

27 January 2009

Our Ref. IG/Council/ 5.2.09
Your Ref.
Contact. Ian Gourlay
Direct Dial. 01462 474403
Email: ian.gourlay@north-herts.gov.uk

To: The Chairman and Members of North Hertfordshire District Council

You are invited to attend a

MEETING OF THE COUNCIL

to be held in the

**COUNCIL CHAMBER, COUNCIL OFFICES, GERONON
ROAD, LETCHWORTH GARDEN CITY**

on

THURSDAY, 5 FEBRUARY 2009

at

7.30p.m.

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 the Council held on 4 December 2008.	-
3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business which they wish to be discussed by the Council at the end of the business set out in the agenda. They must state the circumstances which 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. CHAIRMAN'S ANNOUNCEMENTS Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a prejudicial or personal interest and are required to notify the Chairman of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a prejudicial interest can speak on the item, but must leave the room before the debate and vote.	-
5. PUBLIC PARTICIPATION To receive petitions, comments and questions from members of the public.	-
6. ITEMS REFERRED FROM CABINET: 16 DECEMBER 2008	
(A) MEMBERS' ALLOWANCES SCHEME 2009/10	1
(B) HITCHIN TOWN HALL – TRUST ARRANGEMENTS	3
7. MEMBERS' ALLOWANCES SCHEME 2009/10 REPORT OF THE INDEPENDENT REMUNERATION PANEL	11
8. ELECTIONS 2009/10 – SCALE OF FEES AND CHARGES REPORT OF THE CHIEF EXECUTIVE AND RETURNING OFFICER	31
9. ITEMS REFERRED FROM PERFORMANCE, AUDIT & REVIEW COMMITTEE: 29 JANUARY 2009	35
Any items referred from the Performance, Audit & Review Committee on 29 January 2009 will be despatched as soon as possible.	TO FOLLOW
10. THE 2008 REVIEW OF THE CORPORATE PLAN 2005-2015 REPORT OF THE CHIEF EXECUTIVE	37

11.	ITEMS REFERRED FROM CABINET: 27 JANUARY 2009	69
	Any items referred from Cabinet on 27 January 2009, including the Budget Proposals 2009/10, will be despatched as soon as possible.	TO FOLLOW
12.	QUESTIONS FROM MEMBERS	71
	To consider any questions submitted by Members of the Council, in accordance with Standing Order 10.4(a).	
13.	NOTICE OF MOTIONS	73
	To consider any motions, due notice of which have been given in accordance with Standing Order 11.1.	

Future meetings of the Council have been scheduled to take place on:

Thursday, 26 February 2009

Wednesday, 8 April 2009

Thursday, 30 April 2009 (Annual Meeting)

COUNCIL

5 February 2009

*PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

6A

TITLE OF REPORT: REFERRAL FROM CABINET – 16 DECEMBER 2008 – MEMBERS' ALLOWANCES SCHEME 2009/10

The following is an extract from the Draft Minutes of the Cabinet meeting held on 16 December 2008.

81. MEMBERS' ALLOWANCES SCHEME 2009/10

The Chairman presented a report of the Democratic Services Manager advising Cabinet of the financial considerations in respect of the Scheme of Members' Allowances for 2009/10, as proposed by the Independent Remuneration Panel (IRP). The report contained the following appendices:-

Appendix A – Draft report of the Independent Remuneration Panel to Council on 5 February 2008;

Appendix B – Scale of Financial Options.

It was noted that the recommendations of the IRP had included:

- That all allowances be increased by 5% for the year 2009/10;
- That travel and subsistence allowances continue to be aligned with the NJC rates for local government staff;
- That an allowance of £25.00 per meeting be paid to any Member attending a Licensing and Appeals Sub-Committee.

Cabinet was advised that the proposals outlined within the draft Scheme represented an overall budget for 2009/10 of £289,700. A provision had already been made in the 2009/10 base budget for £282,380, which represented an increase of 2.25%, and hence a further increase of £7,320 would be required to meet the Panel's full recommendations. Attention was drawn to Appendix B, which illustrated the effect on Allowances of a 2.45% increase, this being the interim amount awarded to local authority (NJC) staff for 2008/09.

Cabinet debated the financial considerations in respect of the recommendations of the Independent Remuneration Panel, and considered that a 2.45% increase in Members' Allowances for 2009/10 would be appropriate.

RECOMMENDED TO COUNCIL: That a 2.45% increase in Members' Allowances for 2009/10 be agreed.

REASON FOR DECISION: To advise Council of the budgetary implications regarding the proposed Members' Allowances Scheme for 2009/10.

[The report to which the above referral relates is Item 7 on this agenda]

THIS PAGE IS BLANK

TITLE OF REPORT: REFERRAL FROM CABINET – 16 DECEMBER 2008 – HITCHIN TOWN HALL – TRUST ARRANGEMENTS

The following is an extract from the Draft Minutes of the Cabinet meeting held on 16 December 2008.

85. HITCHIN TOWN HALL – TRUST ARRANGEMENTS

The Portfolio Holder for Community Engagement and Rural Affairs presented the report of the Head of Community Development and Cultural Services advising Cabinet of the Trust arrangements that needed to be put in place for the management and administration of the Workman's Hall and Gymnasium that formed part of the Hitchin Town Hall footprint, and seeking consideration of a further course of action to be followed to secure the longer term viability of the Town Hall. The following appendix was submitted with the report:

Appendix 1 – Draft Terms of Reference for proposed Sub-Committee.

Cabinet noted the background and history regarding the trust. Although the Council was the sole trustee, it was evident that no formal trust management arrangement or structure was ever established by the Council, either at the time of the original transfer of the trust or when the functions and responsibilities of the then Hitchin Urban District Council transferred to North Hertfordshire District Council in 1974.

Members were advised that it was evident that the Council had, in the broader aspect of providing a service to the community, complied with the spirit of the Trust Objects. However, there were a range of what might be called technical matters in relation to charity law, such as the registration of the charity and the management and filing of accounts for the trust, which had not been fully followed. Notwithstanding this, the Council was required to establish arrangements for the administration of the Trust and the management of the Property that was subject to the Trust. Having researched this matter in great depth, taken advice from external legal advisors (Eversheds) and consulted with the Charity Commission, the following arrangement was proposed:

- That the Council should establish a Sub-Committee of three members of Cabinet to act as Trustees of the Gym and Workman's Hall (suggested: Portfolio Holders for Leisure, Environment and Housing, Policy and Green Issues), with the proposed Terms of Reference as set out in Appendix 1 to the report;
- That these Members should not include either the Portfolio Holders for Community Engagement or Finance as there would be a conflict of interest with their primary Portfolio responsibilities;
- That in managing the affairs of the Trust, the Trustees would need to act in the best interests of the Trust;
- That the Trustees would receive support from Officers of the Council and independent advice/counsel, as appropriate, in discharging the functions related to the management of the Trust.

The report stated that, in addition, the Trustees would need to ensure:

- That there was agreement with the Council of an appropriate method of apportionment of the building's costs and revenues to ensure that a proper income and expenditure account for the Trust property was established and that certified accounts were submitted to the Charity Commission;

- That the Trust was re-registered with the Charity Commission and complied with Charity Law;
- That the Trust's assets were registered with the Land Registry;
- That the footprint of the Hall and Gym would need to be determined and its condition set out in a full and detailed property and access report, as prepared by independent consultants.

RECOMMENDED TO COUNCIL:

- (1) That a Hitchin Town Hall Gymnasium Trust Sub-Committee be established;
- (2) That the following Cabinet Portfolio Holders be appointed to the Sub-Committee: Leisure & E-Government; Housing & Environmental Health; and Policy & Green Issues;
- (3) That the Terms of Reference for the Sub-Committee, as set out at Appendix 1 to the report, be approved.

RESOLVED: That responsibility for any amendments required to the Sub-Committee's Terms of Reference, prior to submission to Council on 5 February 2009, be delegated to the Head of Community Development and Cultural Services.

REASON FOR DECISION: To ensure that the Council carries out its duties as the trustee of the Hitchin Town Hall (Gymnasium and Workman's Hall).

The following is the report considered by Cabinet at its meeting held on 16 December 2008.

TITLE OF REPORT: HITCHIN TOWN HALL – TRUST ARRANGEMENTS

REPORT OF THE HEAD OF COMMUNITY DEVELOPMENT AND CULTURAL SERVICES

PORTFOLIO HOLDER : COUNCILLOR TRICIA GIBBS

1. SUMMARY

- 1.1 The purpose of this report is to advise Cabinet of the Trust arrangements that need to be put in place for the management and administration of the Workman's Hall and Gymnasium that form part of the Town Hall footprint.
- 1.2 The report proposes a further course of action to be followed to secure the longer term viability of the Town Hall.

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 context of this report has been set out in previous reports to Cabinet considered at its meetings on 26th June 2007, August 15th 2007, 16th October 2007, 29th January 2008 and 26th June 2008
- 3.2 In particular, during the tendering process that was initiated in 2007, issues about the covenant and Trust in relation to the Workman's Hall and the Gymnasium were raised.
- 3.3 The governing document for this charity (Gymnasium) is the Conveyance dated 1 May 1924 as affected by the Conveyance dated 5 March 1934.
- 3.4 Part of the Trust's premises were conveyed to J. Sainsbury Ltd on 21 July 1969 to provide access for a new supermarket and parking.
- 3.5 The charity was removed from the Central Register of Charities for England and Wales on 24 July 2001. As the Charity Commission (CC) destroys its files after five years it does not have a record of why the charity was removed, whether it was on the trustee's instigation or the Commission's.
- 3.6 However, the Charity Commission has confirmed that this Trust had not been dissolved and that the sole trustee of both these premises is the full Council of NHDC.
- 3.7 Since that time, three strands of work have been carried out to define and investigate precisely the legal, financial and property assets of the Trust. This has taken a lot longer than originally envisaged owing to the complexity of the matter, the timescales involved going back to the original conveyance and the availability of relevant documentation. There has also had to be a significant input from independent external advisors (for which there were no dedicated resources) and also a number of separate consultations with the Charity Commissioners.

4. KEY ISSUES – NEXT STEPS FOR TRUST ARRANGEMENTS

4.1 Although the Council is the sole trustee, it is evident that no formal trust management arrangement or structure was ever established by the Council, either at the time of the original transfer of the trust or when the functions and responsibilities of the then Hitchin Urban District Council transferred to North Hertfordshire District Council in 1974.

4.2 It is evident that the Council has, in the broader aspect of providing a service to the community, complied with the spirit of the Trust Objects. However, there are a range of what might be called technical matters in relation to charity law such as the registration of the charity and the management and filing of accounts for the trust which have not been fully followed.

4.3 Notwithstanding this, the Council is required to establish arrangements for the administration of the Trust and the management of the Property that is subject to the Trust. Having researched this matter in great depth, taken advice from external legal advisors (Eversheds) and consulted with the Charity Commission, the following arrangement is proposed:

- That the Council should establish a Sub-Committee of three members of Cabinet to act as Trustees of the Gym and Workman's Hall (suggested: Portfolio Holders for Leisure, Environment and Housing, Policy and Green Issues)
- That these Members should not include either the Portfolio Holders for Community Engagement or Finance as there would be a conflict of interest with their primary Portfolio responsibilities.
- That in managing the affairs of the Trust, the Trustees will need to act in the best interests of the Trust.
- That the Trustees will receive support from Officers of the Council and independent advice/counsel as appropriate in discharging the functions related to the management of the Trust.

4.4 In addition, the Trustees will need to ensure:

- That there is agreement with the Council of an appropriate method of apportionment of the building's costs and revenues to ensure that a proper income and expenditure account for the Trust property is established and that certified accounts are submitted to the CC.
- That the Trust will need to be re-registered with the CC and comply with Charity Law
- That the Trust's assets will need to be registered with the Land Registry
- That the footprint of the Hall and Gym will need to be determined and its condition set out in a full and detailed property and access report, as prepared by independent consultants.

4.5 The draft Terms of Reference for the Hitchin Town Hall Gymnasium Trust are set out in Appendix 1.

5. LEGAL IMPLICATIONS

5.1 The exercise of the Council's Trusteeship is an executive function in the absence of any statutory reference under the Local Government Act 2000 to it being a non-executive function. In particular, the Introduction to the Terms of Reference for Cabinet state:

The Cabinet will carry out all of the local authority's functions which are not the responsibility of any other part of the local authority, whether by law or under this Constitution.

5.2 The Council is the sole Trustee of the property which is subject to the Trust. The Council owns the property on trust to use it for the purposes designated in the Trust documents. The Council's ownership of the property is therefore limited by the terms of the Trust. There is no legal distinction in this regard between the Council's ownership as property owner and as a trustee; it is one corporate body.

5.3 The Objects of the Charity are:

Upon trust to use or permit it to be used as a Gym for the benefit of the residents of Hitchin and for other purposes mentioned in s6(3) Museums and Gymnasiums Act 1891 and also for any other (charitable) purpose for the benefit of the North Herts District for which NHDC can lawfully use building and land vested in them'.

These Objects are quite widely drafted. The Museums and Gymnasiums Act 1891 has been repealed and replaced by the Public Libraries and Museums Act 1964 and the Local Government (Miscellaneous Provisions) Act 1976. Broadly, there are powers in these two Acts for local authorities to provide recreational facilities, museums and art galleries.

5.4 There are two distinct issues to consider. The first relates to regularisation of the administration of the Trust by the Council and putting into place arrangements that enable this. The second relates to moving forward with possible plans for the Trust Property and the overall Hitchin Town Hall site.

5.5 **Administration of the Trust**

5.5.1. The Council remains the legal trustee but needs representatives to carry out this function who have sole regard to what is in the best interests of the Trust. Considerations as to what is in the best interests of the Council can not be considered. The administration of the Trust is an Executive function and must be carried out having regard to the requirements of Charity Law as regulated by the Charity Commission. This function can be delegated to a Cabinet Sub-Committee. The Terms of Reference for Cabinet will need to be amended to take account of this at the next Constitution review.

5.5.2. Consideration has been given to whether the functions could be delegated to a Council Officer as it is, of course, permissible for Cabinet to delegate to an Officer. However, it is advised that this would not be a recommended route as delegation to a Cabinet Sub Committee preserves the existence and perception of independence and separation in relation to the administration of the Trust. In addition, the Charity Commission is more likely to be content with the Trust being administered by a stand alone and discrete Committee.

5.5.3. It would, however, be lawful for more minor matters relating to the day to day running of the Trust to be delegated from the Committee to an Officer.

5.5.4. In the event that Council resolves to establish a Cabinet Sub-Committee it can be serviced by Officers in the usual way although independent financial, valuation and legal advice will be required at certain key points.

5.5.5 Once a way forward on the administration of the trust has been decided, work can then commence on re-registration of the Trust with the Charity

Commission. The entirety of Hitchin Town Hall and the Gymnasium are currently not registered at the Land Registry, so it is proposed that registration will be undertaken once the extent of the Trust Property is established.

5.6 The Future of Hitchin Town Hall/Gymnasium

5.6.1 The Charity Commission and Eversheds have advised that the Trust Property is a permanent endowment. This means the asset must be held permanently, sometimes to be used in furthering the charity's purposes, sometimes to produce an income for the charity. It is not possible to wind it up.

5.6.2 An Independent Surveyor has been appointed to prepare a Report on the options for the Gymnasium. Once this has been finalised and presented to the Trust (it is proposed that the administration of the Trust will be undertaken by a Sub-Committee of Cabinet), considerations for Hitchin Town Hall can proceed depending on the outcome of the decision of the Sub-Committee regarding the Trust and the Trust Property.

6. FINANCIAL AND RISK IMPLICATIONS

6.1 The costs associated with the engagement of legal and property consultants to advise the Council regarding the Trust's status and remedial actions have been found from within existing budgets.

6.2 Current apportionments of costs and revenues associated with the area of the Town hall considered to be within the Trust's control, shows that there is on average an annual net deficit of £40K.

6.3 Consideration has been given to the fact that the Trust is running at a financial loss. However, the expert legal advice we have received on this issue is that this does not, of itself, lend weight to the argument that the objects have failed, although clearly there is an issue if there were no other sources of funding for the Trust as to how it would actually fulfil its Objective. It should be noted that the Council has been subsidising the Trust.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

7.1 The arrangements for the Trust will require administrative and financial support by designated Council Officers at levels to be determined. It may be necessary to review the resource impact of this once the levels have been determined.

7.2 However, the Trust once established may determine that it requires advice independent of the Council.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

8.1 There has been extensive consultation with external legal and property advisors in the preparation of this report.

8.2 The Hitchin Area Committee has been advised on the proposed approach.

9. RECOMMENDATIONS

- 9.1 That Cabinet recommends to Council the establishment of the Hitchin Town Hall Gymnasium Trust Cabinet Sub-Committee.
- 9.2 That Cabinet recommends to Council the appointment of the following Portfolio Holders to the Sub-Committee:
Leisure
Housing and Environmental Health
Policy and Green Issues
- 9.3 That Cabinet recommends to Council the Terms of Reference for the Sub-Committee as set out in Appendix A.
- 9.4 That Cabinet delegates responsibility to the Head of Community Development and Cultural Services for any amendments to the Terms of Reference required, prior to submission to Council at its meeting on 5 February 2009.

10. REASONS FOR RECOMMENDATIONS

- 10.1 To ensure that the Council carries out its duties as the trustee of the Hitchin Town Hall (gym and workman's hall).

11. APPENDICES

- 11.1 Appendix 1 – Draft Terms of Reference for the Sub-Committee.

12. CONTACT OFFICERS

- 12.1 Patrick Candler, Head of Community Development and Cultural Services, ext 4823.
E-mail: patrick.candler@north-herts.gov.uk
- 12.2 Peter Underwood, Community Facilities Manager, ext 4669 . E-mail: peter.underwood@north-herts.gov.uk.
- 12.3 Lois Stewart, Group Accountant, ext 4566. E-mail: lois.stewart@north-herts.gov.uk
- 12.4 Katie White, Senior Lawyer, ext 4315. E-mail: [katie.white @north-herts.gov.uk](mailto:katie.white@north-herts.gov.uk).
- 12.5 Barrie Jones, Head of Financial Services, ext 4254. E-mail: barrie.jones@north-herts.gov.uk.
- 12.6 Kerry Shorrocks, Head of Human Resources, ext 4224. E-mail: kerry.shorrocks@north-herts.gov.uk.
- 12.7 David Charlton, Estates Surveyor, ext 4320. E-mail: david.charlton@north-herts.gov.uk.

13. BACKGROUND PAPERS

- 13.1 Part 1 and 2 Reports to Cabinet on the Hitchin Town Hall on 16th October 2007 and 29th January 2008.

Draft Terms of Reference for the Cabinet Sub- Committee

Name: Hitchin Town Hall Gymnasium Trust Cabinet Sub-Committee

Membership: Three Members of the Cabinet

Portfolio Holders for:

Leisure
Housing and Environmental Health
Policy and Green Issues

Quorum: Three

Roles and Functions:

- 1) To act on behalf of the Council as a corporate Trustee of the Hitchin Town Hall Gymnasium Trust, and, in that capacity, to consider all matters in connection with the future use, operation and management of the trust property and the preservation of the objectives of the Trust so instituted.
- 2) To consider all proposals and representations from and on behalf of the Council or any third party, in connection with the use, operation, management and ownership of the Trust property.
- 3) To secure all necessary advice and assistance, including, where necessary, external advice and assistance, to ensure that the interests of the Trust are protected and preserved.
- 4) To receive reports on the property and financial implications of the Trust's assets and to prepare reports as required for Cabinet.
- 5) No member of this Sub-Committee may take part in any other Cabinet or Council or Committee discussion or decision on any policy or development or any issue which may affect the Trust and must declare an interest and leave when any such matter is raised.

Meetings:

The Sub-Committee will set its own programme of work. The meetings will be ad-hoc, called by the Leader of the Council or the Democratic Services Manager, as required.

Procedure:

The Sub-Committee will follow the Committee procedure rules as set out in Part 4 of the Council's Constitution.

TITLE OF REPORT: MEMBERS' ALLOWANCES SCHEME 2009/2010

REPORT OF THE INDEPENDENT REMUNERATION PANEL

1. SUMMARY

- 1.1 This report sets out guidance and information regarding Members' Allowances. It proposes the Draft Members' Allowances Scheme for 2009/2010, recommended by the Independent Remuneration Panel (Appendix A).

2. FORWARD PLAN

- 2.1 This report contain a recommendation on a key decision and was first referred to in the Forward Plan published during December 2008.

3. BACKGROUND

- 3.1 Regulations made under Section 99 of the Local Government Act 2000 require local authorities to make a scheme of allowances for their Members and to establish and maintain an independent panel to make recommendations about the scheme.

- 3.2 The allowances that may be included within a scheme are:

- a basic allowance;
- a special responsibility allowance;
- a childcare and dependent carers allowance;
- a travel and subsistence allowance;
- conference and meetings allowances.

The Basic Allowance

- 3.3 This allowance recognises the time commitment of all Members, including council and committee meetings, meetings with officers, constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes and personal equipment. Some elements of the work should be voluntary and not remunerated. This however must be balanced against the need to ensure that financial loss is not suffered by Members despite the voluntary input required.

The Special Responsibility Allowance (SRA)

- 3.4 This allowance recognises the commitment of those Members having significant additional responsibilities. This must include an allowance for at least one Member of a minority Group. Not every additional responsibility is so significant that it should attract an additional allowance. The additional roles of Members should be considered carefully both in terms of responsibility and real time commitment. The categories for which an SRA may be paid are:

- Membership of the Cabinet;
- Acting as Leader or Deputy Leader of a political group;
- Chairman of a Committee, Sub-Committee or Joint Committee;
- Representing the Council at meetings of other bodies;

- Membership of a Committee or Sub-Committee of the Council which meets exceptionally frequently or for exceptionally long periods;
- Other such activities requiring equal or greater amount of time and effort, whether or not those activities are contained within the scheme.

Childcare and Independent Carers Allowance

3.5 This allowance is for those Members who incur costs whilst carrying out any of the following duties:

- Attending a meeting of the Council, Cabinet or any Committee, outside bodies which the Council has appointed a member to a meeting authorised by the Council to which members of more than one political group has been invited, or local authority associations;
- Opening tenders;
- Inspection of premises;
- Any other duty, authorised by the Council, in connection with discharging the duties of the Council.

Travel and Subsistence Allowance

3.6 This allowance may be paid for any of the functions set out in paragraph 3.5 above.

Tax and National Insurance Treatment of Allowances

3.7 It should be noted that for tax and national insurance purposes, Members of the Council are treated as employees and subject to PAYE tax and national insurance liability (Consolidated Regulations for Local Authority Allowances 2003).

4. ISSUES

4.1 In considering the following issues and formulating its recommendations, the Panel consulted a survey of local authorities within the NHDC "Audit Family" undertaken during October 2008 (Appendix B) together with the results of a survey of NHDC Members also undertaken during October 2008 (Appendix C).

The provision of a Special Responsibility Allowance for the Deputy Chairmen of Committees

4.2 The Panel considered the provision of a Special Responsibility Allowance for Deputy Chairmen of Committees. Deputy Chairmen did not currently receive an SRA but it was felt appropriate to review the duties and responsibilities of Deputy Chairmen to consider whether these were sufficient to warrant a Special Responsibility Allowance.

The Panel noted that no formal duties or responsibilities attached to the position of a Deputy Chairman other than to deputise for the Chairman in their absence. It was noted that in the period 1 September 2007 to 30 October 2008 this had happened on 7 occasions out of 89 meetings held during that period. It was also noted that only one member of the "Audit Family" currently paid such a Special Responsibility Allowance.

It was agreed not to recommend a Special Responsibility Allowance for Deputy Chairmen of Committees.

The provision of a Special Responsibility Allowance for Members Serving Licensing and Appeals Sub-Committees

No Allowances are currently paid to any Member of this Committee. In light of the current and past workload, it was felt appropriate to review the situation.

The Panel noted that the Chairman of the Committee chaired the full meetings of this Committee, of which there were two during the period 1 September 2007 to 30 October 2008. The work of the Committee is largely quasi-judicial undertaken exclusively by the Sub-Committee, with no reference to the main Committee. Sub-committees consist of between three and five Members of the Licensing and Appeals Committee and are selected on the basis of availability and often, at short notice. In the period 1 September 2007 to 30 October 2008 there had been 12 sub-committee meetings which lasted an average of 3 hours each.

The Panel noted that the “Audit Family” comparisons for this function was difficult to assess due to the differing responsibilities and payments made by the different authorities. The Panel was informed that, where an Authority paid a relatively large allowance the Chairman of the Licensing and Appeals Committee chaired all of the Appeals hearings as well as the full Committee meetings.

The Panel noted that one member of the “Audit Family” paid an attendance allowance as a way to recognise the time and responsibility elements of the sub –committee meetings. The Panel considered this an appropriate form of recompense and considered that an allowance based on a similar figure the meeting attendance allowance payment made to Officers (currently £22.00), with a suitable increase above that figure to recognise the relatively short notice for convening meetings.

The Panel also considered that as the Chairman of the Licensing and Appeals Committee attended 2 meetings in the period 1 September 2008 to 30 October 2008 a payment of a Special Responsibility Allowance for the Chairman of the Licensing and Appeals Committee was not warranted.

It was therefore **AGREED** that:

- 1 the proposal to pay a Special Responsibility Allowance to the Chairman of the Licensing and Appeals Committee not be supported;
- 2 Council be requested to pay an Attendance Allowance of £25.00 per meeting to each member of a Licensing and Appeals Sub-Committee.

The Basic Allowance

- 4.7 When considering the level at which to recommend the Basic Allowance, the Panel noted the Retail Price Index (RPI) percentage increase of 5% for September 2007, but at that time recommend the use of the mid-year (October 2007) which has since been published as 4.2%. They also considered the Allowances paid at other Councils within the “Audit Family” (Appendix B), and the results of the NHDC Members’ Survey (Appendix C). The Panel also noted the 2.45 interim pay increase applied nationally, to local government staff salaries during the current financial year.
- 4.8 The Panel noted the current difficulties associated with attempting to predict future trends. Nevertheless, the Panel felt that a 5% increase would keep NHDC in its current position in relation to other local authorities of a similar size whilst remaining among the lowest 30% of local authorities, nationally.

Travel and Subsistence, Childcare and Conference Attendance allowances

4.9

The Council has, since Allowances Schemes were first introduced, applied to its Members the National Joint Council (staff) rates of remuneration for travel and subsistence and the Panel recommends that the Council continues with this practice and that the 5% increase applied to the basic allowance is applied to the Childcare, and Conference Attendance Allowances.

5. LEGAL IMPLICATIONS

5.1 The Council has a duty, under Section 99 of the Local Government Act 2000, to determine a Scheme of Allowances for each financial year and set up and maintain the Independent Panel for the purpose of making recommendations as to the Scheme of Allowances.

6. FINANCIAL AND RISK IMPLICATIONS

6.1 A Scheme of Allowances may make provision for an annual adjustment of allowances to be ascertained by reference to an index, specified by the Council. Where the only change made to a scheme is that caused by the annual impact of the index the Scheme shall not be deemed to be amended and thus the Council will not have to seek a recommendation from its Independent Panel for a period of up to four years.

