.
- 4.6 Consult with traders about replacing the current holiday allowance system with an alternative system.
- 4.7 The group would like to see greater control of the spreading policy given to the Markets Manager, so that judgement can be given to traders based on changes in turnout on particular days.
- 4.8 The Markets Manager to introduce and advertise a promotional scheme to traders for Tuesday rent in Hitchin and Wednesday rent in Royston.
- 4.9 Senior Officers to look at reviewing annual licenses for the shuttered units at Hitchin market and to report to the Hitchin Area Committee with their proposal.
- 4.10 A Member of the Hitchin Area Committee to attend and support the quarterly meetings of Hitchin Market Association.
- 4.11 Once a full risk assessment has been undertaken, the Council to consider opening Biggin Lane car park for shoppers on Tuesdays and Fridays in Hitchin.
- 4.12 Officers to ensure that they develop and maintain a close working relationship with the new company that now manages Baldock market.
- 4.13 Due to the lack of advertising in the local press in Royston, the Markets Manager to ensure that adverts are placed in Royston local papers and other local publications.
- 4.14 The Markets Manager to ensure that the installation of bollards and electric points at Royston market are carried out.
- 4.15 A working group involving traders, officers, the Town Centre Manager and a Member of the Royston Area Committee to be set up in Royston, which works similarly to the Hitchin Market Traders Association.

- 4.16 The Markets Manager to ensure that vans are not parked on the Royston market site, unless they are trading vans.
- 4.17 Through the working group suggested in 4.15, traders to be encouraged to finish trading at the same time, to avoid only a few stalls being left trading in the afternoons.
- 4.18 A wide publicity campaign to promote all of NHDC markets once the new initiatives are in place.

Appendix A

All markets utilisation



Appendix B

MARKETING PLAN

APRIL 2005 - MARCH 2006



Markets

INTRODUCTION

The Marketing Plan for the Markets aims to maximise usage and customer awareness of all locations and for all facilities via effective marketing. It encompasses the 'Marketing Mix' of Product, Pricing, Place and Promotion.

Promotion will be carried out through Personal Selling (by all staff), National markets related media advertising, local media and community events.

A simple but effective pricing policy assists in targeting activities to the various user and target groups. This links in with various incentives/competitions and events to encourage use and increase footfall.

The following sections are contained within this document:

- Introduction
- Aims and Objectives of the Marketing Plan
- Customer Profile
- Attracting New Customers
- Advertising Trends
- SWOT Analysis
- Distribution Profile of advertising Mediums (MORI Survey 2004)
- Advertising Diary
- Corporate Style
- Event Diary 2005-2006

AIMS AND OBJECTIVES OF THE MARKETING PLAN

The main aims of the marketing plan are to:

- Maximise stall lettings by appealing to new traders
- Increase public foot flow on all market areas
- Advertise through local press special commodities that attract people and enhance the market desirability
- Target advertise at seasonal occasions i.e. Bank Holidays, Xmas, Easter, School holidays etc
- Target advertise with special offers that are present on the markets (local press)

The following aims will be achieved by:

- Retaining existing customers
- Attracting new customers
- provide a professional service that gives the value for money
- Assisting in improving the quality of life within the local community by promoting and emphasising the benefits of value for money outdoor shopping
- Using pricing, services of facilities and promotion innovatively to maximise participation by all user groups and in turn increase income
- Remaining committed to staff training to ensure customers are provided with the best trained staff
- Presenting a positive unified and corporate image to all customers
- Experimenting with and deploying different marketing techniques to advertise and promote the facilities
- Running specific promotions and events aimed at target groups within the local community
- Ensuring adequate promotion and publicity coverage is undertaken for all aspects of the facilities.
- Providing safe and quality services to all users through staff training and the implementation of industry legislation/recommendation