6.2 The proposals as outlined within the Draft Scheme represent an overall budget for 2009/10 of £289,700 (an increase of 5%). A provision has already been made in the 2009/10 base budget for £282,380 which represents an increase of 2.25% on the base for 2008/9. An increase of £7,320 would be required to meet the Panel's full recommendations.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

7.1 None contained within this report.

8. CONSULTATION

8.1 Comments on the Scheme were invited from the NHDC Group Leaders and all Members of the Council.

9. RECOMMENDATION

9.1 That the Scheme of Members' Allowances for 2009/10, recommended by the Independent Remuneration Panel, as set out in Appendix A, be agreed.

10. REASONS FOR RECOMMENDATIONS

10.1 To assist the Council in determining a scheme of Members' Allowances for 2009/10.

11. APPENDICES

11.1 Appendix A – Recommended Scheme of Allowances 2009/2010.

11.2 Appendix B - Comparative Information (Audit family).

11.3 Appendix C - Survey of NHDC Members, Oct 2008.

12. CONTACT OFFICERS

12.1 David Miley (Democratic Services Manager)
Tel. 01462 474208

12.2 Hillary Dineen (Committee & Member Services Officer)
Tel. 01462 474648

13. BACKGROUND PAPERS

13.1 Guidance on Consolidated Regulations, ODPM, July 2003.

THIS PAGE IS BLANK

NORTH HERTFORDSHIRE DISTRICT COUNCIL

MEMBERS' ALLOWANCES SCHEME 2009/2010

1. Definitions

In this scheme

"Council" means North Hertfordshire District Council

"Councillor" means a Member of the Council who is a Councillor

"year" means the 12 months ended 31 March.

2. Commencement and Duration

This scheme shall have effect for the year commencing 1 April 2009 and for subsequent years, save that the Council may amend the scheme at any time subject to the provisions of paragraph 8 hereunder.

3. Basic Allowance

Subject to paragraph 8, a basic allowance of £3,803 shall be paid to each Councillor for each year.

4. Special Responsibility Allowance

For each year a special responsibility allowance in the amounts indicated below shall be paid to those Councillors who hold the following special responsibilities:-

Leader of the Council	£7,562
Deputy Leader of the Council	£1,239
Cabinet Portfolio Members	£4,582
Chairman of Performance, Audit and Review Committee	£3,093
Chairmen of Area Committees	£3,093
Chairman of the Scrutiny Committee	£3,093
Chairman of the Planning and Control Committee	£3,829
Chairman, Highways Partnership Panel*	£1,603
Leader of largest Opposition Group	£2,395
Leader of second largest Opposition Group	£1,887
Chairman of Standards Committee	£3,093

Such allowances shall be subject to the requirements of Paragraph 8 hereunder.

* Where the Chairman is a Member of the North Hertfordshire District Council

5. Travelling and Subsistence Allowances

Travelling and subsistence allowances are payable at the rates determined by the NJC for Council staff and in the following circumstances:

- (a) the Chairman and Vice-Chairman of the Council when engaged on official Council business;

- (b) the Chairman and Vice Chairman of any Committee or Sub-Committee for attending pre-agenda and briefing meetings and opening tenders;
- (c) Cabinet Portfolio Members for attending meetings with officers in connection with their official duties as Spokesman;
- (d) attendance by Councillors at a meeting of the Council or any Committee or Sub Committee appointed thereby in accordance with the provisions of Section 102(1)(a) and (c) of the Local Government Act 1972 (including informal meetings of such bodies which have been arranged at the behest of the appropriate Chairman and to which all Members therefore have been invited to attend), of which he/she is a Member, or has been specifically requested to attend by the Chairman and such is recorded in the minutes of the meeting;
- (e) attendance by Councillors at a meeting of any Working Party or Panel to which he/she has been appointed by any of the bodies referred to in (d) above and comprising representatives of more than one political group;
- (f) attendance by Councillors at Seminars and other similar meetings arranged formally for the purpose of informing and/or training to which representatives of more than one political group have been invited;
- (g) attendance at meetings of external bodies to which the Councillor claiming is the Council's appointed representative;
- (h) attendance by Councillors at conferences, courses, seminars, etc;

(No such allowance shall be payable in respect of attendance at any conference or meeting in relation to which the Councillor is entitled to a payment in the nature of an allowance under Section 175 of the Local Government Act 1972.

No such allowance shall be payable if such a payment would be contrary to a provision made by or under any enactment)

6. Renunciation

A Councillor may by notice in writing given to the Democratic Services Manager elect to forego any part of his/her entitlement to an allowance under this scheme.

7. Childcare and dependent Carers' Allowance

A care allowance will be paid to any Member who incurs expenditure on the care of young children and or dependent relatives in order to perform their duties as a Councillor, subject to:

- (a) the duty being one for which Travelling and Subsistence Allowance is payable under this Scheme of Members' Allowances; and
- (b) that each individual claim shall not exceed the actual sum paid or £6.10 per hour, whichever is the lesser.

8. Part-Year Entitlements

If during the course of the year the Council amends the amounts payable in respect of basic or special responsibility allowance, then the entitlement to such allowance shall be adjusted pro-rata to the proportion of the year that such allowance is payable.

Where a Councillor (a) is not a Councillor for the whole of the year; or (b) during the course of the year takes up or relinquishes a position in respect of which a special responsibility allowance is payable, then the entitlement to basic or special responsibility allowance shall be adjusted pro-rata to the proportion of the year during which he/she was a Councillor or held such position.

9. Claims

A claim for travelling and/or subsistence allowance under this Scheme shall (a) be made in writing within three months of the date of the meeting in respect of which the entitlement to the allowances arises; and (b) include or be accompanied by, a statement by the Councillor claiming the allowance that he or she is not entitled to receive remuneration in respect of the matter to which the claim relates otherwise than under the Scheme.

Claims submitted later than three months after the relevant date shall be paid only in such exceptional circumstances as are approved by the Strategic Director of Financial and Regulatory Services.

10. Payments

Subject to the provisions of paragraph 8 payments of basic and special responsibility allowances shall be made in monthly instalments.

Payments in respect of travelling and subsistence allowance shall be made as soon as is practicable after submission of a claim.

11. External Conferences, Seminars, etc.

Travelling and subsistence Allowance at the same rate as that applying under the Members' Allowances Scheme are payable to those Members attending conferences, seminars, courses, etc., falling within the criteria specified in Section 175 of the Local Government Act, 1972 where such attendance has been previously approved by the Council or the appropriate Committee etc.

David Miley
Democratic Services Manager
North Hertfordshire District Council

THIS PAGE IS BLANK

APPENDIX B

Audit Family Comparisons											APPENDIX AB
Name of Authority	Basic Allowance	Leader of Council	Deputy Leader of Council	Cabinet Portfolio Members	PARC Chairman (Policy / Audit)	PARC Vice Chairman (Policy / Audit)	Area Committee Chairman	Scrutiny & Overview Chairman	Scrutiny & Overview Deputy Chairman	Highways Partnership Chairman	Largest Opposition Group Leader
Ashford Borough Council	£4,228.64	£13,832.35	£9,129.43	£6,638.64	£2,765.94	£912.94	-	£5,532.95	£1,825.88	£1,383.50	£216.85 per member
Braintree District Council	£4,329.00	£12,987.00	£10,822.50	£8,658.00	£4,329.00		£4,329.00	£4,329.00	£0.00	-	£4,329.00
Colchester Borough Council	£6,000.00	£18,000.00	£11,340.00	£10,800.00	£6,300.00		£3,600.00	£6,300.00		-	£7,200.00
East Hants District Council	£3,889.00	£7,779.00	£2,593.00	£3,889.00	£1,297.00		£2,593.00	£2,593.00	£0.00	-	£2,593.00
Maidstone Borough Council	£4,597.00	£22,980.00	-	£11,490.00	£1,149.00		£1,149.00	£5,745.00	£0.00	-	£11,490 based on no of Councillors in each group
Mid Sussex District Council	£4,611.00	£21,100.00	-	£10,550.00	£5,277.00		£3,956.00	£5,277.00	£0.00	-	75% of 1/54 of Cabinet allowance per Member of their group, with a minimum £500
North Herts District Council	£3,622.00	£7,202.00	£1,180.00	£4,364.00	£2,946.00	£0.00	£2,946.00	£2,946.00	£0.00	£1,527.00	£2,281.00
Salisbury District Council	£4,000.00	£16,000.00	£12,000.00	£12,000.00	£4,000.00	£1,000.00	£4,000.00	£4,000.00	£1,000.00	-	£500 (up to 5 Members) + £100 for every additional Member in group
South Beds District Council	£3,426.00	£10,278.00	-	£6,852.00	£1,713.00		£3,426.00	£3,426.00	£0.00	-	£13704 allocated pro rata re in each group
* Tonbridge & Malling Borough Council	£4,734.00	£9,468.00	-	£7,101.00	£5,919.00	£1,185.00	£4,734.00	£5,919.00	£1,185.00	-	£591 plus £60 per member of Group
Tunbridge Wells Borough Council	£3,630.00	£7,170.00	-	£5,370.00	£900.00		-	£3,585.00	£0.00	£900.00	£3,720.00

APPENDIX B

Audit Family Comparisons								
Name of Authority	Second Largest Opposition Group Leader	Chairman of the Council	Vice-Chairman of the Council	Chairman of Standards Committee	Licensing Chairman	Licensing Vice Chairman	Chairman of Central planning committee	Vice Chairman of Central planning committee
Ashford Borough Council	£216.85 per member	separate	separate	£1,383.50	£269.92		£5,532.95	£1,825.88
Braintree District Council	£1,085.25	£4,329.00	separate	£1,083.25	£4,329.00		£4,329.00	
Colchester Borough Council	£5,040.00	separate	separate		£5,400.00		£6,300.00	
East Hants District Council	£2,593.00	£2593 + civic duties allowance	separate	£2,593.00	£648.00		£3,889.00	£1,297.00
Maidstone Borough Council	£11,490 based on no of Councillors in each group	separate	separate	£1,149.00	£4,596.00		£5,745.00	
Mid Sussex District Council	75% of 1/54 of Cabinet allowance per Member of their group, with a minimum £500	£6,917.00	separate	£1,000.00	£1,000.00		£4,611.00	
North Herts District Council	£1,797.00	separate	separate	£2,946.00	£0.00	£0.00	£3,647.00	£0.00
Salisbury District Council	£500 (up to 5 Members) + £100 for every additional Member in group	£2,000.00	£650.00	£500.00	£500.00	£300.00	£500.00	£300.00
South Beds District Council	£13704 allocated pro rata re in each group	£8,565.00	£3,212.00	£857.00	£3,426.00		£5,139.00	
* Tonbridge & Malling Borough Council	£591 plus £60 per member of Group	separate	separate	£1,185.00	£2,367.00	£1,185.00	£0.00	£0.00
Tunbridge Wells Borough Council	£1,290.00	separate	separate	£900.00	£1,800.00	£0.00	£1,800.00	£900.00

Key findings from the Members Allowances Consultation Exercise 2008

Methodology

A questionnaire methodology was used for the Members Allowances Consultation exercise. In line with the consultation policy at the council, the questionnaire was produced using SNAP software and was made available to members in both paper and electronic format. All members received a hard copy of the questionnaire in their pigeon holes which also included a link to the electronic version of the survey. Members were given 2 weeks to complete and return the questionnaire.

Response rate

After the 2 week fieldwork period for the Members Allowances Questionnaire, 30 responses had been received. This equates to a response rate of 61%. This is 10% below the response rate received by the 2007 Members Allowances Consultation exercise. This is still a high response rate that clearly illustrates the importance and interest members have on this issue.

Question 1 Amount of time spent on activities in an average week.

The table below shows the time spent on activities by members in an average week.

Absolute Analysis % Respondents	Base	Missing					
		No reply	0-1 hours	2-4 hours	5-8 hours	9-11 hours	more than 11 hours
Base	240	16 6.7%	80 33.3%	99 41.3%	36 15.0%	7 2.9%	2 0.8%
Attending Council & Committee meetings	30	2 6.7%	1 3.3%	15 50.0%	10 33.3%	1 3.3%	1 3.3%
Attending political group meetings	30	2 6.7%	12 40.0%	16 53.3%	-	-	-
Discussing issues with constituents	30	-	4 13.3%	14 46.7%	9 30.0%	3 10.0%	-
Discussing issues with other Members	30	-	10 33.3%	16 53.3%	3 10.0%	1 3.3%	-
Discussing issues with Council staff	30	1 3.3%	9 30.0%	14 46.7%	5 16.7%	-	1 3.3%
Preparing for Committee meetings	30	-	5 16.7%	15 50.0%	8 26.7%	2 6.7%	-
Preparing to chair meetings	30	5 16.7%	16 53.3%	8 26.7%	1 3.3%	-	-
Attending training courses	30	6 20.0%	23 76.7%	1 3.3%	-	-	-

Question 2 Has time spent on activities stayed the same, increased or decreased in the last year

The table below shows how member time on activities has changed over the last year.

Absolute Analysis % Respondents	Base	Missing			
		No reply	Stayed the same	Increased	Decreased
Base	240	9 3.8%	136 56.7%	90 37.5%	5 2.1%
Attending Council & Committee meetings	30	-	14 46.7%	15 50.0%	1 3.3%
Attending political group meetings	30	-	23 76.7%	7 23.3%	-
Discussing issues with constituents	30	-	13 43.3%	17 56.7%	-
Discussing issues with other Members	30	-	17 56.7%	13 43.3%	-
Discussing issues with Council staff	30	1 3.3%	15 50.0%	14 46.7%	-
Preparing for Committee meetings	30	-	16 53.3%	13 43.3%	1 3.3%
Preparing to chair meetings	30	5 16.7%	16 53.3%	8 26.7%	1 3.3%
Attending training courses	30	3 10.0%	22 73.3%	3 10.0%	2 6.7%

In terms of the change in member activity patterns, the most significant change was for 'discussing issues with constituents' and 'attending Council and Committee meetings'. 57% of members (17 respondents) said that 'discussing issues with constituents' had increased while 50% (15 respondents) said attending 'Council and Committee meetings' had increased during the last 12 months. Compared with the 2007 Members Allowances Survey, there has been a 6% and 7% increase respectively in the number of respondents who said that 'discussing issues with constituents' and 'attending Council and Committee meetings' had increased. Attending political group meetings was the member activity identified as seeing the biggest increase in member time in the 2008 Members Allowances Survey. In 2007, 11% of members said time attending political group meetings had increased while in 2008 the figure is 23%. This is an increase of 12%. Compared with the 2007 survey, there has been a slight reduction in the percentage of members who said that 'preparing for committee meetings' has increased in the last 12 months. The percentage saying this member activity pattern has increased has dropped from 51% in 2007 to 43% in 2008.

Question 3 Incidental costs incurred by Members.

Members were then asked to select from a prompted list the additional monthly outgoing they incur as part of their role as members of North Hertfordshire District Council. All members who completed this question identified calls from their home telephone as being the major additional monthly outgoing. This was cited by 97% of members (29 respondents). This figure is the same as was highlighted by the 2007 Members Allowances Survey. 73% of members (22 respondents) identified out of pocket expenses such as car parking tickets, working lunches etc as an additional monthly outgoing while 13% of members (4 respondents) cited childcare. Compared with the 2007 survey, there has been a 7% drop in members citing out of pocket expenses and a 1% drop in members citing childcare as an additional monthly outgoing. 53% of members (22 respondents) provided examples of other incidental costs.

Other incidental costs, closely mirrored the results to the 2007 Members Allowances Survey and included:

- Mobile phone costs
- Purchase of stationery including paper, envelopes and stamps
- Buying computer accessories including printer cartridges, broad band connection fees, printer toners, ant-virus software and computer maintenance costs
- Petrol costs visiting constituents and other non council meetings etc
- Loss of earnings to attend day time meetings

Question 4 & 5 Time spent on additional activities at the council as Portfolio Holder, Chairman of a Committee, Leader of the Council or political group.

In total 63% of the members who completed the questionnaire (19 respondents) completed questions 4 and 5 of the Members Allowances survey. Of these 19 respondents, 9 said their role as either Portfolio Holder, Chairman of a Committee, Leader of the Council or political group made them spend 2-4 extra hours a week above those required of regular councillors, 7 respondents said their role made them spend 5-8 extra hours a week, 2 respondents said their role made them spend more than 11 extra hours a week while 1 respondent said they spent 9-11 hours on additional activities.

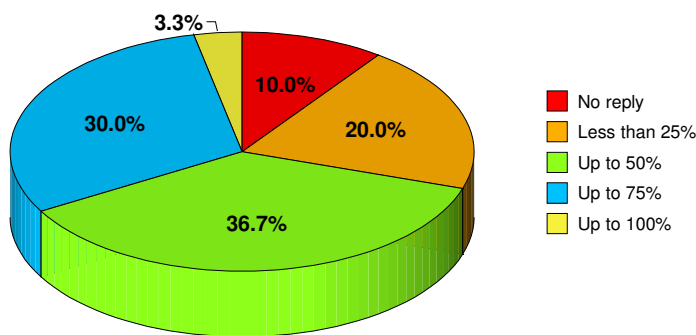
Listed below are a few of the additional activities undertaken by the above group over and above those required of regular councillors:

- Attending weekly briefing meetings
- Briefings with officers
- Visits to Beacon councils to look at best practice and gain ideas
- Following up issues raised by Town Talk

- Visiting other local authorities to determine best practice
- Handling the press
- Discussions with Parishes and other external agencies
- Attending press conferences
- Researching current issues
- Visits to all planning application sites, parishes and organisations within the committee area
- Attending county council meetings concerning portfolio
- Attending functions across the district
- Preparing for council meetings

Question 6a Usage of home computer for work as a councillor

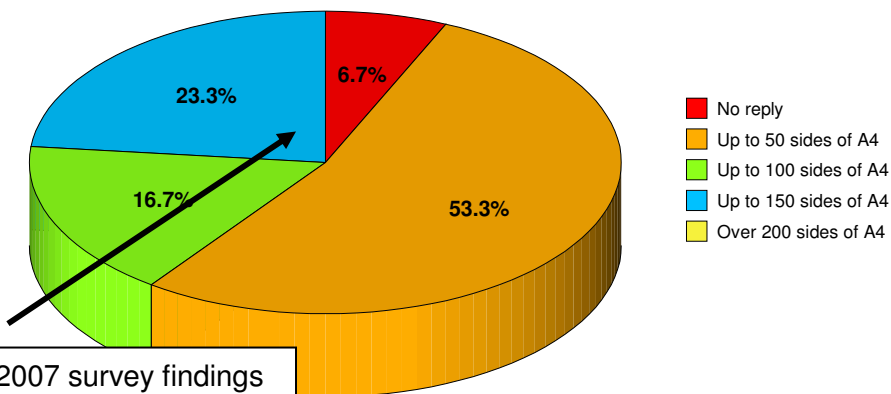
The table below shows the percentage of usage of members' home computers for council related business.



Compared with the 2007 Members Allowance Survey, there has been a 10% increase in the number of members who said they used up to 75% of their home computer for council related business. (30% in 2008, 20% in 2007).

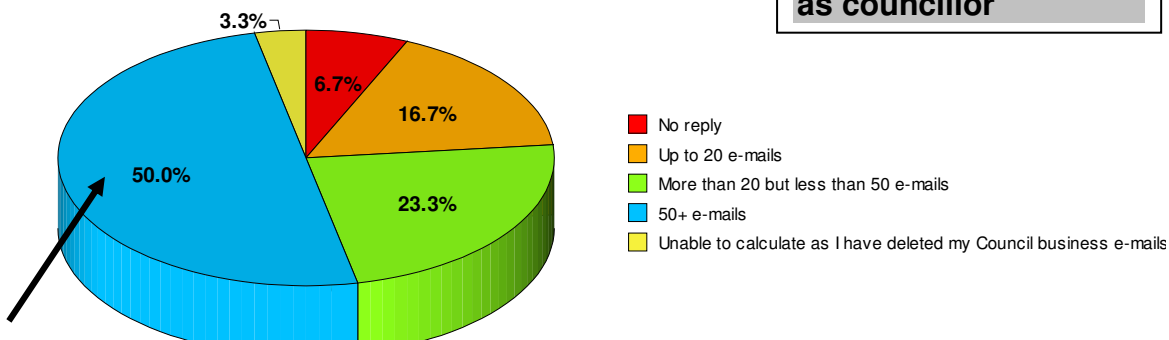
Members were then asked to identify how much paper they had used in the last 4 weeks and how many e-mails they had sent in the same period. These findings are detailed in the charts below:

Amount of paper used in the last 4 weeks as a result of your work as councillor



Compared with the 2007 survey findings there has been a significant increase in the number of members who said they used up to 150 sides of A4 in the last 4 weeks. In 2007 11% of members said they had used up to 150 sides of A4 while in 2008 the figure has more than doubled to 23%.

Amount of emails sent in the last 4 weeks as a result of your work as councillor



Compared with the 2007 survey findings there has been an increase in the volume of emails used. In 2007 23% of members said they had sent over 50 emails while in 2008 the figure is 50%.

Question 7 Level of agreement with statements about the Members Allowance at North Hertfordshire District Council.

The table below shows members levels of agreement with a series of questions around the Members Allowance provision at NHDC.

Absolute Analysis % Respondents	Base	Missing					
		No reply	Agree Strongly	Agree Slightly	Neither agree nor disagree	Disagree Slightly	Disagree Strongly
Base	120	3 2.5%	19 15.8%	18 15.0%	16 13.3%	17 14.2%	47 39.2%
The Members Allowance at NHDC compares favourably with other district councils	30	-	1 3.3%	-	2 6.7%	5 16.7%	22 73.3%
I feel sufficiently well paid for the job I do as a Councillor	30	-	2 6.7%	5 16.7%	4 13.3%	5 16.7%	14 46.7%
An increase in Members Allowances is essential to maintain high levels of participation by Councillors	30	1 3.3%	12 40.0%	7 23.3%	5 16.7%	1 3.3%	4 13.3%
The £300 allowance for use of my home IT equipment was sufficient last year	30	2 6.7%	4 13.3%	6 20.0%	5 16.7%	6 20.0%	7 23.3%

The results above clearer show that members are not satisfied with the current Members Allowance. 90% of members (27 respondents) do not feel that the Members Allowance at NHDC compares favourably with other district councils while only 3% of members (1 respondent) agree with this statement. Disagreement with this statement has increased 4% compared with the 2007 survey.

Just under a quarter of members (23%) agree that they are sufficiently well paid for the job they do as a Councillor while 63% disagree with this statement. However level of agreement with this statement has increased by 11% compared with the 2007 survey.

Approaching two thirds of members (63%) agree that 'an increase in Members Allowances is essential to maintain high levels of participation by Councillors' while 17% disagree with this statement. The percentage agreeing with this statement has dropped considerably compared with the 2007 survey when 77% felt an increase was needed in the Members Allowances.

Compared with the 2007 survey there has been a slight increase in levels of agreement that the £300 allowance for use of home OT equipment is sufficient. This has increased from 17% in 2007 to 20% in 2008. Conversely there has been a 3% increase in the level of disagreement with this statement, from 40% in 2007 to 43% in 2008.

Those members who did not feel the £300 allowance for use of home IT equipment was sufficient provided additional comments to back up their views and these are detailed below:

"I have spent 3k plus on a new installation."

"I replace my lap top used mostly for council work every two years at a cost of about £800. I also now use an internet enabled mobile which cost £200 plus £35 a month."

"Laptop - £500, Ink Cartridges' - £75 Paper £40 Broadband Fee's - £120 Software Licences - £100 Electricity - £60"

"Monthly broadband connection / ink cartridge fortnightly / paper weekly / new computer as old machine was worn out and had insufficient memory."

"Allowance given to Councillors who do not use computers so acts as an extra allowance - make no contribution towards cost of the equipment itself and its maintenance."

"New equipment, cartridges, paper, software, virus protection and external IT help when problems arise!"

Question 9

The final question in the questionnaire asked members for any additional comments they wished to add regarding the Members Allowances at the council. Some of these comments are detailed below:

"They work hard and paid substantially less than members of other councils."

"Allowances should be increased to the average for the country, a further £2000."

"Not enough recognition to vice-chairs, particularly on scrutiny, PARC and Planning who do almost as much work as chair but with no allowance."

"Insufficient allowance for vice chairman / no allowance for loss of earnings."

"To encourage more people to become councillors higher rates of allowances must be sought!"

"The relatively low level of allowances promotes the tradition of amateurism. Increased allowances would enable some members to devote more time to community leadership and encourage others to recognise that they, rather than council officers should be providing it."

"NHDC Councillors spend more and more time on more complex issues in and out of the community. Much more research and consultation is required in order to properly represent and advise on a countless number of subjects."

"I do not believe there is a need to raise the councillors allowance at all next year. I do not see a reason to increase the level and at the same time increase Council Tax. I and the rest of the councillors of NHDC are remunerated adequately."

"Whilst I am not unhappy with our payments - I do believe it costs me money to be a councillor. This must discourage potential new members and be an unequal situation."

THIS PAGE IS BLANK

TITLE OF REPORT: ELECTIONS 2009/10 – SCALE OF FEES AND CHARGES

REPORT OF THE CHIEF EXECUTIVE AND RETURNING OFFICER

1. SUMMARY

1.1 The purpose of this report is to seek approval for a Scale of Fees and Charges for Elections to be held during the Financial Year 2009/10.

2. BACKGROUND

2.1 At Appendix A to this report is a recommended scale of fees and charges for the forthcoming financial year.

2.2 The Scheme will apply to any District, Town or Parish Council election, Parish Poll or Business Investment District ballot held during the period.

2.3 The Scheme sets out the types of staff required to service elections together with the intended level of remuneration. Presently, access to formally approved scales of neighbouring local authorities are not available for comparative purposes.

3. ISSUES

3.1 Informal soundings, taken by officers, indicate that the levels recommended are comparable with neighbouring authorities in the key area of Polling Station Staff in a very competitive market as the residents of North Herts and employees of the Council have, realistically, six local authorities to offer their services to.

4. LEGAL IMPLICATIONS

4.1 In setting a scale of fees and charges the Council is complying with The Representation of The People Act 1983, (section 36).

5. FINANCIAL AND RISK IMPLICATIONS

5.1 The cost of the proposed scale of fees and charges is contained within the budget to be approved by Council elsewhere on this agenda, which accounts for the possibility of a by-election within NHDC. Any costs associated with parish, county or European parliamentary elections held during the period will be recharged.

6. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

6.1 None.

7. RECOMMENDATIONS

- 7.1 That the Scale of Fees and Charges for the employment of staff to assist the Returning Officer in conducting District, Town, Parish Elections, Parish Polls and Business Investment District Ballots held during the Financial Year 2009/10, set out at Appendix A to this report, be approved.

8. REASONS FOR RECOMMENDATIONS

- 8.1 To enable the Council to set a Scale of Fees and Charges for Elections to be held during 2009/10.

9. APPENDICES

- 9.1 Appendix A - Proposed Scale of Fees and Charges 2009/10.