Customer Profile

- Tuesday Market tends to be more supported by the older person.
- Friday market is an early start market due to the nature of selling second hand goods. Many traders arrive early to catch the trade buyers who come down before 06.00 to buy then quality antiques and therefore the market tends to shut down at around 15.00 when the second hand traders leave. The market is supported mainly with a heavy footfall of public wishing to be the first to get the second hand bargains. New traders quite often find sales are not as high as they had hoped for once passed lunchtime.
- Saturday market is full of new produce/products and is well supported by all walks of life, with the public buyers arriving as early as 07.00. The bulk of the public stays consistent all day and starts to fizzle out around 15.30 but intensifies again at around 16.45 with public wanting to secure the last of the perishable goods at even cheaper prices.
- Royston Wednesday and Saturday markets tend also to appeal to the elder end of the general public with footfall steady by 08.45 and staying buoyant up to 14.30. As no outlying bus services run into Royston after 14.50 the market traders tend to suffer with poor footfall after this time. The market therefore rapidly empties around 15.00, leaving a few die-hard traders who in turn leave at 17.30.
- Baldock Wednesday market seems to be supported with minor to moderate regular footfall all day up to 15.00. Allocating new traders is proving difficult with the Tesco's superstore within 750 yards selling virtually everything Traders sell at very competitive prices. The Baldock by Pass opening may improve footfall but equally it may have an adverse affect. Since the outcome is at present unknown we are unable to put forward any positive feedback. However the experimental TRO has increased Traders and shoppers alike, we now need to look at review and reinforcing that TRO.

Attracting New Customers

- This is achieved by event planning, linking with the HTCI and local businesses
- Advertising in local press, local radio presence on the market and advertising with them, local directories, retirement magazines, web site information, HTCI guide.

Advertising Trends

- This year, we have advertised in local papers, magazines in conjunction with HTCI, local elderly publications, town guides, local radio and billboards. We have improved our website information by updating our access and facilities. We have targeted advertising to certain events to maximise publicity to increase traders and shoppers. This included an Easter Competition with large Easter eggs donated by a local business as prizes, involved local schools and the children in the British Food Fortnight, sampling fresh fruit and making smoothies, held a charity auction in aid of The Garden House Hospice and the Dyspraxia Foundation, donations given by local businesses and raised £1240.00 which was divided between the two charities at a cheque presentation on Saturday 18th Nov with press present.
- As a result of these two events, we received letters and cards from the school requesting that we repeat the event next year together with cards and letters of thanks and two letters from the nominated charities thanking us for our aid and support.
- We have not as in previous years, just placed advertisements randomly, each advert has been given consideration as to who we are trying to attract, how to attract and the best possible means of conveying the message.

Shopping Trends

- Shopping trends have changed dramatically over the last few years and we have tried to work alongside these changes.
- The significant changes in the way we shop are the internet, boot sales, pre seasonal sales by stores and a change in shopping opening hours, makes competition much harder when we do not have to brave the elements to purchase a present or card. It can be brought on the computer from home, from a mail order catalogue or on the ebay site.
- There has been a substantial change in the way markets operate. With the casual queuing for a pitch becoming a thing of the past, we have introduced a package to encourage people to set up business and support them whilst making a business viable for them, many traders today do not want to leave home at 5.30am to arrive at the market to queue for two hours, only to be sent home because there are no stalls available or the market concerned already has the required quota of the commodity the trader is selling.

SWOT Analysis

Hitchin Market

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • long established market • good variety of non expensive produce/products available • reasonable farmers market on Tuesday • Antique & Collectors fair - Fridays • Saturday operating at 70-80% full • good level of personal, friendly service maintained by traders to customers • market days see a significant improvement to local shops income • integral part of community • nearby local parking • Pleasant social activity • Open to everyone 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • uncertainty of Churchgate development • traders income badly affected in inclement weather • present trader utilisation on Tuesday showing decline • no c.c.t.v. • no signage relating to what's on and what day • no major signage advertising days open • no signage relating to potential hirers • only open 3 days out of 7, poor utilisation of premium town centre retail space • in poor condition due to vandalism and age
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • contract procurement of Firthdene market • restore Bank Holiday Markets • additional signage • EEDA funding • Planned events 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • cost and standard of cleanliness • extra staffing costs • additional purchase costs • other markets (for traders) • general retail changes (internet shopping, extended shopping hours, pre seasonal sales)

Royston Market

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • small enough to be personal for the customer • well supported with licensed traders • busier in good weather and school holidays • good security for traders and customers from C.C.T.V. cameras 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • no permanent signage relating to days open or how to hire • confined lettable area • element of danger with the location of the market as it runs parallel to a Town Centre Road • traders income affected by bad weather
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • to invest in electrics, anchor points or modern type stalls, parking barriers which would remove vehicles from site. • Eeda funding 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • high rental paid for the land makes the profit margin minimal

Baldock Market

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Long established market • Supported by a friendly group of licensed traders • Small enough to almost guarantee the trader a monopoly in their commodity • Parking conditions improved since TRO 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • No on site signage relating to the market held every Wednesday on town signs • high rental paid for the charter rights which minimises profit • Tesco's superstore within 700yds open 24 hours offering similar products at competitive prices
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • To review temporary TRO and enforce permanent order • To bring variety of market to the town (i.e. farmers market) • Baldock by Pass could open opportunities, outcome unknown 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Traders are affected by inclement weather • Shopping trends etc • Baldock by Pass could present threats, outcome unknown

DISTRIBUTION PROFILE OF ADVERTISING/MARKETING MEDIUMS

(MORI Survey 2004 – 1,005 residents aged 16+)

Sources of information: From which sources do you obtain most information about North Herts Council and how you prefer to do this in the future.

Local Newspapers	73% obtained	56% preferred
'Outlook' Magazine	55% obtained	32% preferred
Leaflets to the door	49% obtained	25% preferred

Figures below show the top four newspapers that people obtain information along with their preferred sources of information:

Comet	77% obtained	68% preferred
Herts on Sunday	39% obtained	17% preferred
Royston Wkly News	19% obtained	13% preferred
Crow Series	14% obtained	10% preferred

Advertising Diary 2005-2006

Date Paid	Advertised with	Relevant Code	Description	Amount (- Vat)
05-Apr	Chiltern	General	Radio ad 3-5-04 to 23-3-05 placed by GJ	£ 434.99
05-Apr	Comet / The News	General	General ad 23/63/05	£ 170.00
05-Apr	Comet / The News	General	General ad 25/63/05	£ 175.00
30-Apr	Comet / The News	General	General ad 15/04/2005	£ 105.00
30-Apr	MTN (Market Trade News)	Hitchin General	Stall availability 24/4/05	£ 200.00
06-May	Market Trader	General	Stall availability 6/5/05	£ 274.50
06-May	Market Trader	General	Stall availability 22/4/06	£ 274.50
11-May	Comet / The News	Hitchin General	General ad 29/4/05	£ 105.00
11-May	Baldock Crow	Baldock	Baldock Festival 15/5/05	£ 242.00
20-May	Market Trader	General	Stall availability 20/4/06	£ 274.50
22-May	Comet / Biggleswade &NH	General	General ad 19/5/05	£ 80.00
27-May	Comet / The News	General	General ad 13/5 05	£ 105.00
03-Jun	Silverburn Finance	General	Ad for Retired & Living Mag	£ 500.00
03-Jun	Market Trader	General	Stall availability 27/5/06	£ 274.50
03-Jun	MTN	General	Stall availability 31/5/05	£ 200.00
09-Jun	Market Trader	General	Stall availability 15/4/05	£ 400.00
18-Jun	Atlas UK	General	Map sites, stevenage	£ 450.00
18-Jun	Market Trader	General	Stall availability 10/6/05	£ 274.50
05-Jul	Market Trader	General	Stall availability 24/6/06	£ 274.50
05-Jul	MTN	General	Stall availability 27/6/05	£ 200.00
13-Jul	Market Trader	General	Stall availability 8/7/05	£ 274.50
02-Aug	Comet NH	Hitchin Tuesday	Farmers ad 21/7/05	£ 350.00