10. CONTACT OFFICERS

- 10.1 David Miley (report author)
Democratic Services Manager
Tel: 01462 474208
Email: david.miley@north-herts.gov.uk

11. BACKGROUND PAPERS

- 11.1 None.

**ELECTIONS - SCALE OF FEES FOR NORTH HERTS
DISTRICT, PARISHES, PARISH POLLS, BUSINESS
IMPROVEMENT DISTRICTS**

APPLICABLE FROM 1ST April 2009 to 31 March 2010

Duty	Fee £ (08/09)
1. Polling staff	
Presiding Officer	209.10 (205.0)
Conveyance of Ballot Box	12.75 (12.50)
Where two polls are combined	15.71 (15.40)
Poll Clerk	125.46 (123.0)
2. Counting staff	
Senior Count Supervisor	157.08 (154.0)
Each additional hour or part of after 2.00am	23.56 (23.10)
If required to work on Friday	89.54 (87.78)
Count supervisor	135.66 (133.0)
Each additional hour or part of after 2.00am	20.91 (20.5)
If required to work on Friday	78.42 (76.88)
Counting Assistant	67.95 (66.62)
Each additional hour or part of after 2.00am	10.46 (10.25)
If required to work on Friday	52.28 (51.25)
3. Postal voting staff	
Postal Votes - Issue and Receipt (per 5 hour session)	52.28 (51.25)
Each additional hour thereafter	10.46 (10.25)
4. Clerical Assistance	
For each hour (in the office)	6.69 (6.56)
6. Returning Officer's fees	
(a) For each contested ward:	
Up to 1000 electors	82.31 (80.70)
For each additional 1000 electors or part thereof	39.98 (39.20)
(b) For each un-contested ward	30.58 (29.98)
(C) Where polls are combined (first parish)	29.40 (28.82)
(D) For each additional parish	10.58 (10.37)
7. Travel	
Car mileage per mile	0.22 (0.21)
8. Training	
Presiding Officers	20.91 (20.5)

TITLE OF REPORT: REFERRAL FROM PERFORMANCE, AUDIT & REVIEW COMMITTEE – 29 JANUARY 2009 – THE CORPORATE PLAN – ACTION PLAN

The following is an extract from the Draft Minutes of the Performance, Audit & Review Committee meeting held on 29 January 2009.

72. THE CORPORATE PLAN – ACTION PLAN

The Head of Policy, Partnerships and Performance (HPPP) reminded the Committee that the first NHDC Corporate Plan was published in 2005 and would be valid up to 2015. From the original six strategic directives the administration selected three immediate priorities:

1. Green Issues
2. Town Centres
3. Sustainable Development.

The HPPP advised the Committee that due to the recent economic downturn and a significant decrease in investment yields affecting corporate budgets this would consequently impact on the ability to deliver some projects in the draft Corporate Plan presented to PARC at the meeting held on 4 September 2008 (Minute 31 refers).

The HPPP referred the Committee to Appendix A - Draft Corporate Action Plan 2009 - which set out the key projects, targets, measures of success and performance, timescales and expected outcomes for the three priorities. The Committee noted the actions required for each priority: Green Issues = six main actions; Town Centres = three main actions and Sustainable Development = 2 main actions.

The Chairman invited comment and during the debate the Committee considered each of the main actions, reasons and sub action listed within each priority. With regard to column 4 (Milestones), the targets and expected outcomes the Committee considered that many of the sub – actions, milestones and particularly set target dates could no longer be considered to be realistic, decisions on budget setting as discussed at Cabinet on 27 January 2009 (Minutes 105 and 106 refer) would inevitably require some activities to be withdrawn. The Committee considered that it was essential that the Corporate Plan draft agreed by Council on 25 September 2008 (Minute 42 refers) and the Action Plan should be amended to reflect the latest budget decisions.

Several Members emphasised the need for caution in light of the Cabinet meeting held on 27 January 2009 (Minutes 105 and 106 refer) and the revision of the proposed budget for 2009 -2010, and the review of the Bank of England base rate due to be held on 5 February 2009. Comment was strongly made by the Vice – Chairman as to the validity of approving the Action Plan prior to the approval of the Corporate Plan by Council on 5 February 2009 and the setting of the budget. If the budget had to be revised by Cabinet (e.g. base rate change) in advance of approval by Council it was probable that many if not all of the sub actions would not be completed or could be set back by budget restrictions.

The Strategic Director of Finance and Regulatory Services (SDFR) noted the views of the Committee and emphasised that the main actions listed in Column 1 of Appendix A were already agreed within the Corporate Plan, and that due consideration must be made of the financial turndown in the economy and the need for this authority to set a budget. Accordingly, the Chairman proposed and it was agreed that PARC should agree to recommend to Council that approval be given to the Actions and Sub Actions as listed , highlighting the sub actions (Action Plan Column 4) items which may not proceed due to budget restrictions. Once Council had improved the actions to be included in the Corporate Plan, officers should be instructed to proceed with the development of a revised Corporate Plan incorporating SMART targets.

Notwithstanding the above the Chairman proposed and it was agreed that provision for a major capital scheme related to Museums be included in the Action Plan following the recent announcements concerning Museum provision.

RESOLVED:

- (1) That the details of the three immediate priorities described within Appendix A (Draft Corporate Plan – Action Plan 2009) be noted;
- (2) That the major capital scheme related to Museums and Town Centre Schemes be included in the Draft Corporate Plan – Action Plan 2009 under the Town Centres priority;
- (3) That the Strategic Director of Finance and Regulatory Services be requested to revisit the Action Plan and prepare a revised document for presentation to Council on 5 February 2009 that would clearly identify Sub - Actions that would be delayed or cancelled due to budget restrictions

RECOMMENDED TO COUNCIL:

- (1) That the Draft Corporate Plan - Action Plan 2009 relating to Actions and Sub Actions be adopted subject to any changes necessitated by the 2009-2010 budget;
- (2) That the appropriate officers be requested to develop a new Corporate Plan Action Plan for 2009 based on agreed actions and sub-actions which reflected the agreed budget position.

REASONS FOR DECISIONS

- (1) The recommendation made at Paragraph 9.1 allows PARC to provide advice in the development of Council Policy;
- (2) To adopt and promote a suitable high level strategic planning document.

[The report to which this referral relates is Item 10 on the agenda]

TITLE OF REPORT: THE 2008 REVIEW OF THE CORPORATE PLAN 2005-2015

REPORT OF THE CHIEF EXECUTIVE

PORTFOLIO HOLDER: COUNCILLOR CLAIRE STRONG, POLICY AND GREEN ISSUES

1. SUMMARY

- 1.1 This report seeks Council's approval of the Corporate Plan 2008 revision (delivery from April 2009), with attached outline action plan as discussed at PARC on 29th January 2009.
- 1.2 This document accompanies, and should be considered in the context of, the final Budget Proposals 2009, in order to align the annual process used to determine policy, establish priorities and inform final budget and resource allocation.

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 2008.

3. BACKGROUND

- 3.1 The Corporate Plan sets out the detail relating to the strategic objectives and three high level priorities, and includes within its action plan the key projects, targets, measures of success and performance, timescales and expected outcomes. All of these matters need to be regularly refreshed and updated, and this will continue to be done by reviewing the Plan annually.
- 3.2 An improvement in process terms is that following the Efficiency Fundamental Service Review, it was agreed that the time of year for review has been brought forward ahead of commencing the budget setting process. The Corporate Plan sets the policy direction for distribution of the available budget and as a result first Cabinet (9th September 2008) then Council (27 September 2008) approved the draft Corporate Plan (Appendix A) . The final version of the Corporate plan, accompanied by the agreed action plan, then reconciles with the final budget decisions.
- 3.3 In the light of the recent economic downturn and the impact decreasing investment yields have had on corporate budgets, there has been a need to revisit the impact of these budgetary constraints on the potential to deliver projects originally identified in the draft Corporate Plan, first reported to PARC in September 2008; this must take place in order to ensure that the actions to which the Council commit are realistic and can be completed within the limited resources available to it.
- 3.4 The draft action plan attached as Appendix B is therefore an outline of those activities already determined in the draft Corporate Plan document already agreed by Council in September 2008. The areas which appear 'shaded' are those already removed as a

result of budget setting discussions at Cabinet on 27th January 2009, for which additional investment was not agreed; the development of an improved Museum facility for Hitchin by March 2011 has also been added. *However, it should be noted that the 'deletion' of an action from the attached plan does not mean that the Council is ceasing that service or activity, it is an indication that in the most recent round of budget decisions put before Cabinet on 27th January 2009, its capacity will be restricted to those already completed or underway; we will, for example, still develop our existing plans for TROs, but not identify new areas to implement them, and thus increase investment, in this current budget round..* Once Council have agreed the overarching actions and sub actions as demonstrated in this plan, officers will be requested to build the final Corporate Plan Action plan for agreement at PARC in March..

- 3.5 The Corporate Plan does not and cannot in any practical sense set out every single action the Council takes or is planning to take. It is intended to be a high level strategic document and should therefore avoid becoming embroiled in excessive amounts of detail. The Corporate Plan is underpinned by a series of detailed operational service specific plans which also contain reference to service improvement, new statutory requirements, duties or changes in legislation which the Council is obliged to undertake.
- 3.6 One of the most important things to do is to measure the success of our Plan and the impact of our actions in our communities – the outcomes. These are all the more important at the commencement of the Comprehensive Area Assessment from April 2009, which will require the Council and its partners to measure how the plans it delivers will improve the life of its local population.
- 3.7 This is not an easy task since success often depends on perception. Do our citizens feel we are doing the right thing? Do people feel safer or healthier? The first 'Place Survey', the results of which will be available shortly, will need to be included within our overall performance reporting cycle. Reference to this new requirement is therefore made within the plan, alongside the other performance reporting changes such as Local Area Agreement Targets (both the original Local Area Agreement 1, which carries a performance reward grant, and Local Area Agreement 2, whose targets were signed off in June 2008) and the 198 new national performance indicators.
- 3.8 There are, of course, some specifics that can be clearly monitored and measured, some by locally established SMART targets and others by the use of the National Performance Indicators. We have established that for the few, most complex projects, such as some large capital projects or areas of highest risk, the most intensive PRINCE 2 methodology should be used, with up to five maximum such projects running concurrently per annum. In order to retain a proportionate approach, a less intensive 'sub-prince' methodology is used for smaller projects. This level of project management is identified in greater detail in each underpinning service plan, and delivery monitored by the Corporate Performance Team.

4. THE 2008 REVIEW – for delivery from April 2009

- 4.1 The draft corporate plan document itself was agreed at Council in September 2008, having accompanied the Medium Term Financial Strategy. The draft Corporate Plan and outline list of actions, once agreed by Council, will then inform development of the final action plan and monitoring arrangements through PARC at their meeting in March 2009.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from this report, albeit individual actions identified within the Corporate Plan and individual service plans which inform it may be subject to specific legal requirements or constraints.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 The former Service and Financial Planning cycle for the authority has now been developed into a single Corporate Business Planning process and therefore the Corporate Plan, the largest corporate policy document, provides a clear policy steer to the budget setting process.
- 6.2 All risks identified in meeting the Council's objectives, including those contained in individual service plans, are registered, monitored and reviewed as part of its established risk management framework.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 7.1 As an investor in people, the aim is to maximise the contribution of our people (the most valued and costly resource we have) to enable the achievement of the Corporate Plan objectives. The Council's high level Organisational Development plan is designed to support the delivery of the Corporate Plan and forms an integral part of this revision.
- 7.2 The human resource (including training and development) and equality implications of individual projects delivering the Corporate Plan will be identified at the service specific planning stage by Heads of Service. This will then inform resource requirements as part of the budget settlement process.

8. CONSULTATION

- 8.1 Extensive public consultation took place to inform the Sustainable Community Strategy 2008, the overarching document for the district which helps to inform our Corporate Plan.
- 8.2 The three new priority areas have been determined and agreed following discussion with relevant members and Portfolio holders. These three priority areas were also subject to consideration by the District Wide Survey members' reporting in autumn 2008.

9. RECOMMENDATIONS

- 9.1 It is recommended that Council approve the final Corporate Plan for 2009 onwards.
- 9.2 It is recommended that, provided Council agree the actions outlined in the list attached at Appendix 2, they instruct officers to proceed with the development of the Corporate Plan Action Plan for final approval at PARC on 26th March 2009.

10. REASONS FOR RECOMMENDATION

- 10.1 Council are required to approve the highest level strategic document of the authority, reflecting Council policy and which can be delivered within resources available to the Authority, comprising the Corporate Business Planning process..
- 10.2 The Council is required to have a suitable, high level strategic planning document and no alternative options are available.

11. APPENDICES

Appendix 1 – Corporate Plan 2008 revision

Appendix 2 - Corporate Plan 2008 outline/high level action plan

12. CONTACT OFFICERS

John T Campbell, Chief Executive

John.campbell@north-herts.gov.uk

01462 474278

Liz Green, Head of Policy, Performance and Partnerships

Liz.green@north-herts.gov.uk

01462 474230

Norma Atlay

Strategic Director, Finance and Regulatory Services

Norma.atlay@north-herts.gov.uk

01462 474279

Barrie Jones, Head of Financial Services

Barrie.jones@north-herts.gov.uk

01462 474243

Kerry Shorrocks, Head of Human Resources

Kerry.shorrocks@north-herts.gov.uk

01462 474224

Kim Sawyer

Kim.sawyer@north-herts.gov.uk

13. BACKGROUND PAPERS

NHDC Corporate Plan 2005-2015

NHDC Corporate Plan 2008 revision

NHDC Districtwide Survey 2006

DRAFT

Corporate plan

2005-2015

2008 revision

CONTENTS

Foreword	Page 3	Our Priorities	Page 13
Introduction	Page 4	- town centres	Page 14
		- green issues	Page 15
The Strategic Approach	Page 5	- sustainable development	Page 16
Value for money	Page 7		
Our achievements	Page 8		
The North Herts Sustainable Community Strategy	Page 10	Appendices:	
Performance Management	Page 11	• District Profile	Page 17
Improvement Planning	Page 12	• Corporate Business Planning Process	Page 19
		• Action Plan (awaiting development)	

FOREWORD

Cllr F J Smith, Leader

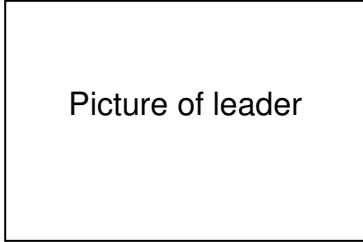
Welcome to the 2008 review of the District Council's Corporate Plan

The Corporate Plan for North Herts was first published in 2005. This high level strategic document set out our ambitions, aspirations and priorities for the district for the ten years from 2005-2015.

We retain a clear vision for the district – ‘Making North Hertfordshire a vibrant place for people to live, work and prosper’. With that vision in mind, the North Herts Local Strategic Partnership has recently worked on the development of the new Sustainable Community Strategy for the district. North Hertfordshire District Council has the responsibility to bring partners together to develop the strategy, but the document itself and the actions proposed are owned by the North Hertfordshire Partnership on behalf of the Community; it cannot be delivered by one organisation acting in isolation.

A Sustainable Community Strategy must advance the environmental, social and economic wellbeing of our area. The Strategy is required to cover the period to 2021, and hence in the development of our own Corporate Plan, revised each year to encompass changes in legislative requirements, budget and electorate priorities, must also reflect those areas for which the Council will ultimately remain responsible or can action in its role as a community leader.

The Council's Corporate Plan will, therefore, focus on what we will contribute to achieving the Vision. Whilst we retain the existing six strategic objectives as a thread running through a number of our services, and which also demonstrate the Council's significant



Picture of leader

participation in partnership activities, we also need to reflect the very latest national and local priorities.

The Council has, therefore, identified three more immediate priorities;

- ***town centres***
- ***green issues***
- ***sustainable development***

which will form the basis of our corporate business planning process from 2009/10. These will be the areas on which we will concentrate our resources and activities to deliver and will be identified in the action plan attached to this document. We will of course keep our priorities under constant review in order to respond to changing circumstances in the medium and long term.

F John Smith
Leader

INTRODUCTION

The most distinctive aspect of the district of North Herts is its variety. The district comprises a mixture of four urban centres with large expanses of rural village living which provide a wide range of possible living experiences in 21st century Britain; this bucks the trend in many areas towards convergence on a single way of life in ever larger, indistinct urban centres.

Focusing on our town centres is one of our three immediate priorities. We want to preserve variety in North Hertfordshire by investing our limited resources in our towns via the development and implementation of a series of Town Centre Strategies. These strategies comprise far more than traditional land use planning documents and will cover the full range of issues essential for modern successful communities such as sustainability, economic prosperity, community safety, the overall streetscene etc.

At the same time, our Rural Strategy will be aimed at preserving our rural hinterland, much of which remains Green Belt. In a sense, we plead guilty to the charge of being 'anti-development' and are sure our residents will recognise the significant efforts the Council has made recently to preserve our rural areas.

However we are also realists, and recognise that some residential growth is inevitable; indeed, to ensure younger residents can remain in the area in which they were born or grew up, this is increasingly important. Provided that growth can be managed in a sensible, sustainable fashion then we

believe it can be accommodated. We will continue to work with neighbouring authorities in trying to understand their need and desire for expansion, whilst making sure that they understand our desire to preserve our rich variety of smaller towns and country life. This 'sustainable development' forms another of our three immediate priorities.

We also recognise the increasing desire of our residents to become more 'green', whether that is by the reduction of energy use, minimising waste and initial packaging, or increasing recycling opportunities. Focussing on 'green issues' is therefore another of our three immediate priorities.

We are developing a Climate Change Strategy for the authority to address our future energy use and Carbon Footprint reduction, aiming to lead our communities through demonstrating good practice.

In October 2007, the Council introduced a new waste collection service and have already increased the percentage of waste 're-used, recycled or composted' from 40.58% April-Dec 2007 to 52.18% April-June 2008.

STRATEGIC APPROACH

So, as we seek to preserve all that is already good about the environment and heritage of North Hertfordshire, we also share a long term vision with our strategic partners of **making North Herts a vibrant place to live, work and prosper**. Since we first produced the original Community strategy in 2003 and our Corporate Plan in 2005 we have been working to deliver that overarching vision for the area by focusing on doing things that help to create communities that are sustainable, safer, equal, healthier, satisfied and prosperous – our six strategic objectives.

The strategic objectives are deliberately wide and necessarily long term in order to demonstrate the continuing, evenly paced change which a district such as North Herts requires. Places are not ‘shaped’ and communities are not immediately improved overnight. Patience and tenacity are required to see plans through to their conclusion.

We measure success and perception of change primarily via our biennial District wide survey. We know from our 2006 survey that most residents felt that the themes of Sustainability, Safety and Satisfaction were the areas that were most important at that time. The section regarding our achievements later in this document sets out what we have done on these three main strategic objectives, and of course the others which also remain important in the overall context of the vision we are trying to achieve for the district.

We now have even more public opinion to draw on following our very successful community consultation in late 2007/early 2008 to consider a new Sustainable Community Strategy; this is the district’s highest level strategic document describing what our communities and partners wish to see in North Herts by 2021 so it is important that the Council, a key partner, describes within its own Corporate Plan the activities for which it will ultimately remain responsible. In 2008 we will also have our next District wide Survey which will inform us on the progress we are making.

Underpinning this document we have a series of twelve Service Plans covering the main areas of work that we carry out. These plans, specific to each service, are not written in isolation, and our Heads of Service Team work together to identify areas where synergy, cross authority working may be required to deliver an individual project.

As a Council, we deliver over 200 services to our local residents and businesses, including management of our housing register, issue of bus passes, licences for alcohol sales or public events, maintain our parks, markets, and refuse collection, as well as community based projects to increase participation in sports or provide cultural activities. We constantly review the way in which we deliver all our services, to improve their quality, the customer experience and to drive down costs, ensuring our services represent Value for Money to our residents and local businesses.

In the same way that this Corporate Plan identifies headline activities of the Council, it should also be borne in mind that it is further informed by a number of other strategic plans

- the district's Sustainable Community Strategy, developed with our Local Strategic Partnership
- the Climate Change Strategy, under development,
- our four Town Centre Strategies,
- our Rural Strategy, including delivery of our PACIF scheme (Parish Amenity Capital Investment Fund)
- the Green Space Strategy,
- the Housing Strategy

are but a few of those plans which will help to shape our services.

The financial elements of our Corporate Business Planning Process are set out in the Medium Term Financial Strategy which looks five years ahead. Although the Council has a successful track record of robust financial management and internal control, our resources are necessarily limited and efficiencies increasingly required, so the delivery of our plans and actions relies on excellent partnership working to ensure we demonstrate value for money.

The Council is well aware that we cannot operate in isolation from other agencies in our County, our Region and of course in the national context.

We play an active role with other Hertfordshire districts in delivering against the targets within the Hertfordshire Local Area Agreement, and in the Hertfordshire two tier 'Pathfinder', a scheme to improve joint working and efficiency between the various layers of local government.

However, our engagement in these wider partnerships is also a mechanism for preserving the distinctive way of life in North Herts. The flexible approach required to participate in delivering individual targets and projects within the LAA and the Pathfinder allow all the Herts authorities to both collaborate well, and yet maintain their local focus which is right for our place.

We have worked with our County and herts district partners in the completion of the first 'Place Survey', part of the national performance assessment from 2009. This will inform further priority areas of work for the Council and its partners.



Picture relating to one of
Three priorities here

VALUE FOR MONEY

The Council has made a commitment to ensure that our services are high quality, and represent value for money to our customers. Our Financial Management Strategy reiterates this by formalising the means by which the council will identify efficiency measures and deliver value for money services, and our Organisational Development Strategy identifies ways in which we will do this. Our headcount in 2008/09 is 386 full time equivalent staff, a reduction of 82 from 2004/05, despite the authority having taken on a number of new services and responsibilities. Part of this strategy is to implement new ways of working, whether by increasing home visits for some services, increasing flexible working patterns for our staff, and aiming to reduce the office footprint for the authority still further.

By 'value for money' the Council means that it must achieve the optimum balance between what a customer will pay, the service they receive and how they rate the overall experience; it is not a sensible option to increase performance through the speed of processing, for instance, if that has a direct correlation with a fall in customer satisfaction or 'perception'. Equally, simply increasing expenditure would not necessarily improve performance; the balance must be maintained through constant review.

For many years the Council has sought to identify efficiency opportunities as being the most effective means to free-up resources to enable provision of new or enhanced services. Bids for additional investment in existing services have had to demonstrate that no further efficiency savings could be made in that service area before inclusion in the budget papers.

We propose to achieve value for money by:

- Ensuring that our limited resources are allocated to our priorities through a vigorous corporate business planning process cycle
- Achieving service and budgetary targets through tight budgetary control and good corporate project management
- Systematically reviewing services for value for money by a process of comparing our expenditure, and their performance, on individual services with other similar local authorities
- Maintaining the policy of competitive tendering and adopting best procurement practices
- Minimising waste and achieving efficiency savings year on year, including clear alignment to the goals contained in this Corporate Plan

OUR ACHIEVEMENTS

The Annual Audit and Inspection Letter received by the Authority from the Audit commission in early 2008 found that the authority continued to work well across key services, with an above average percentage (38%) of performance indicators among the top achievers, against a district council average nationally of 33%. However, it recommended there was a continued need for the Council to focus on what are our key issues locally, and in response we have already identified our three immediate priorities of town centres, green issues, and sustainable development.

The Annual Audit Letter also said that the Council is strengthening its capacity to deliver its future plans and has successfully implemented a number of changes in recent years. It is recognised that we have worked successfully with a number of partner agencies to deliver broader community projects, but we also recognise the need to do more.

North Herts District Council are committed to continuous improvement, and the recommendations arising from this annual review, and other external inspections will form part of the overall, single Continuous Improvement Plan for the Authority.

CORPORATE PLAN ACHIEVEMENTS IN 2007/08

Our achievements against targets in our Corporate Plan for 2007/08 are listed in detail within the Annual Performance Plan, but the actions below are some of those to which the Council committed in its previous review of the Corporate Plan

- We enabled the provision of 763 affordable homes during the five year period from 2003/2008, exceeding our target of 500 by the end of 2008.
- We developed a new Green Space Strategy by December 2007, which outlines how we will improve the quality, access to and appearance of our green spaces within all our towns
- We secured initial Lottery funding for improvements to Howard Park and Gardens in Letchworth Garden City
- We continued to work with our partners to tackle crime and the fear of crime, completing our three year community safety strategy
- We have developed new Youth Councils for Letchworth and Royston.
- We completed a review of CCTV and agreed a new CCTV Strategy, the plan for the most effective future use, maintenance and expansion of the current system.
- We answered 78% (April-June 2008) of customer service centre enquiries in one visit, one email or one phone call. This is a considerable improvement from

the 71% result for the same period last year, especially given the increase in the volume of calls during this same period from 23,415 to 29,583, an increase of 26% year on year.

- We improved 59% of our comparable performance indicators year on year (April 2006 -March 2007 to April 2007- March 2008)
- We introduced weight management schemes into all our leisure centres
- We introduced a GP referral scheme at Royston Leisure Centre, bringing structured, supervised exercise to more people
- We continued to support a large range of festivals and events in each of our towns and rural areas
- We developed and agreed our Gender Equality Scheme
- We continued work toward achieving a higher level of the Equality Standard
- We worked with our business partners to achieve the creation of 28 new business start-ups across the district in 2007
- We agreed town centre strategies, plans for redeveloping and refurbishment, for Letchworth Garden City and Baldock and completed consultation on the new plan for Royston

- We introduced a new waste collection service and have already increased the percentage of waste 're-used, recycled or composted' from 40.58% April-Dec 2007 to 52.18% April-June 2008.
- We opened our multiple award winning new cemetery at Wilbury Hills, Letchworth



PICTURE HERE

THE NORTH HERTS SUSTAINABLE COMMUNITY STRATEGY

Our first Community Strategy for the district was produced in 2003, the result of considerable period of consultation with our communities, statutory partners, voluntary and community sectors.

The requirement placed on us by Central Government is to have in its place a 'Sustainable Community Strategy', a plan which depicts how we see the district should be improved by 2021. The strategy must outline how the Council and its partners on the Local Strategic Partnership will advance the environmental, social and economic well being of the area. It must also be sustainable, in terms of not only physical development of the district, but the needs of the communities who already, and will, live here.

Consideration of the evidence and the results of the consultation have led the partnership to develop a strategy with ten themes;

- Protecting and enhancing the environment
- Improving the life chances of children and young people
- Strengthening communities and involving people
- Improving health and well being
- Enriching the lives of elders

- increasing economic prosperity and employment
- Promoting lifelong learning, training and skills development
- Providing decent and affordable housing
- Improving travel and transport
- Providing a safe community

The Sustainable Community Strategy reflects the needs of our communities through comprehensive consultation and is required, therefore, to inform our Corporate Plan, essentially the NHDC work programme to 2015.

The actions to deliver the Sustainable Community Strategy will be developed further and ownership of actions agreed with the relevant agencies, but where NHDC have a clear responsibility for delivery, this will be identified within the Corporate Plan.

Our analysis of population trends, potential growth and other statistical data relating to the district are attached as APPENDIX 1 to the rear of this plan. A copy of the Sustainable Community Strategy can be found at www.northhertspartnership.org.uk.

PERFORMANCE MANAGEMENT

The national picture for performance management in councils is changing, with the introduction this year of 198 new national performance indicators, which increasingly measure what our residents and communities think of our services.

This precedes the change to new government inspection from April 2009, called the Comprehensive Area Assessment (CAA), measuring what it is like to live or work in North Herts as a 'place' rather than on the individual performance of the partner organisations working in North Herts as previously. The focus is increasingly on how effectively all partner agencies deliver their actions together, and on the final outcome or impact for our residents once we have done so.

In preparation for this, a 'Place Survey' was undertaken in Autumn 2008, the results of which will inform subsequent reviews of our services, forward planning and continuous improvement of the authority.

Having determined the actions we will undertake to deliver our three immediate priorities, outlined later in this document, the action plan is developed to demonstrate dates by which key milestones will be achieved, adding SMART targets and completion dates for these high level projects.

Strategic plans, such as climate change and town centre strategies, have implementation plans extending beyond the end of this Corporate plan, demonstrating some of our very

long term objectives, some of which may be rolled forward into the next iteration of the Corporate Plan.

Progress against our Corporate Plan is reported to the Performance Audit and Risk Committee (PARC) four times per year; additional performance reporting taking place through the Local Strategic Partnership for those elements which are also included within the Sustainable Community Strategy. This is underpinned by regular review of individual service performance by our Cabinet Portfolio holders meeting with the relevant Head of Service and service managers.

Another way in which we measure our performance is through ensuring the delivery of projects on time, within budget and to the agreed standard. We have improved our ability to do so by using PRINCE II project management for larger schemes, or those presenting more risk, with a simpler project management model for smaller projects

IMPROVEMENT PLANNING

The Council is subject to a number of external inspections, through annual assessments by the Audit Commission, as well as 'one off' inspection of individual services, including our progress on electronic service delivery, Data Quality and, more recently Envirocrime – measuring our impact on graffiti, litter and removal of fly tipping or abandoned cars. The Authority also participated in an IDeA Corporate Peer Review last November, which in itself has resulted in a number of recommendations for improvement and a proposed action plan.

Alongside these external improvement processes, we have an overarching improvement document for NHDC in the Organisational Development high level project plan. All external inspection activities will be combined with this document to provide a single continuous improvement plan for the Authority.

OUR PRIORITIES

As outlined in the introduction to this plan, the Council is committed to constant review of its services and priorities. Through that process, we have identified three, more immediate priorities, reflecting the needs of our communities, which are;

- ***town centres***
- ***green issues***
- ***sustainable development***

These priorities will form the basis of our corporate business planning process from 2009/10. These will be the areas on which we will concentrate our resources and activities to deliver, and are identified in the action plan attached to this document.

The activities we will undertake to deliver these priorities are provided in greater detail on the following pages.

TOWN CENTRES

Each of our four historic town centres has a distinctive character which is their own and it is important that whilst preserving that, we also have sufficient development and improvement to sustain their future, changing, retail and business needs. We want to preserve and enhance the social, economic and environmental benefits our town centres can offer.

The overall appearance, cleanliness and accessibility of our town centres is very important, not only to residents, but for those wishing to visit the area too; it has a rich cultural heritage to explore.

We also know that the night time economy is important to our licensed premises and restaurant trade, but balanced against this is the incidence of low level, antisocial behaviour which can exist; this is a specific area where the Council is working with its community safety partners to protect both businesses and individuals alike.

We will

Maintain vitality by providing appropriate support to the development of Business Improvement Districts (BIDS) in each of our towns, commencing first with Royston and Hitchin

Improve access to each of our town centres by

- implementing our Car Parking Strategy

- Use of Traffic Regulation Orders and Controlled Parking Zones
- Continued parking enforcement
- Provision of disabled parking bays
- Improved quality of transport

Preserve the distinctive character of our towns by implementing

- Plans for Churchgate, Hitchin
- Letchworth Town Centre Strategy
- Baldock Town Centre Strategy
- Royston Town Centre Strategy
- Plans for redevelopment of Howard Gardens

Promote a safe environment by achieving a 5% reduction in reports of antisocial behaviour by 2010 by implementing our Community Safety Plan

Maintain the appearance of our town centres through

- Ensuring that our street furniture is painted and replaced to an agreed programme
- using the enforcement powers available to us to keep our streets clear of litter or obstruction

Support and encourage a major arts/cultural event in each of our five area committee neighbourhoods each year

Develop an alternative museum facility in Hitchin by March 2011, prior to closure of Letchworth museum

‘GREEN ISSUES’

Whilst we know that the ‘green agenda’ is important to our residents, as demonstrated in our consultation on the Sustainable Community Strategy, we are also just one of a number of partners who need to bring about the changes necessary. We have signed the Nottingham Declaration on climate change and are developing our Climate Change Strategy to identify how we can actively deliver against environmental commitments as an employer and as a community leader.

We will

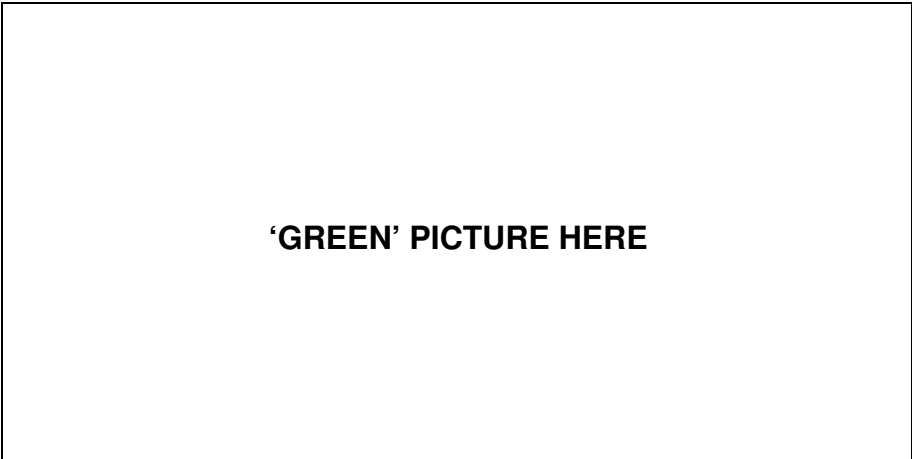
Develop and implement our Climate Change Strategy

- Reduce our Carbon Footprint to achieve the countywide target of 9% reduction by 2011
- Achieve Government Targets on CO₂ emissions (NB: this is currently under Govt review, but % to be entered once the figure is known)
- Ensure resource efficiency
 - water
 - energy

- Ensure our contractors work towards agreed ‘green’ targets

Continue to improve and increase opportunities for domestic customers and businesses to minimise waste and recycle more

Preserve and enhance green space, including implementation of our Green Space and related strategies



SUSTAINABLE DEVELOPMENT

We are still committed to ensuring that any development taking place within the district takes account of our rural character, and does not simply provide a large area of urban sprawl. We are committed to the further development of our Local Development Framework (LDF) and determination of land use for the future, to ‘shape’ what we want North Herts to become in the long term. The Council must also play its part by ensuring that where new homes are built, that they are supported by sufficient local amenities and services to reduce the need to travel great distances.

We will

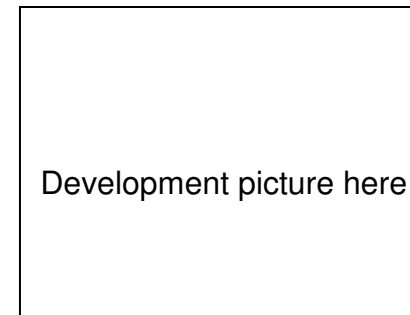
Deliver local and regional plans to achieve sustainable development across North Herts

- Ensure that our ‘Local Development Framework’ (LDF) is produced in accordance with our agreed timetable.
- Manage the implementation of the East of England Plan
- Work jointly to ensure the impact of the planned expansion of Stevenage into North Herts is managed appropriately.
- Work with partners to address the housing, transport, infrastructure and business needs of future developments.

- Ensure that new homes meet at least level 3 of the Code for sustainable homes

Safeguard our green areas.

- Review our green belt boundaries where necessary for development.
- Incorporate additional land into the green belt between Stevenage and Luton.



Appendix 1 - North Herts - the profile of our district

The district of North Herts is an attractive area in which to live and work. It is an area of 37,538 hectares (about 23% of the County of Hertfordshire in terms of land mass) located less than 40 miles from central London and has an estimated population of 121,500. There are three historic market towns – Hitchin, Baldock and Royston – plus Letchworth Garden City, the world's first Garden City. The remainder of our district is rural, containing numerous established village communities.

In many ways, the district is a very good place to live and work. However, the district does have some very small pockets where new deprivation index scores, released in October 2007, are relatively high; the impact of that deprivation in the six areas identified is often heightened by their close proximity to more prosperous areas. The Council and its partners will therefore continue to develop targeted action plans to address the needs of those areas, within its commitment to tackle social exclusion and provide opportunity for all, across the district.

The district has major north/south road and rail links. The A1(M) passes through the district and is a source of some congestion. East/West links are not so well developed, although the recent opening of the long awaited A505 bypass has removed a major focus of traffic problems from the centre of the historic settlement of Baldock. However, the reduction in passing traffic through the town has brought its own challenges to the businesses and retailers there, so our town centre strategy for the town, commencing implementation shortly, will seek to partly redress that balance.

As residential development could be a significant factor in the near future, it will be important to encourage significant investment in ageing infrastructure to ensure that all developments demonstrate sustainability, and this is therefore a priority theme shared by the Council and its partners throughout a number of our strategic plans.

North Hertfordshire is an increasingly culturally diverse district, with a black and minority ethnic population of around 10.6%. This comprises communities of African, Asian, Bangladeshi, Caribbean, Chinese, Italian, Pakistani and Polish origins, with a recent significant rise in new national insurance registrations for workers from Poland, India and France.

The number of older people within our district is above the national average of 16%, at 20.2% of the overall population, comprising around 23,000 people over the age of 65. It is predicted that our population by 2021 will be around 139,000 people, and that with increased longevity, the number of people of 65 years and older will increase by around 50%.

The number of residents aged 30-59 years has also grown more rapidly than other parts of the population in recent years, and this is thought to reflect those moving into the district for both the convenience of local work and the ability to commute to central London. That ability to 'out commute' brings with it another challenge for the district - the relative drop in footfall in our town centres at lunchtimes and weekdays, and its subsequent impact on local retailers.

Local employment within the district is centred on light industry, cleaning/service companies, distribution, hospitality, financial and

business support services. The recent successful revival of the film industry in the south of Hertfordshire has resulted in a number of specialist support companies being created in North Herts; these include set and costume design, robotics and catering companies.

We know that we have a skilled workforce, with 56% of residents being employed in either a managerial, professional or fully skilled capacity. We also know, though, that while the average income of those living in the district is higher than the average for the county as a whole, the average wage of those working in the district is lower – an average for all North Herts workers of £533 per week, compared with £477 for those working locally. This is partly due to the nature of the local economy, largely service or retail sector and the fact that a smaller proportion of local workers are employed in middle or upper management positions.

Unemployment locally has continued to decline in recent years and applications for job seekers allowance, at 1.3% of population in January 2006, fell to 1.1% in December 2007; This compares with around 4.8% for the whole of the United Kingdom.

The district's workforce is highly educated. A survey in 2000 revealed that 71% of residents had participated in job-related training or learning in the previous three years. North Hertfordshire mirrors the county's high education standards. The proportion of students achieving five or more GCSE A* - C passes is above the national average (58.5% for North Herts, against a national average of 51.19%).

North Hertfordshire has a relatively low crime rate and has no areas with severe or longstanding crime and disorder problems, but we do know that 'low level' crime, such as antisocial behaviour, concerns

our residents and our new Community Safety Plan, to be published in summer 2008, proposes a number of actions to address this. On the whole, the district remains one of the safest areas in the country in which to live, to work or to visit.

APPENDIX 2

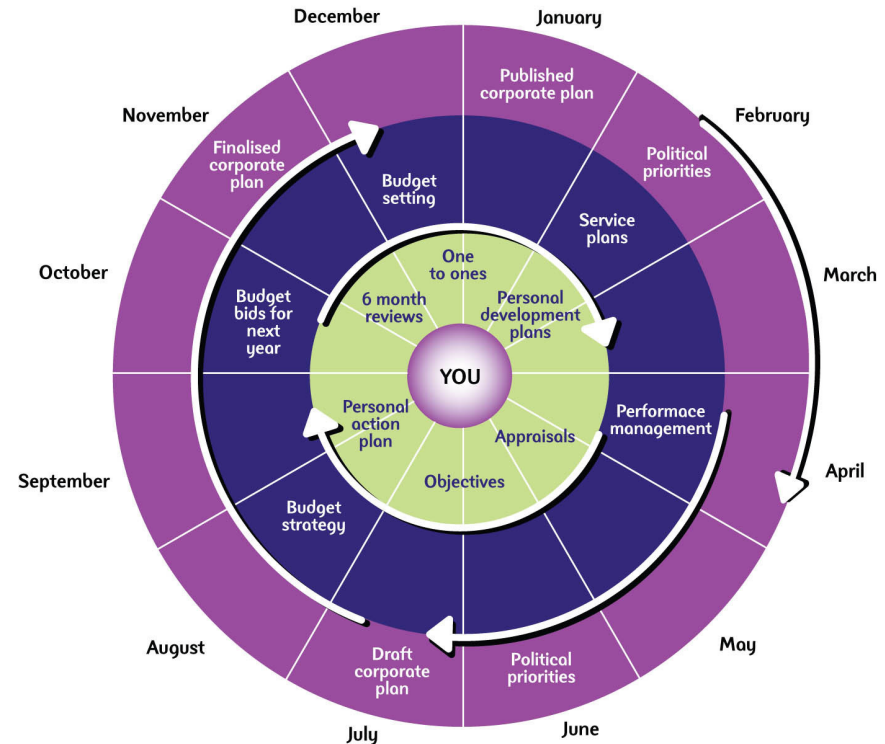
The Corporate Business Planning Cycle

As part of the Council's review of its efficiency which took place in 2007, a member and officer group considered our existing Service and Financial Planning arrangements. This process ensured that sufficient investment existed to take into account new work, alongside efficiencies which are required, either in terms of work which is no longer a Council priority, or no longer a requirement or duty placed on the Council.

As a result, the annual Corporate Business Planning cycle has been implemented, demonstrated in the diagram overleaf.

This process brings forward the development of a draft Corporate Plan, the key policy document, within the annual review cycle ahead of, and to better inform, the Medium Term Financial Strategy, our main five year budget forecast document.

Linking the new annual process more rigorously to project management and the annual appraisal programme, also ensures that we have sufficient officers with the correct skills to develop new projects and take our overall improvement agenda forward.



(rear page– offer of translation into community languages etc)

North Hertfordshire District Council is committed to making delivery of this Corporate Plan a reality.

We rely on feedback to help us to protect, maintain and further improve the good things about our district

We would welcome your comments on this plan. Please contact:

Liz Green

Head of Policy, Partnerships Performance

Action	Sub-Action	Managed By
Town Centres		
Maintain vitality by providing appropriate support to the development of Business Improvement Districts (BIDS)	Support implementation of BIDS	Head of Revenues & Benefits
Improve access to each of our town centres	Review and implement our Car Parking Strategy	Head of Planning & Building control
	Use of Traffic Regulation Orders (TRO) and Controlled Parking Zones (CPZ)	Head of Planning & Building control
	Continued parking enforcement	Head of Leisure & Environmental Services
	Provision of disabled parking bays	Head of Planning & Building control
Preserve the distinctive character of our towns	Implement plans for Churchgate, Hitchin	Head of Financial Services
	Implement Letchworth Town Centre Strategy	Head of Planning & Building control
	Implement Baldock Town Centre Strategy	Head of Planning & Building control
	Implement Royston Town Centre Strategy	Head of Planning & Building control
	Implement plans for redevelopment of Howard Gardens	Head of Leisure & Environmental Services
Promote a safe environment	Implement our Community Safety Plan	Head of Policy, Performance & Partnerships
Maintain the appearance of our town centres	Ensure that our street furniture is painted and replaced to an agreed programme	Head of Planning & Building control
	Use the enforcement powers available to us to remove litter from our streets	Head of Housing & Environmental Health
	Use the enforcement powers available to us to remove obstacles from our streets	Head of Housing & Environmental Health
Support and encourage a major arts/cultural event in each of our five area committee neighbourhoods each year	Promote events	Head of Community Development and Cultural Services
Develop an improved Museum facility in Hitchin by March 2011		To be Confirmed

Action	Sub-Action	Managed By
Green Issues		
Develop and implement our climate change Strategy	Develop a Climate Change Strategy including draft actions (Complies with national indicator NI188).	Head of Policy, Performance & Partnerships
	Achieve Government targets on CO ₂ emissions	Head of Policy, Performance & Partnerships
	Ensure resource efficiency: Water	Head of Financial Services
	Ensure resource efficiency: Energy	Head of Financial Services
	Ensure our contractors work towards agreed 'green' targets	Head of Financial Services
Continue to improve and increase opportunities for domestic customers and businesses to minimise waste and recycle more	Develop the flats recycling programme; to enable all residents living within flats or houses of multiple occupancy the same opportunities to recycling as regular domestic properties.	Head of Leisure & Environmental Services
	Develop the schools recycling programme.	
	To consider on-street recycling bins for town centres.	
	Increase residential participation rates for NHDC recycling services.	
Preserve and enhance green space Including the implementation of our Green Space and related strategies	To work closely with our partners to maximise opportunities to improve green space.	Head of Leisure & Environmental Services
	Complete Greenspace Strategy	
	To review action plans of existing strategies	
Sustainable Development		
Deliver local and regional plans to achieve sustainable development across North Herts	Ensure that our 'Local Development Framework' (LDF) is produced in accordance with our agreed timetable	Head of Planning & Building control
	Manage the implementation of the East of England Plan	
	Work jointly to ensure the impact of the planned expansion of Stevenage on North Herts is managed appropriately	
	Work with partners to address the housing, transport and business needs of future developments	
	Ensure that new homes meet at least level 3 of the Code for sustainable homes	
Safeguard our green areas	Review our green belt boundaries where necessary for development	Head of Planning & Building control
	Incorporate additional land into the green belt between Stevenage and Luton	

TITLE OF REPORT: REFERRAL FROM CABINET – 27 JANUARY 2009 – CORPORATE BUSINESS AND VALUE FOR MONEY STRATEGIES

The following is an extract from the Draft Minutes of the Cabinet meeting held on 27 January 2009.

103. CORPORATE BUSINESS AND VALUE FOR MONEY STRATEGIES

The Strategic Director of Customer Services presented a report in respect of the Corporate Business and Value for Money Strategies arising out of the Efficiency Fundamental Service Review (FSR), and as endorsed by the Performance, Audit and Review Committee. The following appendices were submitted with the report:

Appendix 1 – Value for Money Strategy;
Appendix 2 – Corporate Business Strategy.

In respect of the Value for Money Strategy, Members were advised that the FSR had considered ways in which the Council could demonstrate it achieved value for money, in view of Audit Commission Guidance and the general expectations of residents and business ratepayers. As a starting point, it was necessary to agree a clear definition of value for money as a combination of price, performance and perception. The Value for Money Policy, attached as Appendix 1 to the report, considered these matters in detail and included a strategy for achieving value for money by:

- Ensuring that the Council's limited resources were allocated to its priorities through a vigorous service and financial planning process;
- Achieving service and budgetary targets through tight budgetary control and good project management;
- Systematically reviewing services for value for money by a process of benchmarking with the Council's 'near' neighbours;
- Maintaining the policy of competitive tendering and adopting best procurement practices;
- Minimising waste and achieving efficiency savings year on year;
- Measuring service quality against external objective quality standards;
- Working with the Local Strategic Partnership and other partners;
- Listening to the views of residents, service users and businesses, and by dealing efficiently with complaints so that problems could be corrected quickly; and
- Promoting equality of opportunity.

In respect of the Corporate Business Strategy, it was noted that the final strand of the FSR's work involved consideration of the overall business strategy of the Council and in particular:

- External financial, technical and legislative considerations;
- The delivery of the Value for Money Strategy ;
- The delivery of the strategy at corporate and service levels; and
- Business review and procurement arrangements.

Members of the FSR had acknowledged that substantial changes to the structure and functions of the Council had taken place in recent years, and that further significant challenges lay ahead to meet the Government's efficiency and reform agendas. The proposed Corporate Business Strategy, attached as Appendix 2 to the report, had been developed in order to address these issues and, the FSR had considered that it should form a component part of the Council's Corporate Business Planning process.

RESOLVED: That the Value for Money and Corporate Business Strategies, as attached at Appendices 1 and 2 to the report, respectively, be supported.

RECOMMENDED TO COUNCIL: That the Value for Money and Corporate Business Strategies, as attached at Appendices 1 and 2 to the report, respectively, be adopted.

REASON FOR DECISION: To ensure the authority secures efficiencies and economies through effective business planning.

The following is the report considered by Cabinet at its meeting held on 27 January 2009.

TITLE OF REPORT: CORPORATE BUSINESS AND VALUE FOR MONEY STRATEGIES

JOINT REPORT OF THE STRATEGIC DIRECTOR CUSTOMER SERVICES AND HEAD OF FINANCIAL SERVICES

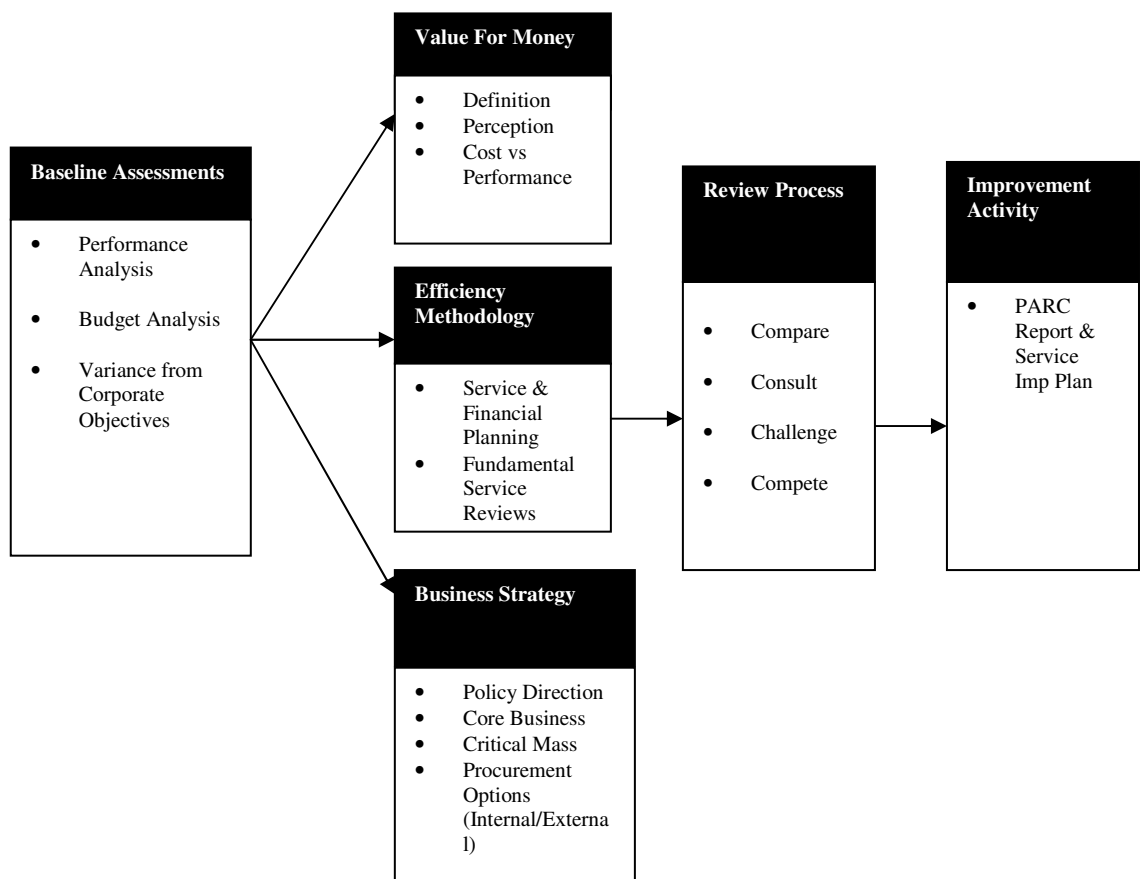
PORTFOLIO HOLDERS: COUNCILLORS T.W. HONE AND MRS C.P.A. STRONG

1. SUMMARY

- 1.1 This report presents the Corporate Business and Value for Money (VfM) strategies arising from the Efficiency Fundamental Service Review (FSR) as endorsed by PARC. It requests Cabinet consider recommending these for adoption by Council.

2. BACKGROUND

- 2.1 The Efficiency FSR was established in March 2007 and its terms of reference, approved by PARC on 22nd March 2007, are:



- 2.2 The Service Improvement Plan was agreed by PARC at its meeting on the 4th September 2008 and in addition, the Committee resolved:

Minute No: 33

“That, subject to any minor changes authorised by the Chairman of the FSR Review group, the draft Value for Money and Corporate Business Strategies,

attached as Appendices B and C to the report, be agreed for adoption by a future meeting of the Council.”

- 2.3 Following consultation with the Chairman of PARC the Head of Financial Services has now prepared the VFM and Corporate Business Strategies and these appear as Annex1 and 2 respectively. Cabinet is asked to consider these and recommend both to Council for adoption.

3. EFFICIENCY FSR

Context

- 3.1 The Fundamental Service Review considered NHDC's current operational efficiency through a baseline assessment of performance, cost and capacity to deliver corporate objectives.

- 3.2 This included:

- The Governments Gershon Review and the Comprehensive Spending Review 2007 (CSR07),
- Current levels of performance, cost and public perception.
- Recent external Audit and associated reports.

Value for Money

- 3.3 The FSR considered ways in which the Council could demonstrate it achieved value for money in view of Audit Commission Guidance and the general expectations of residents and business ratepayers.

- 3.4 As a starting point it was necessary to agree a clear definition of VFM as a combination of:

- Price
- Performance, and;
- Perception

- 3.5 The annexed VFM Policy considers these matters in detail and includes a strategy for achieving VFM by:

- Ensuring that its limited resources are allocated to its priorities through a vigorous, service and financial planning process.
- Achieving service and budgetary targets through tight budgetary control and good project management .
- Systematically reviewing services for value for money by a process of benchmarking with our 'near' neighbours .
- Maintaining the policy of competitive tendering and adopting best procurement practices.
- Minimising waste and achieving efficiency savings year on year.
- Measuring service quality against external objective quality standards.
- Working with the Local Strategic Partnership and other partners.
- Listening to the views of residents, service users and businesses, and by dealing efficiently with complaints so that problems can be corrected quickly.
- Promoting equality of opportunity.