02-Aug	Royston Crow	Baldock	Baldock Ad	£ 540.00
06-Aug	MTN	General	Stall availability 29/7/05	£ 200.00
06-Aug	Atlas UK	General	Map sites, Lu, Roy, Bal, Bunt	£ 350.00
06-Aug	Elishan Printing	Hitchin General	Stevenage Neighbourhood Watch brochure	£ 525.00
06-Aug	Herts on Sun	Hitchin Tuesday	Keith/Tony advert 31/7/05 GMTV	£ 150.00
06-Aug	Herts on Sun	Hitchin Tuesday	Keith/Tony advert 31/7/05 GMTV	£ 400.00
06-Aug	Royston Crow	Baldock	Baldock Ad & editorial	£ 300.00
20-Aug	Heritage Guides	Hitchin General	Hitchin Town Guide	£ 375.00
30-Aug	Club Publishing	Hitchin General	What's on Where Guide 1 year General ad	£ 875.38
30-Aug	Comet NH & Biggs	Hitchin Tuesday	General ad 18/8/05	£ 300.00
07-Sep	Market Trader	General	Stall availability 9/8/05	£ 100.00
07-Sep	Andy Voisey	Hitchin Tuesday	F&V for filming GMTV	£ 100.00
07-Sep	Comet NH & Biggs	Hitchin Saturday	General ad 25/8/05	£ 300.00
14-Sep	Comet NH & Biggs	Hitchin Tuesday	General ad 1/9/05	£ 200.00
27-Sep	Comet NH & Biggs	Hitchin Saturday	General ad 27/9/05	£ 300.00
27-Sep	Comet NH & Biggs	Hitchin Saturday	General ad 15/9/05	£ 300.00
27-Sep	Hertbeat FM	Hitchin Saturday	Radio ad & live reads for Charity Auction	£ 850.00
14-Oct	Comet NH Biggs	General	Auction ad 29/9/05	£ 350.00
15-Oct	Archant Life	General	Hertfordshire Life ad Oct issue	£ 320.00
15-Oct	Silverburn Finance	General	Ad for Retired & Living Mag	£ 500.00
15-Oct	Royston Crow	Royston General	British Food Fortnight ad 22/9/05	£ 240.00
25-Oct	Argos	General	5 x Cookworks Liquidiser for BFF	£ 52.35
15-Nov	Hitchin Initiative	Hitchin General	Hitchin Station billboard ad	£ 500.00
			Total Spend	£13,766.22

Pending committed

Comet NH	Hitchin Saturday	Inserts for Charity Auction	£ 133.36
Comet NH	Hitchin Saturday	Craft Market traders	£ 250.00
Comet NH	Hitchin Friday	Charity Market traders	£ 250.00
Comet NH	Hitchin General	Countdown to Xmas ad	£ 250.00
Comet NH	Hitchin Saturday	Craft Market ad	£ 77.70
Comet NH	Hitchin General	Charity Market / Xmas Market ad	£ 77.70
Comet NH	Hitchin Tuesday	Farmers Market	£ 77.70
Hitchin Initiative	Hitchin General	Hitchin Town Guide	£ 1,000.00
		Total pending	£ 2,116.46

Total advertising up to end Feb 06	£15,882.68
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All promotional material will conform to the 'Corporate Style'.

Logo

The most important element of the Council's visual identity is the logo. Appearing on everything produced, it ensures easy identification by those served and worked with.

Essential requirements of a colour logo:

Green (Pantone 349) and Purple (Pantone 268).

Single colour (greyscale) logo:

The lighter (top) triangle is a 35% tint, while the darker (bottom) triangle is 80% tint.