Efficiency Methodology

- 3.6 The Interim report of the FSR, agreed by PARC in September 2007, considered:
- Business Strategy
 - Service and Financial Planning
 - Budget Setting
 - Corporate Planning
 - Performance Management
 - Corporate Planning Process
- 3.7 Whilst many of the actions identified have already been implemented Officers continue to implement some longer term actions and these will be regularly monitored by PARC as part of its regular review of FSR Service Improvement Plans.

Business Strategy

- 3.8 The final strand of the FSR's work involved consideration of the overall business strategy of the Council and in particular:
- External financial, technical and legislative considerations
 - The delivery of the Value for Money Strategy
 - The delivery of the strategy at corporate and service levels
 - Business review and procurement arrangements
- 3.9 Members of the FSR acknowledged the substantial changes to the structure and functions of the Council had taken place in recent years and that further significant challenges lay ahead to meet the governments efficiency and reform agendas.
- 3.10 The draft Business Strategy, appended to this report, has been developed and this addresses these issues and, subject to approval, the FSR considers that should form a component part of the Council's Corporate Business Planning (CBP) process.

4. LEGAL IMPLICATIONS

- 4.1 Under the Constitution's Terms of Reference Cabinet has authority to approve any policy documents which form part of the business planning process. Technically it can therefore approve the attached Corporate Business and Value for Money strategies without further reference to Council. However given the importance of these strategies to the Council's corporate planning process and particularly given the current economic situation, it is within Cabinet's remit to refer these strategies to Council for approval in line with its obligation under the Constitution *"to advise and guide the Council in the formulation of all corporate plans, policies, objectives and priorities and for this purpose to recommend to Council such programmes and actions as may be necessary to achieve those objectives"*.
- 4.2 The legal background to these strategies lies in the government's value for money agenda which has required councils to allocate resources to services according to local priorities. Central to this agenda is the requirement to achieve annual efficiency gains. DCLG has in addition published a Value for Money Delivery Plan to help achieve the 3% annual efficiency gains required under the 2007 Comprehensive Spending Review.

- 4.3 By way of update Cabinet might wish to note that in April 2008 the requirement to conduct statutory best value performance reviews was abolished by the Local Government and Public Involvement in Health Act 2007. Although the Efficiency FSR was not a best value review as such, it clearly has its origins in the best value process.

5. FINANCIAL AND RISK IMPLICATIONS

- 5.1 There are no additional costs arising from this report. The overall purpose of the report is however, concerned with improving the efficiency of the Council in its operations in line with its Financial Management strategy.

6. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 6.1 There are no direct Human Resource or Equalities implications.

7. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 7.1 Consultation on the Corporate Business and VFM Strategies has taken place with Members of the FSR Team, Challenge Board and the Corporate Management Team.

8. RECOMMENDATIONS

Cabinet is recommended to:

- 8.1 Agree the Value for Money and Corporate Business Strategies, attached as Appendices 1 and 2 to the report.
- 8.2 Recommend Council's adoption of the Value for Money and Corporate Business Strategies attached as Appendices 1 and 2.

9. REASONS FOR RECOMMENDATIONS

- 9.1 To ensure the authority secures efficiencies and economies through effective business planning.

10. APPENDICES

- 10.1 Appendix 1 - Value for Money Strategy.
- 10.2 Appendix 2 - Corporate Business Strategy.

11. CONTACT OFFICERS

Author

- 11.1 John Robinson - Strategic Director Customer Services
Tel: 01462 474655. John.robinson@north-herts.gov.uk

Contributors

- 11.2 Liz Green - Head of Policy, Partnerships & Performance
Tel: 01462 474230. Liz.green@north-herts.gov.uk

11.3 Barrie Jones - Head of Financial Services
Tel: 01462 474243. barrie.jones@north-herts.gov.uk

11.4 Efficiency Fundamental Service Review Members:

Councillor Julian Cunningham (Chairman)
Councillor Tom Brindley
Councillor Melissa Davey
Strategic Director Customer Services
Head of Policy, Partnerships & Performance
Head of Human Resources
Head of IT & Transformation
Head of Strategy & Support Services
Head of Financial Services
Performance Improvement Officer

12. BACKGROUND PAPERS

Interim Report of Efficiency FSR	13 th September 2007
Final Report of Efficiency FSR	4 th September 2008

THIS PAGE IS BLANK

Value for Money Policy

The Council's VFM Objective

The Council's Corporate Plan states "Our citizens and customers matter to us and that we are committed to ensuring high quality, value for money services. We aim to reduce our costs and ensure value for money through working with partners and investment in technology," (Satisfied Communities).

The Council's Financial Management Strategy reiterates this; "The Council remains committed to the identification of efficiency measures and the delivery of value for money services. For many years the Council has sought to identify efficiency opportunities as being the most effective means to free-up resources to enable provision of new or enhanced services. Bids representing additional cost to existing services have had to demonstrate that no further offsetting efficiency savings could be made in that service area before inclusion in the budget papers. The Council will continue to strive to identify all such opportunities as part of the annual Corporate Business Planning process."

Value for Money

By Value for Money the Council means the optimum balance between price, performance and priorities (Section 1).

High Level

Within this policy the Council proposes to achieve value for money by:

- Ensuring that its limited resources are allocated to its priorities through a rigorous, service and financial planning process (Section 2).
- Achieving service and budgetary targets through tight budgetary control and good project management (Section 3).
- Systematically reviewing services for value for money by a process of benchmarking with our 'near' neighbours (Section 4).
- Maintaining the policy of competitive tendering and adopting best procurement practices (Section 5).
- Minimising waste and achieving efficiency savings year on year (Section 6).
- Measuring service quality against external objective quality standards such as:-
 1. Charter Mark, Investors in People and other external accreditations (Section 7)
 2. Nationally published performance indicators and appropriate locally determined performance indicators (Section 8)
- Working with the Local Strategic Partnership and other partners (Section 9)
- Listening to the views of residents, service users and businesses, and by dealing efficiently with complaints so that problems can be corrected quickly (Section 10).

- Promoting equality of opportunity (Section 11)

Responsibilities

The responsibility for delivering Value for Money lies with all staff and members and is not restricted to those with resource or financial management responsibilities. The particular roles and responsibilities of staff when conducting service reviews are set out in some detail in guidance notes.

Support and training can also be provided and further advice on this can be sought from the Policy, Partnership and Performance team.

The responsibilities of Members are set out in the terms of reference for both the offices they hold and the committees and panels of which they are a Member. This information is contained with the Constitution. The Corporate Management Team has the responsibility to put in place and revise the Value for Money strategy and the methodologies that can be used when assessing Value for Money.

Managers have the responsibility to keep up to date and maintain an awareness of developments in good practice in their own service areas. Managers should actively identify and review new and developing practice and apply it to where appropriate.

It is the Chief Executive's responsibility to review the Value for Money policy on a 12 month basis.

Culture

In achieving Value for Money, there are many objectives for organisational behaviour and activity to be taken into account. These include:

- The culture of the organisation, for example, continually striving to do more at the appropriate quality for less money.
- Adopting good practice.
- Clearly defining the organisation's aims, strategies and policies.
- Providing an organisational structure which promotes accountability, through placing power at the point where responsibility is required to be taken, together with appropriate control and oversight exercised at a higher level.
- Being committed to effective communication and staff development so that the culture and aims of the organisation permeate to, and are identifiable at, all levels within the organisational structure.
- Providing an appropriate infrastructure in systems, resources and training.

Summary Of Sections		Page
1.	Value for Money – Definitions and the Council’s Approach Definition The Council’s Approach The Authority’s Responsibilities to demonstrate Value for Money Auditors Responsibilities	5 - 6
2.	Corporate Business Planning VFM and the Corporate Business Planning Process Priority Led Budgeting Policy decisions Longer term decisions	7 - 10
3.	Budgetary Control and Project Governance Monitoring costs Linking cost movements to outputs/outcomes Project management	11
4.	Benchmarking The Process The Council’s approach Best Value and service reviews Data sources Comparator authorities Benchmarking groups Actions	12 - 15
5.	Competitive Tendering and Procurement Procurement Strategy Peer reviews Service Delivery Options	16 - 18
6.	Minimising Waste and Achieving Efficiency Improvements Gershon and Annual Efficiency Targets Delivering Efficiency Gains Measuring Efficiency Gains – Annual Efficiency Statements (AES) Focus for Improved Efficiency Annual Service and Financial Planning savings targets Achieving Efficiency in North Herts Annual Efficiency Statements over the Gershon target period	19 - 22
7.	External Accreditation Charter mark, IIP and other Accreditations External inspections and reviews	23 - 24
8.	Performance Management The Council’s performance Best Value Performance Plan (BVPP) Performance monitoring Performance targets and continuous improvement	25 - 26
9.	Partnership Working Local Strategic Partnership Crime and Disorder Reduction Partnership Joint working and procurement Local Area Agreement Pathfinder	27 - 28
10.	Listening Consultation Strategy Service satisfaction (Internal/External) 3 C’s (Comments, Complaints and Compliments) District Wide Surveys Focus Surveys Staff Surveys Actions	29 - 30

Summary Of Sections (Continued)		Page
11.	Equality	31
	Equality Standard and Strategy	
Appendix 1	Example VfM profile – Administration of benefits and local (council) tax collection	32 – 36
Appendix 2	Strategy for making and monitoring efficiency gains (as submitted to DCLG as part of the Backward Look 2007/08 AES)	37 - 41
Appendix 3	VfM assessment guide.	42 - 43

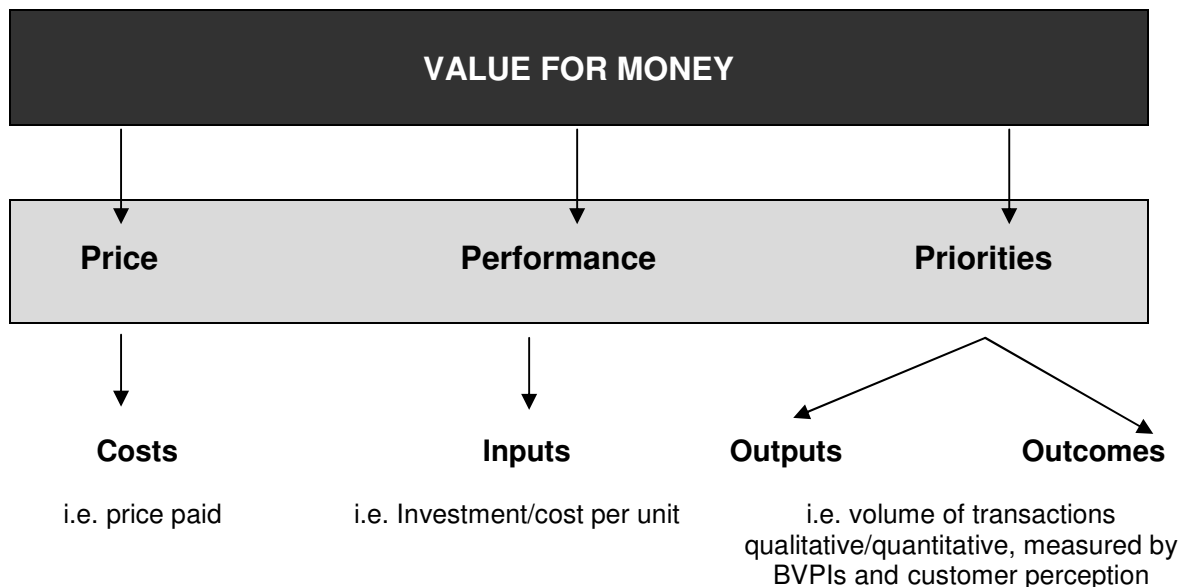
SECTION 1

Value for Money – Definition and the Council’s Approach

Definition

Value for money, as described by the Audit Commission is;

‘the relationship between economy, efficiency and effectiveness’,



* all to be benchmarked against comparator authorities.

The Council’s Approach

The Council’s Corporate Plan and Strategic Objectives contain the clear commitment from the authority to

‘ensure that we listen to our citizens and deliver responsive, high quality, value for money services’

In our efforts to achieve value for money in North Herts, we must therefore ensure that the optimum balance exists between the following;

Price – is presented not only by the visible cost, but the real price paid for a service, including any potential changes by inflationary rise, reduction in the size of the contract and critical mass impact, etc

Performance – is determined by measuring productivity – by placing investment in, say, mobile working technology for example, have we achieved (or will we achieve) the benefits anticipated in terms of number of cases handled, reduction in costs of officers travelling to and from the office. Home working would also be an effective measure of an investment and benefits to be gained which could inform future spending.

Priorities – measured in both qualitative and quantitative terms, this refers directly to achieving the outcome originally intended. So in future, performance against key priorities should be measured in terms of the cost delivering them, sustaining them at an agreed level and the satisfaction/end result gained.

The Authority's Responsibilities to demonstrate Value for Money

The authority is responsible for putting in place proper arrangements to secure the most effective use of its resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements. It also has increasing responsibility to evidence the achievement of this objective to its stakeholders, partners and residents.

Auditors Responsibilities

The Audit Commission (AC) (www.audit-commission.gov.uk) is the independent body responsible for ensuring that public money is spent economically, efficiently and effectively to achieve high quality local services for the public.

In making that determination, the AC require an authority to demonstrate how it achieves good value for money and how costs compare with other councils. It is identified by the AC that the council itself is responsible for understanding its costs, making comparisons with other authorities and making regular reviews of costs in relation to performance and priorities. For the past financial years (2004/05 to 2006/07), the AC has scored the Council at level 2 on Value for Money on its use of resources; level 2 is considered adequate performance (at only minimum requirements).

There is a requirement to produce evidence of costs, the amount we receive through local taxation and income against the performance of the services we provide and how they measure against local priorities. It is not sufficient to simply demonstrate that we have achieved a balanced budget, but to also show that we are not only achieving in terms of performance, but are building in an element of improvement within that expenditure.

Key areas of focus in the annual assessment include;

- Current level of overall costs and costs for key services
- Planned spending in relation to others – and the impact of prioritisation and de-prioritisation of objectives/services
- Level of overheads and how they are accounted for
- External factors i.e. deprivation, geography etc
- Demand and supply levels for individual services

We are also required to demonstrate that procurement and spending decisions take full account of the long term cost – including of course ongoing maintenance, depreciation for example (whole life costs).

The authority's external auditor is required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources.

SECTION 2

Corporate Business Planning

VFM and the Corporate Business Planning Process

The Medium Term Financial Management Strategy (MTFS) is the Council's key financial planning document and is a key element of the Council's Corporate Business Planning process. The Council operates a system of priority led budgeting and the Corporate Business Planning process describes an annual cycle which begins with the identification of our strategic objectives and the short and medium term actions we will take to achieve them. Having identified our strategic objectives and actions through the Corporate Plan, the MTFS then considers the financial implications of the objectives and other external pressures and ensures we have a clear policy framework to enable us to allocate funds in accordance with our objectives as we go through the budget setting and service planning stages of the process.

It is an integral part of the wider Corporate Business Planning process and provides guidance for officers in building the short, medium and longer term picture of financial requirements facing the Authority and enables planning to be carried out in advance to help the Authority meet future demands. The MTFS is a statement of how the Council wants to structure and manage its finances to ensure it fits with and supports the direction of council objectives.

The Council remains committed to the identification of efficiency measures and the delivery of value for money services. For many years the Council has sought to identify efficiency opportunities as being the most effective means to free-up resources to enable provision of new or enhanced services. Bids in the MTFS representing additional cost to existing services have had to demonstrate that no further offsetting efficiency savings could be made in that service area before inclusion in the budget papers. The Council will continue to strive to identify all such opportunities as part of the annual Corporate Business Planning process.

Priority Led Budgeting

The Corporate Plan sits at the centre of our corporate planning framework which integrates Corporate Business Planning to ensure resources are redirected to priority areas. The Council has six strategic objectives

- Sustainable Communities
- Safer Communities
- Healthier Communities
- Equal Communities
- Prosperous Communities
- Satisfied Communities

.Whilst we retain the existing six strategic objectives as a thread running through a number of our services, and which also demonstrate the Council's significant participation in partnership activities, we also need to reflect the very latest national and local priorities.

The Council has, therefore, identified three more immediate priorities;

- Town Centres – to include delivery of actions arising from each of our four town centre strategies, sustaining our town centre businesses.
- Green issues – to include development of our final climate change strategy and increasing opportunities for recycling and in-vessel composting
- Sustainable development – to include controlling development and preserving our greenbelt/rural way of life wherever possible

These three areas will provide our short term focus and resources will therefore be moved (as far as is practicably possible given the limited flexibility of the existing budgets) and redirected towards activity that specifically takes these issues forward.

Items submitted for consideration in terms of their efficiencies or investment impact on budgets are 'scored' according to a basic set of criteria. Both the Council's Revenue and Capital Strategies require that revenue growth and savings options and capital projects submitted by services are classified against key factors, as outlined in the tables below. The scoring has been applied to all considerations in order to determine the risk and effect of growth, reduction or complete removal of a service or project.

Capital & Revenue Investment Key Factors

Capital Growth	Revenue Growth	Points Score
Strategic objectives	Strategic objectives	4
Immediate priorities*	Immediate priorities*	5
Statutory pressures	Statutory pressures	4
Health & Safety	Health & Safety	5
Contractually inescapable	Contractually inescapable	5
Adverse impact on service	Risk Management	4
Consultation/Opinion Poll survey	Consultation/Opinion Poll survey	2
Condition survey	Condition survey	1
Best Value FSR & Service review	Best Value FSR & Service review	3
Invest to save/VfM	Invest to save/VfM	3

*Immediate priorities include the 3 priorities of green issues, sustainable development and town centres identified in the North Hertfordshire District Council Corporate Plan.

Efficiencies are scored in a similar manner, taking account of the negative impact of removal from the Corporate Plan, adverse effect on service and evidence of public opinion in the form of an existing survey. This will assist in the establishment of ranking in terms of overall impact as decisions are taken. Scoring for savings is applied against six key factors, as outlined in the table below

Revenue Efficiencies Key Factors

Revenue Savings	Points Score
Strategic objectives	4
Risk Management	4
Consultation/Opinion Poll survey	2
Condition survey	1
Best Value FSR & Service review	3
Invest to save/VfM	3

To assist in assessing whether an item is included in the MTFFS, the following key questions, supplementary to the above, have been developed:-

- Is the item fundamental to delivery of the vision for the area of North Hertfordshire and delivery of the Council's strategic objectives?
- What is the realistic timescale required for the project, one or more years?
- What are the risks involved in not proceeding with the project, spending the money or making the proposed reduction?
- Will the increase result in quantifiable savings in future years – i.e. is it an invest to save bid and therefore contributes effectively to our efficiency agenda?
- Does the reduction mirror the reduced priority determined by the Council in its Corporate Plan?
- Will any cost reduction carry on in future years?

Items put forward for consideration are expected to have explored a number of areas;

- procurement options including partnership or shared working,
- whether the effect on performance of the individual service will align with corporate aims, including taking account of the views of the Performance Audit and Review Committee on achieving national indicator targets to the Committee's agreed level.
- comparative information with other authorities

Service Plans

Once priorities and budgets have been approved Heads of Service are in a position to update their annual service plans for the coming year. From this will flow individual action plans for teams and staff that form part of the Council's annual appraisal process. Clear lines of responsibility, outcomes and target dates will be monitored as part of the Council's project governance.

Policy decisions

Reports to Members seeking policy decisions are prepared using a standard template, the main features of which are:

Detailed financial implications in order that Members may understand the full short and long term costs of their actions. These should include the costs, cashable and non cashable savings over the five year financial plan and any annual cost or saving thereafter. Bids for capital investment have to include any ongoing revenue consequences (costs and savings).

Legal, risk, human resource and equalities implications.

Efficiency and Investment proposals put forward as part of the Corporate Business Planning process must clearly set out in the commentary a full impact analysis on the service and customer, where applicable. This will include supporting data such as current budget, prior year actuals, comparator data of other relevant authorities and performance.

All efficiency and investment proposals must be supported by an implementation plan and where applicable what consultation has or will be conducted.

Longer term decisions

A MTFS will naturally focus on the year ahead to ensure we are able to set a balanced budget. It must also look to the medium/longer term to ensure that actions are put in place now to prepare for known future demands. Planning now to meet known changes in the future provides greater opportunity to phase in the impact of the changes. Planning for the future will mean that the Authority can ensure sufficient funds are held in balances to be in a position to react swiftly to changing demands and emergencies as priorities or policy demands alter.

The Authority has over recent years ensured that the Revenue and Capital strategies are integrated. Decisions taken in one area impact on the other and it makes sense to review both revenue and capital funds at the same time, set guidelines for the use of each fund and seek to ensure that the impact of decisions is reflected in the appropriate fund.

The capital Strategy and Asset Management Plan are overseen by an officer team (Asset Management Group) who validate bids for capital funding to ensure that they contribute to the Council's objectives and have measurable outputs. The group recommends a basis for prioritising schemes competing for scarce resources, see table above under *Priority Led Budgeting*.

The Council's programme governance framework ensures that once approved actions are planned, resourced and implemented to achieve their objectives on time, (see *Section 3, Budgetary Control & Project Management*).

SECTION 3

Budgetary Control and Project Governance

Monitoring costs

The Council's aim is that there should be no significant unintended high spending and that where minor overspends have been identified they are addressed and managed. There are plans in place to address overspends.

Budget monitoring is strengthened through the following processes:

- A robust system of commitment accounting linked to an on-line purchase ordering system. This provides daily budgetary data accessible to all service managers.
- The production of monthly budget monitoring reports to service managers, within 10 working days of the month end date.
- Quarterly budget monitoring reports for revenue and capital to both senior management and Cabinet, covering;
 - Significant variances, both over and under spends
 - Achievement on a traffic light basis of planned revenue savings and growth items in year against their implementation plans
 - Recovery plans to address the variances
 - Projection of costs and income to year end and the implication of variances on future financial years
 - Impact of variances on the Council's reserves.

Linking cost movements to outputs/outcomes

Monitoring cost and performance variances in isolation cannot give management a true picture of the impact those variances have upon the Council. For example operational activity indicators such as number of transactions are lead indicators of spend and changes in the number may impact upon service delivery or cost or both.

The Council has built into its performance framework appropriate reporting processes that link price, perception and performance movements, which inform the annual efficiency and investment challenge for the authority.

Project management

The Council has actively addressed the management of projects both revenue and capital to ensure that they meet deadlines and stay within cost if applicable. The introduction of a programme governance framework and the training of staff on PRINCE2 principles has ensured that projects are resourced and managed. The framework ensures that resources are allocated to projects commensurate with their size and importance and that where appropriate sub-PRINCE methodologies are applied in order that monitoring is proportionate to risk and overall size of the project.

Project Initiation Documents (PIDs) and business case submissions are an integral part of programme governance and are used on all projects.

SECTION 4

Benchmarking

The Process

It is increasingly important that the Council can compare its performance with other authorities in order to measure its delivery of high quality services, to agreed service and performance standards but with equal regard to their overall cost. It would not be effective, for example, to simply reduce the cost or resource allocated to a given service, if the ultimate quality and customer perception were to reduce in accord.

The process for this is to measure the

- **input**
This will include assessing the cost of the service, either per household or per head of population, the latter generally being the preferred option at North Herts. However, it must also be borne in mind that accounting systems and inclusion of associated delivery costs can vary between what are determined to be 'like' authorities, so an acceptable method must be agreed at the outset.
- **output**
There are several ways in which to measure the authority's output, either by a simplistic approach of counting the number of relevant transactions (number of telephone calls or tickets issued, for instance) or by the use of existing, relevant performance indicators. Again, a consistency of approach is required in order to ensure that we are measuring the same output against comparator groups/authorities.

The Council's approach

The Council currently subscribes to, or uses, a number of benchmarking tools, namely;

- **Best Value and Internal Reviews**

The authority has carried out an extensive programme of Fundamental Service Reviews (FSRs) since 2001, including Streetscene, Museums, Access to Services and Efficiency. In the earlier part of this programme, the reviews were very much geared toward the comparison of the service against those of other authorities, learning from best practice etc, the latter reviews have also incorporated the requirement that they deliver a measure of efficiency.

Whilst the 'Best Value' duty placed on the Authority came to an end in April 2008, and therefore too the requirement to carry out formal FSRs in the future, it will be essential to develop a methodology through which we can constantly review services. The Efficiency FSR, currently underway, will provide a methodology by which the authority can achieve that review and maintained programme of improvement for the future.

Data Sources

The Audit Commission review of Data Quality, completed in April 2007, reported that whilst the Authority 'does have a structure in place for the collection, reporting and monitoring of performance indicators, this has not been formalised in a data quality policy'. This has been addressed and our Data Quality Policy, published in September 2007; not only sets standards for the data used to support performance and management information, but also establishes ownership of the tasks involved in the collation, inputting and reporting of data. The establishment of officer groups on Information Assurance/Data Quality, management and retention, further underpins this process.

- Comparator authorities

The Council recently moved to a new grouping of 'nearest neighbour' authorities, those deemed to be most similar to ours in terms of size, demographic factors such as number of households, shops per 1,000 population etc. We currently use this information to compare our performance against given performance indicators, but can increasingly use them too as comparators of cost for individual services.

These authorities are;

Dacorum	Tunbridge Wells
Epping Forest	Test Valley
Ashford	Maidstone
Braintree	Hertsmere
South Beds	Taunton Deane
Colchester	Tonbridge and Malling
Stroud	Rugby
Shrewsbury and Atcham	

The Council has produced VfM profiles from key data that includes the Audit Commission VfM web-tool which could be used to examine variances with our comparator authorities. It is proposed that these profiles become an integral part of the annual Service and Financial Planning process.

The profiles for those services/elements that can be extracted from the Audit Commission VfM web-tool have been produced and an example is shown in appendix 1 to the policy. Key elements within the profiles are as follows:

Audit Commission financial information

The information about costs is taken from the revenue estimates submitted by councils to Department for Communities and Local Government (DCLG) (referred to as RA forms and section 52 forms respectively). That means that references in the profiles to 'costs' are based on councils' plans for their spending, rather than what they actually spend or spent.

Outputs

This information has been taken from either the NHDC website or from the data used to calculate performance indicators. The service areas have not been asked to provide any information on outputs. The source for all this information has been identified on the VFM profile and also the date it was gathered.

Public perceptions

This information has been taken from the results of a number of different consultation exercises conducted by or on behalf of NHDC. It is intended to include information from the new GovMetric system for future profiles written for the next Corporate Business Planning process.

Performance data

This data is from both statutory performance indicators (BVPI) and our own local performance indicators (LPI). We can show our quartile position against the statutory indicators only, but the direction of travel for nearly all of the indicators, particularly those collected using the same techniques in the previous year.

There are limitations/caveats to the profiles that need to be considered:

- The costs are planned spending and not actual spending
- The planned costs and performance data are taken from different years
- The Audit Commission provides limited information on the definitions of the categories so linking the costing information to our own service area is not always possible
- The amount of un-apportioned costs for each council needs to be considered before we compare our costs in earnest
- There is not necessarily a consistency of services compared to our 'nearest neighbours'; North Herts, for example, has undergone housing stock transfer, the establishment of single status and has a number of parishes – not necessarily the position of the other councils used in direct comparison to ours.

However, the use of the VfM profiles can support judgements about councils' effective use of resources. It should be used as the starting point, an initial filter, for considering how well the council's overall and service costs compare with others in any assessments of value for money

We have moved to a more proactive method of reporting corporate performance, demonstrating our performance not only against similar authorities, but in terms of our overall position nationally. This 'quartile' data will help to inform/evidence the allocation of resources, costs and outputs against that of performance.

- **Benchmarking groups**

The authority currently belongs to approximately 15 benchmarking groups, including;

- Greenspace' - with provision for a web based survey for parks and open spaces
- Wasteaware - through the Herts Waste Partnership
- Waste Strategy Implementation Group
- Sport England - financial evaluation of the facilities, costs per user, spend per user, income per square metre, utilisation figures etc

- Herts Museums Benchmarking - with access to accreditation and training schemes for museum staff
- Telecare Services Association - accreditation and comparison
- SOCITM - costs of IT services, and staff satisfaction surveys
- Herts Local Land Charges Association - comparison of costs, processing and quality

Whilst the use of this information is useful to the service areas involved, the consideration of subscribing to a corporate benchmarking tool may prove more effective in the longer term, both in terms of the organisation's ability to resource such a number of groups and the consistency of information reported. The Council has subscribed to a CIPFA/KPMG benchmarking exercise on corporate services VfM indicators, covering the key corporate services of Finance, HR, ICT, Estates Management and Procurement.

Hertfordshire Local Authority Finance – the information for this is prepared by the Hertfordshire Chief Financial Officers' Association and provides authorities with comparative financial data across Hertfordshire, including the County Council. One benefit of using this in combination with that of 'nearest neighbours' is that the factors affecting Herts rural or urban districts are more consistent to the county, whereas 'nearest neighbours' could be far removed from the higher salary costs or 'draw' of the capital for instance.

- **Actions**

We have already carried out a number of actions to achieve value for money, including the provision of shared services (through Audit and Procurement) to make effective use of resources.

We have provided robust challenge to our services by requiring them to look at efficiency gains within their service, whether that is by the increased use of technology, moving to on-line application or reviewing the business processes themselves.

Other activities to address further efficiencies will arise from, and inform the service improvement plan for our current Efficiency FSR. Heads of Service will be required to carry out regular VfM reviews of their service areas, see guide in Appendix 3, page 42.

SECTION 5

Competitive Tendering and Procurement

Procurement Strategy

The purpose of procurement is to meet user requirements, to a defined standard of quality within available resources. Procurement encompasses every aspect of the purchasing process from determining the need for goods, work or services, to buying and delivery in order to help achieve the Council's key objectives and outputs. Procurement is central to the management of any operation.

Corporately the Council achieves VFM through an embedded corporate procurement strategy and robust procurement procedures.

The aim of this procurement strategy is to set a clear framework for procurement throughout the authority, which reflects the Council's corporate plan, provides a framework for best value and which stands alongside the Council's Constitution.

In considering the strategic objectives and the requirements of best value, the following specific procurement objectives have been set:

- To ensure that the procurement process is clear and focussed in the first instance on achieving value for money
- To ensure that the procurement options are chosen on the basis of the degree to which they support and deliver the Council's strategic objectives and those of specific services
- To investigate a number of ways to provide services in partnership with other councils, public, private and not for profit organisations and where appropriate, to seek out and develop new methods of service delivery supplied by immature and emerging markets (*see section 9 Partnership Working*).

To ensure that in choosing the best value procurement method, the process of balancing cost against community benefit is made in a transparent way and supported where appropriate with clear evidence.

The procurement strategy is designed to be a high-level statement of policy and strategy. The council's rules regulating the procurement function are set out in Contract Procurement Rules. In 2003/04, the Procurement and Contracts Group produced a Procurement Guide, which details procurement policies and procedures, this is subject to regular review and updating.

Since 2007/08 in partnership with East Herts District Council a shared procurement officer has been employed to support the Procurement and Contracts Group in the delivery of the procurement strategy.

The framework of rules for procurement are those determined by EU and UK law and those set out within the Council's Contract Procurement Rules, in that order of precedence. The Procurement and Contracts Group reviews this strategy and Contract Procurement Rules on an annual basis.

Peer reviews

In December 2004 the Council took advantage of assistance on e-procurement through the National e-Procurement Project, NePP. NePP provided advice and support to assess our current position on e-procurement and what needed to be done to achieve the National Procurement Strategy (NPS) milestones.

Their evaluation of our state of preparedness was positive and they produced an action plan to ensure we achieved the NPS targets. Key actions and their current progress are:

- Comply with current NPS and NePP targets, this will include appointing an officer level procurement champion on the Corporate Management Team (CMT) – *The Head of Financial Services is the Council's officer procurement champion on the CMT.*
- Undertake supplier and spend analysis and to identify local SME data this will provide baseline measurements for assessing performance reviews – *Annual supplier and spend analysis carried out and data used to plan improvements.*
- Achieve 62% of supplier payments by BACS – *Supplier payments by BACS currently at 97%.*
- Implement pilot study for corporate procurement cards in museums, leisure centres and as fuel cards – *Purchase cards in operation across the Council with monthly spend on low value purchases up to £11K.*
- Improve P2P via e-Ordering, generation, transmission: Invoice processing, transmission: Workflow processing, orders, invoices, receipting – *Budget approved with project implementation planned for 2009.*
- Implement an e-Marketplace solution – *Herts/Luton e-Marketplace solution, a partnership of Herts County Council, 9 Herts Districts and Luton Borough Council, has been implemented with NHDC go live date of October 2009.*

In February 2006 the IDeA conducted a Procurement Challenge developed as part of its contribution to the NPS. The NPS advocates that every district council should have carried out a health check on their progress against the Strategy by 2006.

The basis of the Challenge was a 'benchmark' of procurement best practice and the council's own self-assessment. The benchmark is based on the recommendations contained in the *National Procurement Strategy for Local Government (NPS)* under the themes:

- Providing leadership and building capacity;
- Partnering and collaboration;
- Doing business electronically;
- Stimulating markets and achieving community benefits.

Recognising that the Council had many strengths in the above themes the key area for improvement was:

- Introduce a procurement management system with clearly allocated responsibilities, measures (strategic, major projects, purchasing and equalities) that measures the effectiveness of procurement, and, includes reporting and reviewing mechanisms that assist in targeting areas for improvement – *The appointment of a shared procurement officer in 2007 is key to the delivery of this improvement.*

Service Delivery Options

All procurement has due regard to the issue of sustainability and early decisions are taken to ensure that projects are packaged so as to encourage delivery in the most efficient manner and achieve what end users want and can afford.

- Thus environmental policies adopted by the Council are considered and where applicable, adequately addressed when writing specifications, evaluating tenders and throughout the delivery of the contract.
- Specifications of service/work requirements focus on service delivery and whenever possible, clearly define the goals or outcomes required. When planning procurement, due consideration is given to accommodating innovation and flexibility within the subsequent contractual arrangements.
- Where a mixture of quality/price is used in evaluation, robust quality/price tender evaluations models are prepared that sufficiently reflect the level of quality that can be afforded. When preparing quality/price evaluation models, consideration is given to the costs expected to be incurred throughout the entire life of the project (i.e. whole life costing).
- Wherever appropriate, consideration is given to establishing longer-term arrangements, such as using framework agreements or entering into partnerships with other organisations. Where applicable these organisations are given an early opportunity to submit their proposals for adding value to the project by using the initiatives and resources at their disposal for new methods of service delivery.

SECTION 6

Minimising Waste and Achieving Efficiency Improvements

Gershon and Annual Efficiency Targets

During 2003/04 Sir Peter Gershon undertook a review of public sector efficiency (Gershon report). It focused on the Government's key objective to release resources to fund front line services that meet the public's highest priorities by improving the efficiency of service delivery.

The Gershon report emphasised the need to ensure that efficiency gains are not delivered at the expense of quality of service delivery. Service cuts will not count as efficiency gains; neither will increased or new service charges. Rather, efficiency involves making the best use of the resources available for the provision of services. Efficiencies are achieved through reforms that:

- Maintain the same level of service provision while reducing the resources needed or deploying fewer staff;
- Result in additional outputs, such as enhanced quality of service, for the same resources; or
- Remodel service provision to enable better outcomes.

The Spending Review 2004 (SRO4) translated the outcome of the report into an efficiency target of 2.5% per annum over the following three years, 2005/06 to 2007/08. Every local authority was expected to meet this target. Individual authority targets were set against their 2004/05 budgets, adjusted for inflation (GDP deflator). The target for North Herts was originally calculated as £2,070,000, which equates to an annual target of £690K, since then the DCLG has recalculated the target as £1,348,950, which equates to an annual target of £450K.

The annual target was divided over the following two elements:

- "Cashable" – Defined as those where there is a direct financial saving or benefit, with money released that can be spent elsewhere or recycled within a service to deliver better results.
- "Non-cashable" – Defined as those where the gains do not necessarily lead to lower costs, but which lead to improved performance for the resources used.

For 2008/09 to 2010/11 the Comprehensive Spending Review 2007 (CSRO7) has changed the emphasis to net cash releasing VfM gains, thereby excluding non-cashable gains. Also, whereas in SRO4 the 2.5% per annum was additional (i.e. 2.5%, 5%, 7.5%), in CSRO7, the target is multiplicative (i.e. 3%, 6.1%, 9.3%). The national target for 2008/09 is based on the 2007/08 baseline expenditure of £53bn, which at 3% is a target of £1.5bn.

There are no mandatory VfM targets for individual councils in CSRO7 and the national target is simply a starting point for evaluating expectations on efficiency in CSRO7. Instead councils will be free to calculate their own targets for 2008/09 to 2010/11. The format of any formal target negotiated as part of a Local Area Agreement (LAA) may take a format that is appropriate locally. For example, it could cover a number of public sector organisations rather than an individual council.

A council's progress on attaining efficiencies over the three year period will be measured and reported by the new performance indicator – 'Value for Money' (Ni 179)– *total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year.*

Delivering Efficiency Gains

Individual Government Departments have the role of promoting efficiencies in the sectors for which they have policy responsibility. The DCLG has the lead on co-ordinating central government activities to secure the efficiency gains required in local services, and in measuring performance.

Each council are free to choose how best to achieve the expected efficiency gain of 2.5% (SRO4) or 3% (CSRO7). It was implied however that authorities should work together and promote good practice methods.

Regional Centres of Excellence have been expanded beyond the original focus on procurement. They also act to identify and disseminate best practice, promote partnerships, act as a focus for procurement consortia, strengthen training in procurement skills and monitor progress towards efficient ways of working across their regions.

Measuring Efficiency Gains – Annual Efficiency Statements (AES) & NI 179

Where possible it is Government intention to use existing mechanisms such as the Comprehensive Performance Assessment (CPA) and statutory indicators to measure efficiency. The new national indicator NI 179, referred to above, is the first VfM indicator to be used as part of the government's VfM Delivery Plan.

Under SRO4 at the beginning of each financial year authorities were required to produce an Annual Efficiency Statement (AES) aligned to the budget and policy setting timetable. The AES will be signed by the Leader of the Council and the Chief Executive and will comprise two parts:

1. Forward looking – Outlining the Council's strategy for securing efficiency gains, the key actions that will be taken during the year, and the efficiency gains that are expected to result from them.
2. Backward looking – Setting out the cashable and non-cashable efficiency gains achieved in the past financial year. These may be subject to scrutiny by the Audit Commission as directed by the DCLG.

Under the CSRO7 arrangements the NI 179 will supersede the AES and councils will be required to submit a figure for the VfM indicator twice in each year:

1. Forward looking – Starting in October 2008, councils will report their forecast for the position to the end of the financial year, 31st March 2009.
2. Backward looking – Starting from July 2009, councils will report the actual position as at the end of the financial year that ended on the previous 31st March.

The Audit Commission includes an assessment of the AES in the "Use of Resources" section for the CPA. The process for this assessment is incorporated into the annual external audit.

Focus for Improved Efficiency

The Efficiency Review indicates the direction of travel for improved efficiency, the key workstreams applying to North Herts being:

- Corporate Services – Includes such functions as Finance; Human Resources; ICT; Legal; Procurement; Facilities or Estates; and Marketing and Communications.
- Procurement of Commodity Goods and Services – Includes such items as energy; travel and subsistence; vehicles; ICT hardware; consumables; temporary staff; professional services; office equipment; and supplies and telecommunications.
- Construction Procurement – Includes procurement of construction and premises (better use of existing stock and rationalising stock).
- Productive Time – Includes changing work and management practices to maximise the amount of time that existing members of staff are engaged in productive time.
- Transactional Services - Includes such functions as the administration of Council Tax, NNDR, Planning, Council Tax and Housing Benefit.
- Cultural and Leisure Services – Includes Museums, Leisure Centres sports and play facilities.
- Environmental Services – includes Waste Management and Street Cleansing.

The levers for achieving savings in these workstreams are extensive but the key ones are:

- e-Government
- Regional Centres of Excellence and joint working
- National Procurement Strategy
- National e-Procurement Strategy

Annual Corporate Business Planning savings targets

The budget savings target from 2005/06 and the continuing work towards achieving the target has been used as the basis for achieving the Gershon target. Hence the target setting and AES submission process is part of the annual Corporate Business Planning Process (SFPP) commencing with the Financial Management Strategy.

This approach will continue in 2008/09 under the new CSRO7 arrangements, for 2008/09 those councils that have achieved a significant level of ongoing cash releasing gains in SRO4 above the 7.5% target will be able to carry forward those gains into CSRO7.

Achieving Efficiency in North Herts

To ensure that the efficiency targets are SMART and that service improvements are evidenced from the “efficiency gains” it is necessary that the following building blocks are in place:

- Service Improvement Programmes (Corporate Business Strategy) – Building upon existing FSRs and improvement plans. Targeting improvements and change requires consideration of what services really add value, are delivered efficiently, are delivered in the optimum way,

should be targeted for change and could be improved through collaboration. This diagnostic exercise is essential.

- Efficiency/Productivity work programmes (Business Process Improvement) – Where cross cutting they must be clearly linked to service improvements and measurable.
- Procurement Strategy – Building upon existing procurement and e-Procurement plans.
- Collaboration and Partnership – In any external assessment evidence of collaboration and partnership is as important as any gains achieved from the initiatives.
- Benefits realisation – There must be processes in place to ensure that efficiencies are both ‘measured’ in cash terms and ‘captured’ to ensure that they are applied towards the Council’s objectives.

Backward Look 2007/08 AES

Under the current Gershon procedures the Council is required submit a backward look AES, the AES for 2007/08, the final year of the current three year process, is attached at Appendix 1. The estimated budgeted gains for that year (£728K) were exceeded by £15K.

Annual Efficiency Statements over the Gershon target period

The table below shows that coupled with the 2004/05 AES the actual total gains over the three year Gershon period are £2.672 million, of which £2.606 million is cashable. This represents 198% of the three year Gershon target. Gershon emphasised the need to ensure that efficiency gains are not delivered at the expense of quality of service delivery. There have been no reductions in the key performance indicators linked to those service areas where efficiency gains were made.

Title	Actual AE gains 2005 - 2007 £	Actual AE gains 2007/08 £	Total AE gains £
Adult social services	7,406	16,900	24,306
Children’s services	10,325	Nil	10,325
Culture and sport	24,893	Nil	24,893
Environmental Services	51,436	161,140	212,576
Local transport	15,870	43,090	58,960
LA social housing	Nil	45,510	45,510
Homelessness	10,580	Nil	10,580
Other cross cutting efficiencies not covered above			
Corporate services	1,294,252	416,070	1,710,322
Procurement	175,234	38,700	213,934
Productive time	271,218	1,700	272,918
Transactions	67,718	20,000	87,718
TOTAL	1,928,932	743,110	2,672,042

SECTION 7

External Accreditation

External accreditation is a valuable tool for the authority in terms of achieving a recognised, national standard for given services. To secure such recognition of the quality of services against the increasing need to reduce costs, increase efficiency and improve the experience of the end user, essentially increases in importance.

Chartermark, Investors in People and other accreditations

The Council currently holds and maintains a number of accreditation schemes, including;

- ISO9001:2000 (Revenues & Benefits) - reassessed bi-annually
- Chartermark (Revenues & Benefits) - reassessed annually
- Chartermark (Building Control) - reassessed annually
- BSI CMSA86:2000 for the 3 'Cs' (Customer Service) reassessed annually
- Investors in People – reassessed every two or three years
- Quest (Various)

We are also committed to achieving the LEXEL accreditation for Legal Practice excellence, which once in place requires a 2nd year monitoring Assessment, and full reassessment at three years.

However, as will be seen from the list above, the securing and maintenance of these and other new accreditations does impact on the overall capacity of the authority, and it should therefore be a priority for the future to

- a) develop a clear standard and definition of quality for the council's services
- b) establish a method by which the accreditations currently in place, plus ongoing maintenance, is costed
- c) in the light of that information, consider the comparative costs of seeking a corporate quality accreditation. Council wide accreditation would still make comparison of some individual service areas, and thus retain the ability to benchmark quality

External inspections and reviews

The Council has been subject to a number of external reviews in recent years, the most recent that of CPA in May 2004, following which the authority achieved the rating of being a 'Fair' Council, missing that of 'Good' by only one point.

We recently undertook a voluntary Corporate Peer review, under the auspices of Building Capacity East and conducted by the IDeA. This took place in November 2007, and not only assess our progress and improvement since CPA of 2004, but also specifically in terms of our corporate performance management and leadership. The review reported a number of very positive conclusions were reached, including;

- that the Authority could now demonstrate evidence of shifting resources to priority areas of work
- some good examples of prioritised projects and plans in collaboration with others
- clear plans for customer relationship management and investment in supporting technology

- good examples of local engagement at Area Committee level
- Clear member/officer protocols exist
- The single Planning Control Committee has improved decision making and performance
- The performance culture is improving and we have robust monitoring systems in place
- Strong cross-service ethos – good examples of corporate working
- Playing a lead role on the Pathfinder project

An evaluation report of 19 local authority Peer Reviews across the Eastern region, reported by SOLACE and the IDeA in July 2008 and circulated to all participating authorities, included particular reference to a number of these areas being examples of 'good practice' by North Herts.

Our e-procurement was subject to a peer review in December 2004, referred to in greater detail in section 5.

As all authorities, we are also subject to regular external review by the Audit Commission, and reports for the year of 2007 include an assessment of our Data Quality, Corporate Performance Management, our position with regard to E-Government compliance and the regular Audit Letter encompassing our Use of Resources, Direction of Travel and Value for Money judgement.

The outcomes of all these reviews inform the development of service improvement plans for the authority, and will inform the continuous improvement plan element of the annual review of the Corporate Plan.

SECTION 8

Performance Management

The Council's performance

The Council has an established annual Corporate Business Planning cycle which

- reviews the long, medium and short time actions to be included within the Corporate Plan, taking account of political direction and agreed policy
- develops underpinning service plans to deliver agreed actions
- prioritises resources to ensure the finances and staffing levels required to complete an agreed task are available.

Performance by the authority has steadily been improving, with a step change achieved within our last CPA recategorisation released in early 2007. This report identified that against the basket of indicators, the authority had improved performance in over 60 of its indicators compared with two years previously, and now has over 45% of indicators resting in the upper quartile.

Best Value Performance Plan (BVPP)

It has been a requirement of the Audit Commission that the Council publish an annual Best Value Performance Plan. The overall content of this document is determined in statute, but must also contain the following information for best value or local performance indicators;

All authorities categorised in CPA as fair, weak or poor and any district council or single purpose fire authority where a CPA has not reported, must include the following items in their Performance Plan published by June 2004, and in subsequent years:

- (a) A brief summary of the authority's strategic objectives and priorities for improvement. This should reflect its corporate/ business planning processes and community strategy.
- (b) Arrangements for addressing the authority's improvement priorities, particularly the opportunities and weaknesses identified in CPA (or self-assessment where a CPA has not reported), and the outcomes that are expected to be achieved as a result.
- (c) Details of performance:
 - outturn performance over the past year on all Best Value Performance Indicators (BVPIs);
 - targets for the current year and subsequent 2 years for all BVPIs.
- (d) A brief statement on contracts. The authority should state and certify that all individual contracts awarded during the past year which involve a transfer of staff comply, where applicable, with the requirements in the Code of Practice on Workforce Matters in Local Authority Service Contracts.

The requirement for the authority to produce an annual BVPP will be removed from April 2008, at which time the return to the production of an Annual Plan, encompassing more end of year financial statements, progress against priority projects and performance indicators than the current BVPP, will be implemented.

Performance Monitoring

The Authority collates and reports performance information quarterly through its corporate Performance Team to the Performance, Audit and Review Committee via

the Heads of Service group and Corporate Management Team. In 2007 amendments were made to the monitoring and reporting of performance indicators from 2007-08 onwards. The following changes were made,

- monthly reporting of 'high level indicators' ceased
- the requirement to complete a 'rescue recovery plan' when an indicator is at red status or two consecutive ambers was put in place
- performance results are divided into two tables, the first table gives details of those indicators that fit the criteria developed by CMT and PARC to highlight those with specific importance, the second table list indicators outside of the criteria
- information on the direction of travel of the indicators and quartile comparison is now included alongside the 'traffic light status'

We have already introduced the measurement of these indicators against the national quartile position and will, through the efficiency methodology currently being developed, incorporate the measurement of unit cost as an additional comparator. The additional revision of target tolerance levels, making those which are business critical less tolerant, has also been introduced.

The authority introduced the concept of Rescue Recovery Packages (RRPs) to deal with underperforming indicators some years ago, but these were not often used. In an effort to provide a more proactive approach to increasing performance, we have reinstated the RRP's, with a more robust criteria for their application. This includes the requirement for individual Heads of Service to identify improvements to the service to achieve the given target, but taking full account to the costs of those options too. This will better inform any decision to increase performance versus that of increasing the cost of the service overall, and ultimately the reputation of the authority.

Performance Targets and continuous improvement

Performance targets for services are established by the responsible officer for each indicator, but informed by the latest quartile position of the indicator, how it compares to our nearest neighbours and national authorities. It is the aspiration of the authority that the performance against all indicators should be rising, but that should be effected in a manner which does not equally increase costs or resources.

SECTION 9

Partnership Working

North Herts District Council is proud of its ability to work in partnership, with other authorities, other statutory bodies, businesses, community and voluntary groups.

Local Strategic Partnership

The North Herts Partnership was formed in 2001, and comprised around 24 members from local groups, businesses, parishes, town councils as well as community partners.

We have recently carried out a peer review of the partnership in order to determine its skills and preparedness to deliver the increased Local Area Agreement agenda. The partnership was part of the second round of countywide agreements, and subsequent LAA2 in June 2008, and is set to receive reward grant monies arising from that in early 2010; the method by which the priorities for this funding, method of application and allocation, and monitoring of the projects is under establishment as part of the governance arrangements for the county and district level LSPs.

The North Herts Partnership has undertaken a number of joint, small scale projects to date, including the provision of skills training for small businesses in a school in Royston, the creation of a rural capacity group to develop the voluntary and statutory sector delivery together in rural areas (this includes the provision of monetary advice through the CAB). With the injection of additional reward money from the LAA, the partnership is hoping to address a number of other priority areas locally.

The North Herts Partnership has recently published its Sustainable Strategy for the district, and work is currently underway to allocate specific actions and tasks to the relevant delivery partnerships. Performance management arrangements and frequency of reporting will follow in due course.

Crime and Disorder Reduction Partnership

This remains an effective partnership between the authority and all the partners engaged in reducing crime and increasing reassurance within our communities. The funding for projects allocated to the Authority now comes via the County Council and as a result we have agreed a number of county schemes for which the money is 'top sliced' from our allowance. These include the provision of Victim Support across the county, and for the MIDAS database for crime recording; this centralised database, populated by district level data, allows partners to more readily access relevant data on crime, disorder, ASB, drugs, and alcohol, as well as more recently CCTV coverage.

Local schemes which receive funding from the partnership include

- ongoing support to the Crime Prevention Panel,
- the provision of the country's first 'dry pub' for youngsters, giving them the benefit of an 'adult' social environment without alcohol
- the provision of a mobile crime prevention vehicle for use at community events
- targeting theft from cars through a system of leaflets, posters and awareness raising projects
- salary contribution to crime analysts

We are increasingly working through our partnerships on joint employment or joint delivery models; we currently have the local ASB officer from the police available on site at our offices for up to three days a week

Joint working and procurement

The Council is increasingly moving into an environment of sharing services, working on projects in collaboration with another authority or by procuring services/goods jointly. These can ultimately contribute to the cost effectiveness of the authority, but also make best use of skills and strengths from both this council and other agencies.

We are partners with St Albans D.C. and another seven local authorities in the contractual arrangements established to ensure the speedy removal of abandoned cars across our district. We share out of hours building control services with our neighbour, Stevenage Borough Council, in order to extend our capacity to respond to emergency situations.

We have more recently moved into shared audit functions with an auditor being employed between North Herts D.C. Welwyn Hatfield D.C. and Hertsmere B.C., and our new Procurement Manager is shared with East Herts D.C..

Local Area Agreement

The Hertfordshire Authorities originally established a Local Area Agreement in 2005, part of the second round nationally. The targets agreed, which include increasing reading skills for 5-7 year olds, encouraging those on incapacity benefit back into work (including business ownership) and reducing the number of people who smoke, are being closely monitored. We are firmly on target to secure £22 Million reward grant for the county. The NHDC portion of that funding will amount to around £0.8 Million, to be awarded in 2010.

With our county partners we established and agreed new targets for the this LAA 2 round, commencing in 2008, which will provide the ability to establish projects, some with pump priming funding from the reward grant. Progress against LAA will not necessarily bring a similar level of reward in the future, but will provide evidence to support the close partnership working to ensure delivery of the Comprehensive Area Assessment in the future.

Pathfinder

Hertfordshire has recently been accepted by Central Government as a Pathfinder county, requiring all ten districts and the county council to demonstrate their commitment to work together to deliver services more effectively, efficiently and at lower cost.

The exploration of areas for joint working, including envirocrime, waste management, children's partnership, economic development, joint back office functions, Eastern Regional Planning issues, consultation etc have commenced. Evaluation of the benefits to be gained will not only be in respect of the closer working to be achieved, impact for our communities of more 'joined up services' etc, but also the value for money which could be achieved by any given option.

SECTION 10

Listening

The Council aims to achieve VFM by listening to the views of residents, service users, and businesses, and by dealing efficiently with complaints so that problems can be put right quickly.

Consultation Strategy

The Council has a five year Consultation Strategy which covers the period 2008-2013. This strategy has been developed to ensure the effective running of both internal and external consultation exercises. The main components of the Strategy are the biennial District Wide Survey and the new biennial Place Survey. Both of these surveys are used to monitor resident satisfaction levels with the services provided by the Council, the Council running of the district as well as numerous quality of life issues. As well as catering for the corporate consultations above the strategy also ensures the effective management of all ad hoc service specific consultations.