Logo typeface:

The letters NHDC are white, in Bembo capitals.

Size:

Do not distort the shape, but the logo can be re-sized to fit the proportions of the publication or vehicle etc. For the exact dimensions, contact the Print Unit.

Position:

The logo always goes in the top right hand corner of the page, badge, sign etc. If in any doubt, ask the Public Relations Unit for advice.

Logo associated name:

'NORTH HERTFORDSHIRE DISTRICT COUNCIL' was set in Bembo letter-spaced, capitals, size 11pt (on A4), and aligned left. This font is being phased out over time, as resources allow, and replaced by Times New Roman 11pt, with character spacing expanded by 1.5 points.

The address, telephone number, facsimile number, and e-mail address (if you have one) go underneath aligned left. They were in Bembo letter-spaced upper and lower case, size 9pt (on A4), and are being replaced by Times New Roman 9pt.

Partners' or sponsors' logos:

Where a partner's logo is to be provided contact the Public Relations Unit. As a general guide, the NHDC logo goes in the top right hand corner when possible. The partner's may be in the bottom right hand corner, or perhaps inside the leaflet. It is sometimes appropriate to create a joint logo.

Where NHDC is to be included on another organisation's publication, they may determine the position, in consultation with NHDC's Public Relations Unit. However, the logo's colour, typeface and shape must be observed. The size should be equal to other logos on the publication.

NORTH HERTFORDSHIRE DISTRICT COUNCIL in the logo-associated text, is expanded by 1.5pt.

Event Diary – Markets 2005-6

DATE	EVENT 2005	EVENT 2006
FEBRUARY		Valentines
MARCH	Easter Eggstravaganza	
APRIL		Easter Egg
MAY		
JUNE		
JULY	Relocation Farmers Mkt	Charity Auct
AUGUST	GMTV Clues Brothers	Bank Hol Mkt
SEPTEMBER	Antique Valuations	British Food
OCTOBER	Charity Auction	
NOVEMBER	VJ Day Celeb.	Craft Fair
DECEMBER	Charity Mkt Xmas Mkt	Charity Mkt Xmas Mkt

APPENDIX 1.

CABINET
27th June 2006

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

15

TITLE OF REPORT: ESTABLISHMENT OF JOINT CCTV COMMITTEE WITH STEVENAGE BOROUGH COUNCIL AND EAST HERTS DISTRICT COUNCIL

REPORT OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER: COUNCILLOR TRICIA GIBBS

1. SUMMARY

- 1.1 To propose that the Council establish a joint committee with Stevenage Borough Council and East Hertfordshire District Council for the management of CCTV.

2. FORWARD PLAN

- 2.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

3. BACKGROUND

- 3.1 Since 1996 Stevenage Borough Council and North Hertfordshire District Council have been operating a partnership for the provision of CCTV. East Hertfordshire District Council now wish to join this arrangement.
- 3.2 To date there has been some Member involvement from North Hertfordshire District Council and Stevenage Borough Council through a joint board which receives reports and agrees policies.

4. ISSUES

- 4.1 The provision of this service is executive business within the allocation of local authority functions and the appropriate means by which the Members of the three Councils can participate jointly in these decisions is through a joint committee of the 3 executives.
- 4.2 It is therefore proposed that the Cabinet delegates this function to a joint committee which will be composed of nine Members, three from each Council. The Terms of Reference of the Committee have been drafted and adopted by Stevenage Borough Council and are attached at Appendix 1. The contractual arrangements for the provision of the service are being redrafted to accommodate this change and will be submitted to the joint committee for approval once it has been established.

- 4.3 The Terms of Reference of the Committee contain provision for handling personnel matters, at paragraph 2.9. Members are not able to consider such matters and this error has been highlighted to Stevenage Borough Council. As that authority has already adopted these Terms of Reference, it is agreed that the appropriate means for dealing with this would be for the Members of this authority to raise this at the first joint meeting to be held.
- 4.4 In addition, the Terms of Reference do not provide for the voting rights of the Members of the Committee. Whilst this could be 1 Member 1 vote, it is suggested that 1 Council 1 vote, would be more appropriate in the light of the potential for disparity in those attending. It is proposed that this issue be discussed and agreed at the first meeting of the Committee.