Through the use of SNAP Software, the Council is able to manage a high percentage of its questionnaire based consultation work in-house rather than rely on external consultants, this has seen reduced costs for consultation. The use of SNAP ensures a corporate approach to all consultation as well as a an approach that is cost effective.

A database entitled CAR (Consulting & Reporting) has also been adopted as part of the consultation strategy to ensure a consistency to all consultation and to ensure that all relevant groups are involved from the start of the consultation process and that feedback and action planning is completed for each and every consultation carried out.

As part of the 2006 District Wide Survey, the Council, as part of the consultation process, requested that the consultants recruited a panel of residents that the Council could consult with on ad hoc consultation exercises. As a result of this exercise the Council now has ownership of a 850 strong panel which is broadly representative of the district. By owning our own database we are able to consult with the panel independent of external consultants ensuring a more cost effective approach.

Service Satisfaction(Internal/External)

District Wide Surveys

Through the corporate consultations (District Wide Survey & Place Survey) the council is able to gain an insight into the public perception of the council as well as their level of satisfaction with the services provided. The results from the District Wide Survey are used as part of the service and financial planning process and also feed into the Corporate Plan.

Focus Surveys

Now that the council has ownership if its Citizens Panel all elements of the focus group process can be addressed in-house using individual staff expertise and SNAP. Focus groups have been successfully carried out on issues around Customer Care in

the last couple of months and this approach to focus groups will continue in the future and form an important element in determining value for money for those services surveyed.

3 C's (Comments, Complaints and Compliments)

The Council is committed to providing excellent services to the residents of North Hertfordshire in accordance with our vision to improve the quality of life for everyone. One of the Council's strategic priorities which underpin this vision is to: 'provide high quality services that put people first'.

Putting people first is the reason we take comments, compliments and complaints very seriously. The Council is committed to providing an excellent comments, compliments and complaints procedure to ensure that we are listening and responding to any issues that our customers have. This commitment also recognizes that our customers themselves have identified 'having an efficient and effective complaints procedure and following it' as our most important customer care standard. By committing to this we will also ensure that all statutory, legal and regulatory requirements arising are satisfied.

The process can be used as a measure of service performance, an important element of VfM.

Staff Surveys

Staff surveys are conducted biennially and aspects of the survey have been used to evaluate internal service provision, particularly internal support services, and thus can be used as an element in determining value for money.

Place Survey

The council, working in partnership through the County Council and its other district/borough counterparts, will undertake the first Place Survey in October 2008. This measurement is intended to inform the review of Comprehensive Performance Assessment from 2009, demonstrating how our residents feel about north herts as a 'place' to live or work in.

Actions

Feedback on all consultations is carried out using a range of mediums. On the council website there is a section entitled Consultation Updates that is used for feedback. The Consultation Updates section is split into three columns entitled current, completed and future. A consultation will only move to the completed column once a key findings report has been written and if appropriate an action plan is produced. As well as using the website, feedback is also carried out via Outlook magazine, the local press and via individual newsletters to participants when appropriate.

SECTION 11

Equality

Equality standard and strategy

We have a strategic objective to 'target resources at areas of disadvantage in the district to reduce social exclusion and improve the quality of life for everyone'.

We have already carried out a wide range of Equality Impact Assessments, measuring our services in terms of their accessibility, ease of use etc from the first point of access or application.

In the light of new equalities legislation, due to come into place in 2008/09 we are already preparing a revised format and system of services for review, which will be informed by the experience of our community and minority groups. The implementation of an age policy for both services and in terms of our recruitment, training and retention of staff commenced in late 2006; we followed this with the agreement of our gender equality duty taking place in September 2007. The new Equality Standard for Local Government, coming into existence in April 2008 will inform the revision of all these documents, their action plans and ultimately the single Corporate Equality Scheme.

It is increasingly our intention to ensure that we engage with, and reflect the views of, our minority communities, whether that is due to their age, race, sexual orientation, gender, religious belief or disability. To this end, we have already convened relevant focus groups in order to engage minority groups in our service planning and improvement at the earliest opportunity.

We know that our local population of around 121,500 includes just over 12,000 people from other cultural or minority ethnic backgrounds and our need therefore is for our services, and engagement with the communities to reflect this. Our recently developed consultation strategy identifies a number of methods by which we can reach these people more effectively in the future.

In our consideration of effective delivery of services, we must also be mindful of the need to tailor those services, either wholly or in part, to the needs of our minority community groups.

EXAMPLE - VALUE FOR MONEY PROFILE 2007

Category	Administration of benefits and local (council) tax collection
Definition	The administration of housing and council tax benefit and tax collection. The Audit Commission suggests that while administration of housing and council tax benefits and collection of local taxes are discrete activities, they have enough in common to make the treatment of overheads a significant influence on the apparent costs of any given service. Where significant variances occur, potential lines of enquiry include: To what extent can any variations in spending by the council on the different aspects of benefits and local tax collection be explained?

Service areas included	Revenues and Benefits
Directorate	Financial and Regulatory Services
Head of Service	Howard Crompton
<p>The Revenues and Benefits Service at North Hertfordshire District Council is responsible for the following functions;</p> <ul style="list-style-type: none"> • Administration and collection of Council Tax • Administration and collection of Business Rates • Administration and payment of Housing and Council Tax Benefit • Detection and prevention of Benefit Fraud • Recovery of all income to the Council • Central Cash collection 	

COSTS

	NHDC in 2006	Increase or decrease from 2005	'nearest neighbours' average in 2006	Increase or decrease from 2005
Costs per head of population	£17.66	△	£16.00	△
Costs per head of population – Housing Benefit admin	£6.23	△	£6.00	▽
Costs per head of population – Local Tax collection	£11.43	△	£10.00	△

Source: Audit Commission VfM web tool

APPENDIX 1

OUTPUT

52,558 Council Tax properties
4,046 Business Rate properties
8,205 live Benefit Claims
5,586 New Benefit Claims processed in 2005/2006
10,280 Changes in Circumstances processed in 2005/2006
100,000 items of post each year

Source: NHDC website – July 2007

Note: the AC VfM web tool provides information on ‘workload measure for benefits and local tax collection.’ This information is available for 14/16 of our nearest neighbours. Results for North Herts. and Taunton Deane are missing.

PUBLIC PERCEPTION

Results from consultation exercises show;
There was a 10% drop in satisfaction for the council tax administration service between the 2004 and 2006 District Wide Surveys. Satisfaction dropped from 70% in 2004 to 60% in 2006. It is considered that the rising charges of council tax and the media coverage of this are factors in this drop in satisfaction. All respondents in the District Wide Survey who said they were dissatisfied with the council tax administration service said council tax should be reduced.
There was a 22% increase in satisfaction for the benefits administration service between the 2004 and 2006 District Wide Surveys. Satisfaction rose from 45% in 2004 to 67% in 2006.

Source: NHDC Consultation Officer

Information from Comments, Compliments and Complaints or GovMetric;
In 2004/2005 we received 11 Comments, In 2005/2006 we received 14 Comments
In 2004/2005 we received 97 Complaints, 40 needed action to correct the complaint In 2005/2006 we received 79 Complaints, 17 needed action to correct the complaint
In 2004/2005 we received 32 Compliments In 2005/2006 we received 51 Compliments

Source: NHDC website – July 2007

PERFORMANCE

Ref no	Description	NHDC	Quartile position (when compared to all other English authorities)	Direction of travel 2003-2006 (up=improving down=deteriorati ng)
BV 9	The percentage of council tax collected by the authority in the	99.50%	1st	△

Ref no	Description	NHDC	Quartile position (when compared to all other English authorities)	Direction of travel 2003-2006 (up=improving down=deteriorating)
	year.			
BV10	The percentage of non-domestic rates collected.	99.30%	1st	▼
BV76a	The number of housing benefit claimants in the local authority area visited, per 1,000 caseload.	214.45	No quartile data produced	This indicator has no 'polarity'
BV76b	The number of fraud investigators employed by the local authority, per 1,000 caseload.	0.41	No quartile data produced	This indicator has no 'polarity'
BV76c	The number of Housing Benefit and Council Tax Benefit (HB/CTB) fraud investigations carried out by the local authority per year, per 1,000 caseload.	27.80	No quartile data produced	This indicator has no 'polarity'
BV76d	The number of Housing Benefit and Council Tax Benefit (HB/CTB) prosecutions and sanctions, per year, per 1,000 caseload, in the local authority area.	6.74	No quartile data produced	This indicator has no 'polarity'
BV78a	The average processing time taken for all new Housing and Council Tax Benefit (HB/CTB) claims submitted to the local authority, for which the date of decision is within the financial year being reported.	28.7	2nd	▼
BV78b	The average processing time taken for all written notifications to the local authority of changes to a claimant's circumstance that require a new decision on behalf of the authority.	24.9	4 th	▼

Ref no	Description	NHDC	Quartile position (when compared to all other English authorities)	Direction of travel 2003-2006 (up=improving down=deteriorating)
BV79a	The percentage of cases within a random sample for which the authority's calculation of Housing and Council Tax Benefit (HB/CTB) is found to be correct.	97.00%	3rd	▼
BV79bi	The amount of Housing Benefit (HB) overpayments recovered during the period being reported on as a percentage of all HB overpayments during that period.	68.41%	3 rd	New indicator for 2005-06
BV79bii	Housing Benefit (HB) overpayments recovered during the period as a percentage of the total amount of HB overpayment debt outstanding at the start of the period plus amount of HB overpayments identified during the period.	34.42%	2 nd	New indicator for 2005-06
BV79biii	Housing Benefit (HB) overpayments written off during the period as a percentage of the total amount of HB overpayment debt outstanding at the start of the period, plus amount of HB overpayments identified during the period.	5.46%	No quartile data produced	This indicator has no 'polarity'
BV80a 2006-07	Satisfaction with the Benefit Service a) Contact with the office	81%	Waiting for data	▼
BV80b 2006-07	Satisfaction with the Benefit Service b) Service in the office	83%		▼
BV80c 2006-07	Satisfaction with the Benefit Service c) Telephone Service	77%		△
BV80d 2006-07	Satisfaction with the Benefit Service d) Staff in the office	83%		▼

Ref no	Description	NHDC	Quartile position (when compared to all other English authorities)	Direction of travel 2003-2006 (up=improving down=deteriorating)
BV80e 2006-07	Satisfaction with the Benefit Service e) Clarity of forms	54%		▼
BV80f 2006-07	Satisfaction with the Benefit Service f) Speed of service	70%		▼
BV80g 2006-07	Satisfaction with the Benefit Service g) Overall satisfaction	84%		▼

Source: 2005-06 BVPI data from the Audit Commission

Strategy for making and monitoring efficiency gains (as submitted to DCLG as part of the Backward Look 2007/08 AES)**Strategy**

The Authority operates a system of priority-led budgeting. This ensures that resources are directed and/or redirected to the achievement of strategic objectives. In the 2007/08 budget, the Authority redirected over £1,100,000 to help achieve statutory and strategic priorities and contribute to inflationary and contractual growth pressures.

The Council's financial strategy has identified that to maintain strategic growth at £250,000 per annum and also contribute to inflationary and contractual growth further savings of £900,000 per annum are required over the next four financial years (2008/09 to 2011/12).

The Council's 'cash' saving target totalled £4.3 million over the 'Gershon' three-year period compared to the total cash and non-cash efficiency target of £2.07 million and further cash savings are required up to 2011/12. Of this savings target of £4.3 million, £2.67 million of qualifying savings have been achieved, a 29% performance above the Gershon target.

The Council operates a Corporate Business Planning system that facilitates a critical review of existing services and budgets and creates the ability to reallocate resources to new developments. The budget is regarded as a statement of political, legislative and public priorities to be implemented by managers with budget estimates being seen as managerial performance targets.

Over the last five years members have instigated a process of additional targeted service budget review, through the work of the Challenge Board, (a senior management group), to find the efficiencies necessary to allow the growth and redirection of budgets for the achievement of the strategic objectives.

The Challenge Board critically scrutinises the base budget allocations, targeting areas of underspend, budgets which are regularly used for other purposes and reviews services provided against strategic priorities. Results of the Challenge Board review and any potential efficiency gains identified are reported to Cabinet for final recommendation to Council.

Such a financial service review exercise complements the whole service reviews carried out through the Best Value FSR process but concentrates solely on the opportunity for making efficiency savings.

Improvements in procurement within the Council is driven forward by the Procurement and Contracts Group who are charged with the role of meeting the improvement targets set out in the Council's Procurement Strategy.

The piloting of new approaches in procurement and project management on new service and construction contracts over the last few years have helped deliver significant improvements and efficiency gains. These new approaches involving PRINCE2 methodology and principles are now embedded within the Council's procurement process.

The Council actively participates in developing partnership and collaborative working and will continue to expand and improve on working relationships that help deliver better services and efficiencies.

Key actions taken during 2007-08 were

The Council's Access to Services Fundamental Service Review (FSR) and the ICT FSR provided further information to help reshape the delivery of services, making best use of IT and changes to work processes to ensure cost effective, economic and efficient services are provided at the level the customer requires. The engagement of a strategic partner to assist deliver the changes occurred in 2005/06 and significant efficiencies were achieved from 2006/07.

The improvement targets set out in the Council's Procurement Strategy has brought about significant efficiencies in transactional costs relating to the procurement and payment of goods and services. In addition the improvements in procurement and project management on large service and construction contracts has also delivered efficiency gains.

The Council's organisational review which commenced in 2004/05 with the senior management restructure has delivered significant savings through staff reductions and further savings and efficiency gains were achieved in 2007/08.

Challenge Board will continue to scrutinise the base budget allocations, targeting areas of underspend, budgets which are regularly used for other purposes and reviews services provided against strategic priorities. Benchmarking services against comparable authorities and challenge of 'high' cost services is fundamental to the Board's scrutiny process in keeping with the principles of best value and value for money.

The Council commenced a fundamental review of 'efficiency' and the member led board will conclude its review early in this financial year to enable its recommendations to form an integral part of the Corporate Business Planning process for 2009/10 and onwards.

Title	Ongoing gains sustained from 2006/07 (£)		Further gains achieved in 2007/08 (£)		...of which expected to be ongoing (£)		Cumulative gains as at end of 2007/08 (£)	
	Total gains	...of which cashable (£)	Total gains	...of which cashable (£)	Total gains	...of which cashable (£)	Total gains	...of which cashable (£)
Adult social services	7,406	7,406	16,900	16,900	16,900	16,900	24,306	24,306
	Key actions undertaken to achieve efficiency gain: The Council worked with key partners (County and Districts) on the creation of a Social Enterprise Trust for the delivery of meals on wheels to the elderly and disabled. Although service economies will not arise in the short term efficiencies and cost reductions are expected in later years.							
	Quality crosscheck notes: Creation of the Social Enterprise Trust, procurement of more efficient and cost effective premises for the preparation of the meals.							
Children's services	10,325	10,325	0	0	0	0	10,325	10,325
	Key actions undertaken to achieve efficiency gain:							
	Quality crosscheck notes:							
Culture and sport	24,893	24,893	0	0	0	0	24,893	24,893
	Key actions undertaken to achieve efficiency gain:							
	Quality crosscheck notes: The number of swims and other leisure visits per 1,000 population.							
Environmental Services	51,436	51,436	161,140	161,140	161,140	161,140	212,576	212,576
	Key actions undertaken to achieve efficiency gain: The Council moved towards an alternative weekly collection service for domestic waste and recyclable materials in 2007/08. Efficiencies and cost savings are estimated for 2008/09 onwards once the new service is in place. The introduction of a pre-application advice service on environmental issues will deter ill-prepared applications which will save on both staff and customer time and result in better outcomes for both authority and applicant. Efficiencies in the removal of graffiti and fly tipped materials has produced budget savings.							
	Quality crosscheck notes: Percentage change of kilograms of household waste collected per head of the population (BV84b).							
Local transport (highways)	15,870	15,870	0	0	0	0	15,870	15,870
	Key actions undertaken to achieve efficiency gain:							
	Quality crosscheck notes:							
Local transport (non-highways)	0	0	43,090	43,090	43,090	43,090	43,090	43,090
	Key actions undertaken to achieve efficiency gain: The Council is actively reviewing its enforcement services and has already made service efficiencies in the provision of engineering and parking services. Further restructuring took place in 2007/08. Key actions: Staff reductions on parking enforcement already identified in 2007/08.							
	Quality crosscheck notes: None							

LA social housing (other)	0	0	45,510	45,510	45,510	45,510	45,510	45,510
	Key actions undertaken to achieve efficiency gain: Strategy: Collaborative working with the Council's key registered social landlords (RSLs) within the district provides both efficiencies and cost reductions. In particular work on the common housing register and a choice based letting scheme. Key actions: Charging for services provided to local RSLs. Service efficiencies arising from ITC investment coupled with review of processes.							
	Quality crosscheck notes: None							
Homelessness	10,580	10,580	0	0	0	0	10,580	10,580
	Key actions undertaken to achieve efficiency gain:							
	Quality crosscheck notes:							
	Other cross-cutting efficiencies not covered above							
Corporate services	1,294,252	1,294,252	416,070	397,070	416,070	397,070	1,710,322	1,691,322
	Key actions undertaken to achieve efficiency gain: Strategy: The Council's senior management restructure commenced in 2004/05 and efficiency gains over the three years totals £900,000. The programme of restructure continued into 2007/08 and further efficiency gains are targeted as part of the Council's Corporate Business Planning processes. During the periods of restructure overall performance targets have improved year on year. As part of the restructure office accommodation savings have been achieved as well as disposal of surplus office assets and further savings arose in 2007/08. The Council completed a major job evaluation exercise in 2004/05 which addressed the issues of equal pay, market forces and staff retention. staff turnover continues to fall year on year and has resulted in reduced staff recruitment costs compared to previous years. There are significant non-cash efficiencies arising from this from staff time saved in not recruiting etc. Key actions: A further reduction of 20 full time equivalent staff posts in the Council's establishment in 2007/08 as part of the Council's re-structures and efficiencies arising from ITC investment and partner working. Part of the staff saving is in facilities management as a consequence of further work on asset rationalisation and improvements in the working environment.							
	Quality crosscheck notes: liP accreditation achieved in 2006 (3rd Accreditation) with follow up reaccreditation achieved June 2008. Staff turnover 2005/06 14.6% reducing in 2006/07 to 12.5% (2007/08 12.72%) Authority's accounts closed on time with no qualification (2006/07)							
Procurement - goods and services	175,234	175,234	38,700	38,700	38,700	38,700	213,934	213,934
	Key actions undertaken to achieve efficiency gain: Strategy: The Council's collaborative work with the County Council and other District councils on an e-marketplace system will deliver cost and service efficiencies in procurement. Coupled with efficiencies arising from the effective use of its Strategic Priorities Fund in 'seed planting' invest to save projects the Council will start to deliver significant savings in future years. Partnership working with adjoining Districts and the County Police on a joint CCTV system has delivered year on year cost reductions coupled with improving service efficiency and performance. Key actions: Renegotiation of prices and service quality on stationery, printing and mobile phones. Cost reductions on CCTV operating costs.							
	Quality crosscheck notes: Annual review of Procurement Strategy completed Dec 2007.							

Productive time	271,218	224,661	1,700	1,700	1,700	1,700	272,918	226,361
	<p>Key actions undertaken to achieve efficiency gain: Strategy: Part of ITC (IEG) investment strategy following on from the Council's organisational review and restructure. In partnership with its IT partner the Council is currently developing a process for the measurement and capture of efficiency gains arising from ITC investment. Monitor staff vacancies as they occur and challenge reappointment. Key actions: Seek improvements in working practices following investment in IT that deliver productive time gains that translate in to lower staff/agency/consultancy costs. Use of the Council's intranet has reduced the Council's annual printing costs.</p>							
	<p>Quality crosscheck notes: liP accreditation achieved in 2006/07 with follow up reaccreditation in 2008/09 achieved June 2008.</p>							
Transactions	67,718	67,718	20,000	20,000	20,000	20,000	87,718	87,718
	<p>Key actions undertaken to achieve efficiency gain: Strategy: Part of ITC (IEG) investment strategy following on from the Council's organisational review and restructure. In partnership with its IT partner the Council is currently developing a process for the measurement and capture of efficiency gains arising from ITC investment in services with large transaction workflows. Key actions: Expansion of document management systems on large transaction processes coupled with home and mobile working that will provide both time and cost efficiencies.</p>							
	<p>Quality crosscheck notes: Margin of difference is very small the service performance is consistently high while annual service costs and staff numbers have decreased.</p>							
Total	1,928,932	1,882,375	743,110	724,110	743,110	724,110	2,672,042	2,606,485

How to do a Value for Money (VfM) Review

All services need to show that they are providing VfM services. As part of the Council's Business Strategy, all Heads of Service are required to carry out a VfM review on at least two of their service areas or key aspects of their services each year.

How do I select an area to review?

As the Head of Service, you know your services better than anyone; you know what they cost to provide, how they perform and what your customers think of them.

As a priority select an area to review where it can be demonstrated that some aspect is out of line with services provided by others, (*see the information sources below*) It may be an area of revenue or capital, expenditure or income. It could be a whole service area (like refuse collection) or part of a service (like processing customer requests for bulky waste collection). It may be an area where you feel you perform well, or where you feel you could improve. Either way, the selection of an area to review must be supported by factual based evidence. The information may come from:

- Analysis of profiles, Audit Commission or other profiles
- Team performance data
- Benchmarking
- Surveys
- Member observations
- Complaints, comments and compliments
- Inspection reports or other peer reviews
- Feedback from partners

Prepare terms of reference for the review, showing how you intend to proceed. Specify the service area you want to review and what you intend to consider. For example, you might plan to review Audit Commission data on cost and performance over a three year period. You may wish to set-up a small review team to help you, but remember there must be a balance between the time/resource input required to the desired outcome (VfM).

Agree your terms of reference with the Challenge Board, (this may vary depending upon key factors pertaining at that time, for example the economic climate, budget pressures and changing objectives/priorities).

How do I assess if the service provides VfM?

Initial Assessment - Make an initial assessment of your service based on the information you have. You should review "the three Es" and their relationship.

- Cost (Economy)
- Performance (Efficiency)
- Customer Satisfaction (Effectiveness)

Compare yourself with other organisations and look at your own cost and performance over time.

Ask yourself:

- Does your services (or aspect of it) cost more to provide than comparable authorities (near neighbours)?
- Is the performance level of the service better or worse than the comparator?
- How satisfied are your customers with the service?
- Have satisfaction levels improved since last year?
- Are you in the bottom quartile for performance or the top quartile for cost?
- Make use of the performance/cost matrix, where do you sit and how do you compare with others?

Dig a little deeper. Find out why.

You should try approaching benchmarking partners and look to other sources for obtaining data (e.g. process manuals, flow-charts, visits, internet). What is best practice? Is there any guidance from professional bodies? How does the private or voluntary sector compare?

Consider the scope for varying the style or nature of service delivery – don't be afraid to think the unthinkable, key questions will be 'why?' and 'what if?'

If your service (or an aspect of it) costs more to provide than a comparable authority, why is that? Is it a result of a policy decision? Or are there special local factors that influence cost?

Do you know why the performance level of the service is better or worse than comparators? For example is this because of the level of investment as a result of Council priorities?

Is the Council committed to providing a gold star service? Or has there been deliberate disinvestment in favour of other services?

Does the service meet or exceed customer expectation? Is there a reason why some sections of the community are dissatisfied with the service? Are you satisfied that you know what customers want?

Remembering the key principles of Price, Performance and Perception make a judgement of whether the service provides **Value for Money**. Justify your conclusion by reference to the evidence you have found. Consider also:

- Is the Service a Council priority?
- What resources would be needed to significantly improve VFM?
- Is there scope for shared service provision or alternative procurement?

How long should the review take?

The review should not take any longer than 4-6 weeks to complete and should be completed as part of the corporate business planning cycle, so that efficiencies and investments that may arise from the review can be incorporated into the cycle.

What do I report and who do I report to?

Complete your report and submit it to the Challenge Board.

An improvement plan will need to be prepared to make changes leading to improved VfM. Once approved, this will be integrated within the corporate business planning cycle.

NORTH HERTFORDSHIRE DISTRICT COUNCIL

CORPORATE BUSINESS STRATEGY

JANUARY 2009

CORPORATE BUSINESS STRATEGY

The Council's Objective

The Council's key priorities and targets flow from the following steps:

A clear vision for the district, developed with our partners in the LSP.
The Vision for North Hertfordshire is:

Making North Hertfordshire a vibrant place to live, work and prosper.

The following mission statement expresses the District Council's role both as a leading partner within the local community and as an organisation in its own right:

'To work collaboratively with our partners and communities to deliver the vision for the district of North Hertfordshire'.

The Council's mission and the vision is supported by the following 6 strategic objectives:

- Sustainable Communities
- Safer Communities
- Healthier Communities
- Equal Communities
- Prosperous Communities
- Satisfied Communities

The Council's Corporate Plan focuses on what we will contribute to achieving the Vision. Whilst we retain the existing six strategic objectives as a thread running through a number of our services, and which also demonstrate the Council's significant participation in partnership activities, we also need to reflect the very latest national and local priorities.

The Council has, therefore, identified three more immediate priorities;

- ***town centres***
- ***green issues***
- ***sustainable development***

which will form the basis of our corporate business planning process from 2009/10. These will be the areas on which we will concentrate our resources and activities to deliver.

The Council's Corporate Plan states "The Council has made a commitment to ensure that our services are high quality, and represent value for money to our customers".

The Council's Financial Management Strategy reiterates this; "The Council remains committed to the identification of efficiency measures and the delivery of value for money services. For many years the Council has sought to identify efficiency opportunities as being the most effective means to free-up resources to enable provision of new or enhanced services. Investment bids representing additional cost to existing services have to demonstrate that no further offsetting efficiency savings could be made in that service area before inclusion in the budget papers. The

Council will continue to strive to identify all such opportunities as part of the annual Corporate Business Planning process.”

The Financial Management Strategy further states that; “The Council proposes to achieve VfM by:

- Ensuring that its limited resources are allocated to its priorities through a vigorous corporate business planning process
- Achieving service and budgetary targets through tight budgetary control and good project management
- Systematically reviewing services for VfM by a process of benchmarking with our ‘near’ neighbours
- Maintaining the policy of competitive tendering and adopting best procurement practices
- Minimising waste and achieving efficiency savings year on year
- Measuring service quality against external objective quality standards such as:-
 - External accreditations such as Charter Mark, Investors in People etc
 - Nationally published performance indicators and appropriate locally determined performance indicators
- Working with the Local Strategic Partnership and wide range of other partners
- Listening to the views of residents, service users and businesses and responding to service requirements
- Promoting equality of opportunity”

The corporate business strategy outlines the Council’s approach to the delivery/procurement of services including the potential externalization or internal growth of services and partnering arrangements (Shared Services) with commercial organisations, the third sector and other public authorities.

Summary Of Sections		Page
1.	Background	5.
2.	Choosing a Delivery Service Option	7.
	Influencing Factors	
	Economic Case	
	Organisational Issues	
3.	Developing a Business Strategy at Corporate and Service Level	10.
4.	Service Analysis	12.
Appendix 1	Organisational models	13.
Appendix 2	How to do a VFM Review	14.