5. LEGAL IMPLICATIONS

- 5.1 The Constitution allows for the Cabinet to establish joint arrangements for the discharge of executive functions, including by joint committees.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 No budget or staffing resource has been allocated for the establishment and servicing of this committee. However if the committee meets once a year, serviced by each Council on a rotating basis, it should be possible to provide this within the existing resources of the Councils.
- 6.2 With an additional partner it is envisaged that a cost saving will materialise for NHDC as Control Room fixed costs are shared across three councils as opposed to two. In addition, as East Hertfordshire District Council brings more cameras on line there are potentially additional savings. At present these savings have yet to be fully costed, however these will be incorporated into the Service and Financial Planning process and be reflected in the 2007/8 budget setting.
- 6.3 There is a risk of actions in relation to CCTV provision and management being inadequately authorised unless a committee is established.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

There are none other than those in paragraph 6.1. above.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

None.

9. RECOMMENDATIONS

- 9.1 That the Cabinet approve the establishment of the joint committee and appoints the following portfolio holders:-
- Community Engagement
 - Finance
 - Leader.

- 9.2 That the Cabinet approve the proposals set out in paragraphs 4.3 and 4.4 and raise these at the first meeting of the Joint Committee.

10. REASONS FOR RECOMMENDATIONS

- 10.1 To ensure adequate governance of this service through Member involvement.

11. ALTERNATIVE OPTIONS CONSIDERED

Not applicable.

12. APPENDICES

Appendix 1 – CCTV Executive Board - Terms of Reference

13. CONTACT OFFICERS

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14. BACKGROUND PAPERS

None.

**STEVENAGE BOROUGH COUNCIL AND
NORTH HERTFORDSHIRE DISTRICT COUNCIL**

CCTV EXECUTIVE BOARD

CONSTITUTION

- 1.1 The CCTV Executive Board is constituted as a joint committee of the Executives of the three authorities.
- 1.2 Meetings shall be held at least once a year or when there is sufficient business.
- 1.3 A quorum shall be 3 members with at least one from each of the authorities.
- 1.4 The Chairman shall be a member of the authority hosting the meeting.
- 1.5 Meetings shall be held at the offices of each of the authorities in rotation.
- 1.6 The meetings shall observe the standing orders of the authority hosting the meeting.

TERMS OF REFERENCE

- 2.1 To agree the strategy and policy relating to the jointly operated CCTV Control and Monitoring service.
- 2.2. To receive the CCTV Annual Report, Independent Inspector's Report and other relevant reports.
- 2.3 To deal with all matters defined under the code of practice as the responsibility of the Executive Board, in particular:-
- 2.4 To consider expansion and contraction proposals for the control room monitoring service.
- 2.5 To consider and agree minor changes to the Code of Practice.
- 2.6 To consider and recommend significant changes to the Code of Practice.
- 2.7 To ensure that the Independent Inspection regime is set up and maintained.
- 2.8 To receive the Annual Report from the Independent Inspection.
- 2.9 [To consider complaints regarding breaches of the Code of Practice and recommendations for disciplinary action and actions, or changes to prevent a reoccurrence.]
- 2.10 To deal with any matters as identified under the Joint Agreement as requiring the actions of the Executive Board, in particular:-
 - 2.10.1 To require reports from the Authorising Officer on management and operational matters.

- 2.10.2 To consider matters referred to the Authorising Officer under the Joint Agreement disputes procedure.
- 2.10.3 To consider proposals to incur additional control and monitoring room cost as a result of expansion within the allocated camera expansion capacity of one party.
- 2.11 To make recommendations on any of the above to the Officer Management Board.