SECTION 1

Background

1.1 The Corporate Plan sits at the centre of our corporate planning framework which integrates Corporate Business Planning to ensure resources are redirected to priority areas. The six strategic objectives are:

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

Whilst we retain the existing six strategic objectives as a thread running through a number of our services, and which also demonstrate the Council's significant participation in partnership activities, we also need to reflect the very latest national and local priorities. The Council has, therefore, identified three more immediate priorities:

- **Town Centres** – to include delivery of actions arising from each of our four town centre strategies, sustaining our town centre businesses.
- **Green issues** – to include development of our final climate change strategy and increasing opportunities for recycling and in-vessel composting
- **Sustainable Development** – to include controlling development and preserving our greenbelt/rural way of life wherever possible

These three priorities will form the basis of our corporate business planning process from 2009/10. These will be the areas on which we will concentrate our resources and activities to deliver.

1.2 The Council operates a system of priority led budgeting and the Corporate Business Planning process describes an annual cycle which begins with the identification of our strategic objectives and the short and medium term actions we will take to achieve them. Having identified our strategic objectives and actions through the Corporate Plan, the Medium Term Financial Strategy then considers the financial implications of the objectives and other external pressures and ensures we have a clear policy framework to enable us to allocate funds in accordance with our objectives as we go through the budget setting and service planning stages of the process.

1.3 Other than those specified in 'service' strategies or policies there is no corporate view on how services should be managed/organised to deliver the short, medium and longer term actions approved to deliver the Council's

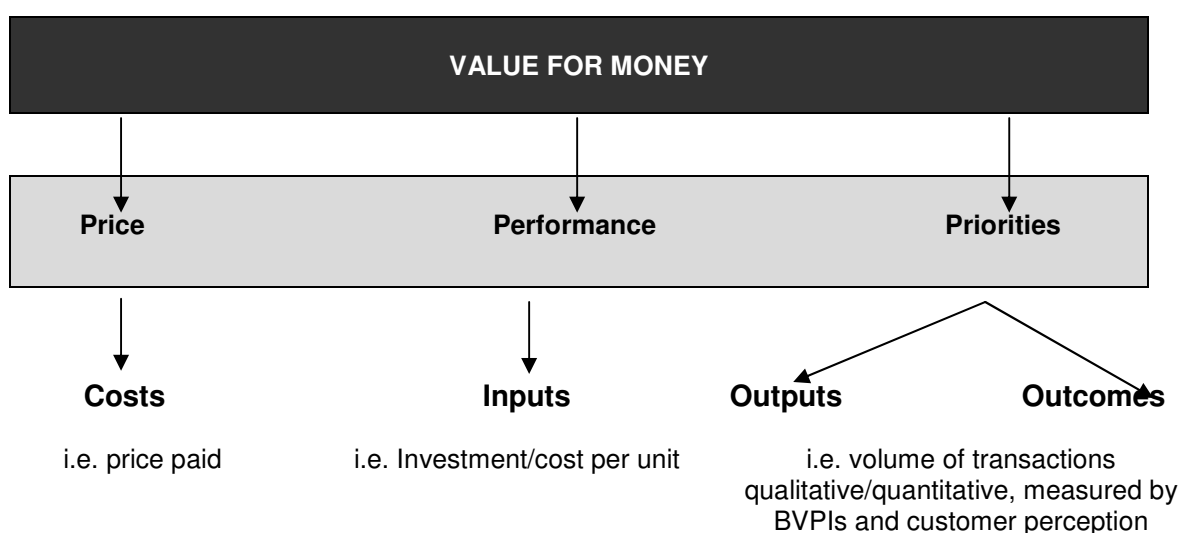
Corporate Plan. Instead the Council operates a mix of service delivery options.

- 1.4 The business strategy sets out how services should be appraised on their effectiveness (VfM) in meeting the Council's corporate plan and what is the best model of service delivery for this Council.

SECTION 2**Choosing a Service Delivery Option****1. Value for Money (VfM)**

Value for money is;

‘the relationship between economy, efficiency and effectiveness’,



* all to be benchmarked against comparator authorities.

In our efforts to achieve VfM in North Herts, we must therefore ensure that the optimum balance exists between the following;

Price – is presented not only by the visible cost, but the real price paid for a service, including any potential changes by inflationary rise, reduction in the size of the contract and critical mass impact, etc

Performance – is determined by measuring productivity – by placing investment in, say, mobile working technology for example, have we achieved (or will we achieve) the benefits anticipated in terms of number of cases handled, reduction in costs of officers travelling to and from the office. Home working would also be an effective measure of an investment and benefits to be gained which could inform future spending.

Priorities – measured in both qualitative and quantitative terms, this refers directly to achieving the outcome originally intended. So in future, performance against key priorities should be measured in terms of the cost delivering them, sustaining them at an agreed level and the satisfaction/end result gained.

2. Influencing Factors

2.1 There are a number of influencing factors that may lead to the choice of service delivery models, their structure and cost. At present, when adopted, they have been isolated based on the individual merits at the time:

2.1.1 National Policy Context

- Gershon, Varney et al advocate increasing use of shared services model involving external contractors or through collaboration by councils.
- The Comprehensive Spending Review 2007 (CSRO7) recommends likewise.
- T Government and the Business improvement Package.
- Regional Centres (of Procurement) Excellence (*RIEP*) are actively promoting shared services, e.g. regional wide council tax collection.
- *LAA service delivery – national/local context*

2.1.2 Local Policy Context

- Historic approach governed by the 'traditional' public sector structure, partially modified over the last decade by Compulsory Competitive Tendering (CCT), Best Value and its emphasis on partnering with the private sector. Hence an almost total external contracting of 'blue' collar services (Direct Service Organisations).
- LAA and LSPs moving councils towards an increasingly partnership approach to meet national policy objectives.
- The Herts 'Pathfinder' project identifies the shared service agenda as central, but largely speculative at this stage, hence present choice of projects perceived to be 'manageable/achievable' e.g. the Herts NNDR shared service project currently being explored.
- Some local collaborative approaches, largely technically driven but sometimes mirroring cultural, political and geographic synergies, e.g. A1 Audit Partnership and Stevenage, NHDC and EHDC CCTV Partnership.

3. Economic Case

3.1 The economic case for the change in how a service is managed/organised is predominately one of reducing cost but without a decline in service standards etc (the Gershon principle). However, economies of scale from larger service structures cover other factors that should influence the choice of service model, e.g. the capacity of an organisation to provide the required range of technical expertise and meet cyclical variations in service demand and the contribution services make to the organisations fixed overheads, (lower unit costs across the organisation)

3.2 Factors that may dissuade the choice of larger units are:

- Large contracts may be inflexible and difficult to actively manage.
- Set up processes may be protracted, expensive and involve technical obstacles that in themselves are protracted and expensive, e.g. IT systems.
- Danger that cartels are formed with attendant high prices.
- The 'business' unit may change character and grow contrary to that original envisaged, e.g. original service will suffer from change in 'business' priorities and 'local' control will be lost.
- Future business needs may only be understood in the short to medium term and develop inflexible approach to change in the longer term.

4. Organisational Issues

4.1 When determining the correct or best service model based on the above influencing factors, the following organisational needs are of significance:

- Flexibility to changes arising from legislative/local need and political direction in both short and long term.
- Management of risk and the appetite for opportunity risks.
- Cost certainty and its control.
- Skill retention and succession planning, both within service and cross Council.
- Political direction and prioritisation/de-prioritisation of services.
- Service standards and performance at local and national levels, their management and control.
- Public expectation.
- Authority/Service identity/branding.

SECTION 3**Developing a Business Strategy at Corporate and Service Level**

1.1 Before determining what services to consider for review and the options/extent the organisation is prepared to consider, a detailed rationale is required on political, cultural, economic and technical levels. To assist this process a preliminary review of all services is necessary and they should be categorised as whether services are:

- core – Assist in the delivery of the Council’s strategic objectives.
- non-core – Do not specifically assist in the delivery of the Council’s strategic objectives.
- business critical (essential or non essential) – Does the service contribute to the efficiency of the Council overall, this may be through a variety of advantages such as funding or staff expertise.

A service could be non-core but may be business critical to the Council, for example commercial/industrial investments are classed as non-core but contribute a significant income stream to the Council’s revenue budget.

1.2 This exercise can build upon the value for money analysis already started, profiling services and their sub-sets to develop an overview of the organisation as well as detailed analysis of each service element (See Section 4). A critical element of this review is to consider what is the critical mass needed to run some core services. This may require us to consider actively seeking more work (insourcing) rather than less to ensure we secure operating efficiencies, ‘grow or go’ options.

1.3 Once services have been categorised over the three headings in paragraph 1.1, then services can be chosen for more detailed review taking into account key issues set out in section 2 above. Coupled with ‘market intelligence’ from current pathfinder, commercial and collaborative opportunities, a service level strategy can be developed to take the chosen service from review to ‘partner/procurement’ stage.

1.4 That ‘partner/procurement’ stage will involve determining what core, business critical or essential services should be ‘grown’ and if not that they are procured by the most effective route and most cost effective way e.g. public partnership, public private partnership etc, see Appendix 1 for organisation options.

1.5 As part of their annual service plans, Heads of Service should develop VfM plans showing what services they will review and when. It is suggested that to manage the process a rolling programme of ‘service review’ is produced giving reasons for the selection and timing of the services for review, ‘Who, What, Why and When’.

1.6 It should be noted that these can be a whole or part service, for example Accountancy Services is made up of clearly defined activities which could be individually selected for review and grouped over a three year programme as follows:

Who – Financial Services
Sub group - Accountancy Services:

What	Why	When
Financial management	Last major review 6 years ago, evidence of continuous improvement but at what cost?	March 09
Treasury management	High risk service, high cost of risk?	March 09
Mortgage assistance	Reducing customer base with increase in unit costs per account.	March 09
Purchase ledger and supplier payments	Recent improvements (E-marketplace) and evaluation data/outcomes developing.	March 10
Sales ledger	Recently reviewed (March 08) with reduced cost.	March 11
Procurement support	New service (July 07) and evaluation data/outcomes developing.	Nov 09

- 1.7 It is important to balance the work/effort required to the outcome/reward expected, but it must be emphasised that we are obliged to demonstrate VfM and conduct regular reviews.

SECTION 4

Service Analysis

It is increasingly important that the Council can compare its performance with other authorities in order to measure its delivery of high quality services, to agreed service and performance standards but with equal regard to their overall cost. It would not be effective, for example, to simply reduce the cost or resource allocated to a given service, if the ultimate quality and customer perception were to reduce in accord.

It is a requirement that all services conduct regular assessments of their services to ensure:

- They can demonstrate value for money and highlight areas for review/improvement.
- They identify external factors that may influence/impact upon service delivery and the attainment of the Council's corporate objectives. These could include; statutory/legal changes, demographic changes, economic changes - wage/price inflation etc.
- They identify internal factors that may influence/impact upon service delivery. These could include; changes to the Council's strategic objectives, contract terminations, organisational change etc.

Service review is an important element of the Corporate Business Planning process to highlight service efficiencies and investment that assist the provision of services that meet the Council's strategic objectives while ensuring they demonstrate value for money.

The VfM guide, attached as appendix 2, should be followed when conducting a service assessment.

Appendix 1

Organisational Model	Explanation
Public- public- strategic collaboration	A shared approach to a common concern e.g. joint crime reduction strategy
Public-public-joint procurement	Shared process on purchasing goods or services e.g. jointly going out to tender for stationary supplies contract
Public-private(including outsourcing)	Working with the private sector to deliver a service e.g. strategic partnership to deliver corporate services
Public-public-shared service	Formally setting up a joint resource with another local authority e.g. Revs and Benefits processing
Public-other-shared service	As above with other non-LA partners e.g. shared one stop shop with the police
Commercial trading	Selling services to another LA e.g. payroll processing
Corporate centralism	Centralisation and standardization within a single LA e.g. centralization of IT services rather than having them managed individually in each service area

Source: Business Improvement Package DCLG 2007

How to do a Value for Money (VfM) Review

All services need to show that they are providing VfM services. As part of the Council's Business Strategy, all Heads of Service are required to carry out a VfM review on at least two of their service areas or key aspects of their services each year.

How do I select an area to review?

As the Head of Service, you know your services better than anyone; you know what they cost to provide, how they perform and what your customers think of them.

As a priority select an area to review where it can be demonstrated that some aspect is out of line with services provided by others, (*see the information sources below*) It may be an area of revenue or capital, expenditure or income. It could be a whole service area (like refuse collection) or part of a service (like processing customer requests for bulky waste collection). It may be an area where you feel you perform well, or where you feel you could improve. Either way, the selection of an area to review must be supported by factual based evidence. The information may come from:

- Analysis of profiles, Audit Commission or other profiles
- Team performance data
- Benchmarking
- Surveys
- Member observations
- Complaints, comments and compliments
- Inspection reports or other peer reviews
- Feedback from partners

Prepare terms of reference for the review, showing how you intend to proceed. Specify the service area you want to review and what you intend to consider. For example, you might plan to review Audit Commission data on cost and performance over a three year period. You may wish to set-up a small review team to help you, but remember there must be a balance between the time/resource input required to the desired outcome (VfM).

Agree your terms of reference with the Challenge Board, (this may vary depending upon key factors pertaining at that time, for example the economic climate, budget pressures and changing objectives/priorities).

How do I assess if the service provides VfM?

Initial Assessment - Make an initial assessment of your service based on the information you have. You should review "the three Es" and their relationship.

- Cost (Economy)
- Performance (Efficiency)
- Customer Satisfaction (Effectiveness)

Compare yourself with other organisations and look at your own cost and performance over time.

Ask yourself:

- Does your services (or aspect of it) cost more to provide than comparable authorities (near neighbours)?
- Is the performance level of the service better or worse than the comparator?
- How satisfied are your customers with the service?
- Have satisfaction levels improved since last year?
- Are you in the bottom quartile for performance or the top quartile for cost?
- Make use of the performance/cost matrix, where do you sit and how do you compare with others?

Dig a little deeper. Find out why.

You should try approaching benchmarking partners and look to other sources for obtaining data (e.g. process manuals, flow-charts, visits, internet). What is best practice? Is there any guidance from professional bodies? How does the private or voluntary sector compare?

Consider the scope for varying the style or nature of service delivery – don't be afraid to think the unthinkable, key questions will be 'why?' and 'what if?'

If your service (or an aspect of it) costs more to provide than a comparable authority, why is that? Is it a result of a policy decision? Or are there special local factors that influence cost?

Do you know why the performance level of the service is better or worse than comparators? For example is this because of the level of investment as a result of Council priorities?

Is the Council committed to providing a gold star service? Or has there been deliberate disinvestment in favour of other services?

Does the service meet or exceed customer expectation? Is there a reason why some sections of the community are dissatisfied with the service? Are you satisfied that you know what customers want?

Remembering the key principles of Price, Performance and Perception make a judgement of whether the service provides **Value for Money**. Justify your conclusion by reference to the evidence you have found. Consider also:

- Is the Service a Council priority?
- What resources would be needed to significantly improve VFM?
- Is there scope for shared service provision or alternative procurement?

How long should the review take?

The review should not take any longer than 4-6 weeks to complete and should be completed as part of the corporate business planning cycle, so that efficiencies and investments that may arise from the review can be incorporated into the cycle.

What do I report and who do I report to?

Complete your report and submit it to the Challenge Board.

An improvement plan will need to be prepared to make changes leading to improved VfM. Once approved, this will be integrated within the corporate business planning cycle.

TITLE OF REPORT: REFERRAL FROM CABINET – 27 JANUARY 2009 – BUDGET PROPOSALS 2009/10

The following is an extract from the Draft Minutes of the Cabinet meeting held on 27 January 2009.

105. BUDGET PROPOSALS 2009/10

The Portfolio Holder for Finance presented the report of the Strategic Director of Financial and Regulatory Services that apprised Cabinet of the factors which contributed to the determination of the District Council Tax level and asked Cabinet to recommend the appropriate level to Council on 5 February 2009. The following documents were appended to the report:

- Appendix 1 – Collection Fund forecast 2008/09;
- Appendix 2 – List of Efficiency items;
- Appendix 3 – List of Income increases;
- Appendix 4 – List of additional Efficiency items;
- Appendix 5 – List of Revenue Investment Items;
- Appendix 6 – General Fund Estimates 2009/10 and onwards;

The Portfolio Holder for Finance reminded Members that, at its December 2008 meeting, Cabinet was informed that to set a balanced budget and provide sufficient reserves to meet 2009/10's risks, further efficiencies of £240,000 would need to be identified from next year's forecast net expenditure. However, now that the total budget for 2009/10 had been calculated, this budget gap has increased from £240,000 to £620,000, largely as a result of the further fall in interest rates announced on 8 January 2009.

Members also noted that a minimum Council Tax increase of 4.5% would be necessary to produce a balanced budget, although it was unclear at what level the capping regime would come into force. The Minister for Local Government had informed Councils that the Government was expecting Council Tax rises 'substantially below' 5%. In order to minimise the risk of capping, officers considered it prudent not to exceed a 4.5% Council Tax rise.

The report now presented included the revisions to the base budget and sought approval for a number of matters which had been built in to the estimates, namely:

- The Budget was based on financing activity that supported the Council's strategic objectives;
- In-built contractual inflation of 5.61% and pay award of 2.0%;
- Standstill budget for all other items;
- Inflation of 4.2% on fees and charges income;
- Government support totalling £7.9 million (an increase in cash terms of £144k, 1.86%);
- Challenge Board efficiencies totalling £300.9k;
- Efficiency proposals totalling £139.6k;
- Income proposals totalling £371k;
- Budget gap efficiency proposals totalling £430k;
- Statutory and Strategic Investment proposals totalling £225.4k;

The Portfolio Holder for Finance referred to Agenda Item 10A, which included a revision to the base budget of £59,000, thereby reducing the budget gap to £561,000. The £59,000 related to the full revenue consequences of the request in the Capital report on the agenda which sought approval to re-allocate the funds for the scheme in 2008/09 to extend the organic waste collection service to multiple occupancy

properties to a dry recycling service instead. Further analysis of the contract costs had revealed that a revenue provision in 2009/10 relating to the original capital scheme would not be required.

The Portfolio Holder for Finance advised Members of the major changes that had been made to the Efficiency and Investment items contained in the Budget Proposals 2009/10 since Cabinet's consideration of the Draft Budget in December 2008, and in the light of the current economic climate, proposed the following:

- the total value of Investment items be reduced from £454,230 to £225,400 (comprising RI/1 – Change of landfill site from land at Ickleford to site at Ware; RI/10 – Support to the BIDS process; and a new RI/13 – Support for CAB Hitchin County Court Helpdesk worker), with all other items being deferred for consideration in 2010/11;
- the additional Efficiency items RE9 to RE12, as detailed in the report, and totalling £360,000, be agreed;
- additional Efficiency item RE13 – reduction in Area Committee budgets on highway matters (£20,000) – be not supported, and be re-instated in the budget;
- additional Efficiency item RE14 – Close Letchworth Museum (£50,000) – be not supported, in the light of the revision to the base budget of £59,000 referred to above, and the efficiency be deferred to 2011/12 in line with the previous decision on Agenda Item 13 (see Minute 102 above);
- Income increase IE/1 – Second hand folding and collating equipment for Document Centre (£6,000) – remain, but officers find means to make it possible despite the deferral of Investment item RI/5.

The Portfolio Holder for Finance drew attention to a revised Appendix 6, submitted with Agenda Item 10A, which summarised the General Fund Estimates, taking into account the revisions to the base budget outlined above.

Cabinet supported the recommendations made by the Portfolio Holder for Finance.

The Chairman of the Scrutiny Committee advised that the Scrutiny Finance Sub-Group, at its meeting held on 19 January 2009, had considered reports on the Budget Proposals 2009/10 and Capital Programme – 2009/10 Onwards. In respect of the Budget Proposals 2009/10, the Sub-Group had made the following recommendations to Cabinet, which had been endorsed by the Scrutiny Committee at its meeting held on 20 January 2009 (Minute 73 refers):

- “(1) That the Museum service re-provision be properly planned ensuring that staff, Councillors and the Heritage Foundation are properly engaged and the positive aspects of the new improved facility be highlighted;
- (2) That control of staff costs are managed to maximise savings from vacancy controls and staff efficiencies;
- (2) That objectives remain joined up by giving consideration as to whether ceasing relatively small investments may decrease income and economic activity.”

The Portfolio Holder for Finance proposed to Cabinet that the recommendations of the Scrutiny Committee be supported.

RECOMMENDED TO COUNCIL:

- (1) That the disappointing level of Government support for 2009/10 of £7.886m be noted;
- (2) That the position on the Council Tax Collection Fund and the surplus of £6,000 projected at 31 March 2009 be noted, the North Hertfordshire share being a surplus of £55,000;
- (3) That the position relating to the Council's balances be noted and that it be further noted that a General Fund balance of £1,583,000 has been used in the precept calculations;

- (4) That the position of the other Reserves and Balances, as detailed in Section 4.5 of the report, be noted;
- (5) That the Efficiency Options referred to in Paragraph 4.6.2 of the report, and as detailed in Appendices 3 and 4, as amended, be approved for inclusion in the budget estimates for 2009/10;
- (6) That the Investment Items be limited to a total of £225,400, as referred to in Paragraph 4.6.5 of the report, and that this figure be included in the budget estimates for 2009/10;
- (7) That the additional Efficiency Options RE/9 to RE/12, as referred to in paragraphs 4.6.7 to 4.6.12 of the report, and as detailed in Appendix 5, be approved for inclusion in the budget estimates for 2009/10;
- (8) That it be noted that all Efficiencies and Investment proposals are in accordance with strategic objectives;
- (9) That the revised estimated net expenditure for 2009/10 be noted;
- (10) That the recommendations of the Scrutiny Committee be supported;
- (11) That a 4.5% increase on the Council Tax (average band D) be levied upon the Collection Fund for 2009/10, a precept of £9,634,696.

REASON FOR DECISION:

- (1) To ensure that Members have considered all relevant factors when arriving at the proposed Council Tax precept for 2009/2010;
- (2) To ensure that the Cabinet recommended a prudent and balanced budget to Council on 5 February 2009.

THIS PAGE IS BLANK

The following is the report and Addendum report considered by Cabinet at its meeting held on 27 January 2009 (Note: The appendices to the report have been updated to incorporate the amendments made by Cabinet on 27 January 2009).

TITLE OF REPORT: BUDGET PROPOSALS 2009-2010

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE AND REGULATORY SERVICES

PORTFOLIO HOLDER: COUNCILLOR T.W. HONE

1. SUMMARY

- 1.1 To consider the factors which contribute to the determination of the district council tax level and to recommend the appropriate level to Council on the 5th February 2009.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision to be taken by Council on 5th February 2009 that was first notified to the public in the Forward Plan on 1st November 2008.

3. BACKGROUND

- 3.1 Members will be aware that the Council's financial strategy (MTFS) for 2009/10 to 2013/14 was reported at the June 2008 Cabinet. The report outlined the following:

- the financial background to the Corporate Business Planning (CBP) process for the period 2009 to 2014.
- the known funding pressures which the Council will face in that period and the Council's medium term financial forecast.
- the strategy for dealing with any funding gap.

- 3.2 The Corporate Business Planning Process (CBP) provides a cyclical framework by which the Council determines its priorities and aligns both resources and finances to achieve these, in line with our short, medium and long term commitments determined in the Corporate Plan. In order to determine clear criteria to support such decisions, the methodology for scoring individual projects has been refined from the 2008/09 process and used again. This requires that each proposal for additional investment is required to be linked not only to one of the six strategic objectives identified in the Corporate Plan but also the three immediate priorities of:

1. Town Centres – to include delivery of actions arising from each of our four town centre strategies, sustaining our town centre businesses.
2. Green issues – to include development of our final climate change strategy and increasing opportunities for recycling and in-vessel composting
3. Sustainable development– to include controlling development and preserving our greenbelt/rural way of life wherever possible

The intention is that criteria for inclusion of objectives in the CBP Framework reflects those contained within the Corporate Plan.

- 3.3 The financial strategy highlighted pressures faced by the Authority in the next few years, these pressures were later assessed and formed the 2009/10

Investment proposals opportunities, presented at the October and December Cabinets. The gap between anticipated General Fund net expenditure and the funding available, (Government support and Precept income) continues throughout the 5 year cycle (2009/10-2013/14), requiring an initial efficiency target of £951k in 2009/10.

- 3.4 In the current economic climate it is anticipated that the pressures the Council faces will increase significantly and we will have to continue to consider innovative ways of providing services through partnership with other local authorities and the private sector and /or cease provision of some services where there are alternative providers. NHDC has continued to seek staffing efficiencies through shared services with other authorities, such as for the shared auditor and procurement officer posts and services such as Meals on Wheels, the Building Control out of hours service and CCTV.
- 3.5 The December meeting received the revised draft efficiency and investment options proposals following discussions at Member workshops and Area Committees. In addition, Cabinet were informed that to set a balanced budget and provide sufficient reserves to meet next year's risks, further efficiencies of £240K would need to be identified from next year's forecast net expenditure. Members were reminded that further work to refine the estimates was ongoing and that final figures would be reported to this meeting. Now that the total budget for next year has been calculated this budget gap has increased from £240K to £620K largely as a result of the further fall in interest rates announced on 8th January 2009..
- 3.6 Members also noted that a minimum Council Tax increase of 4.5% would be necessary to produce a balanced budget, however it was unclear at what level the capping regime would come into force. The Minister for Local Government, informed Councils the Government was expecting Council Tax rises 'substantially below' 5% and stated that;

'The Government expects the average council tax increase in England to be substantially below 5% in 2009-10 and we will not hesitate to use our capping powers as necessary to protect council taxpayers from excessive increases, including requiring authorities to re-bill if that proves necessary...
No other decisions about capping in 2009-10 have been taken but it would be unwise for any authority to assume that the capping principles set in previous years will be repeated"

In order to minimise the risk of capping, officers think it prudent not to exceed a 4.5% Council Tax rise. A 0.5% increase in Council Tax is equivalent to £46K.

- 3.7 The report now presented includes the revisions to the base budget and seeks approval for a number of matters which have been built in to the estimates, namely:
- Budget is based on financing activity that supports the Council's strategic objectives
 - In-built contractual inflation of 5.61% and pay award of 2.0%
 - Standstill budget for all other items
 - Inflation of 4.2% on fees and charges income
 - Government support totalling £7.9 million (an increase in cash terms of £144k, 1.86%)
 - Challenge Board efficiencies totalling £300.9k
 - Efficiency proposals totalling £139.6k

- Income proposals totalling £371k
 - Budget gap efficiency proposals totalling £430k
 - Statutory and Strategic Investment proposals totalling £225.4k
- 3.8 The December report highlighted the fact that the Council must make an assessment of financial risk associated with the budget proposals and set the level of General Fund balance accordingly. This analysis of risk and the impact on the proposed General Fund balance is outlined in paragraph 4.4.3.
- 3.9 The Financial strategy outlined the additional costs falling to the General fund in future years as a result of inflation and investment and outlined a strategy to deal with these increases, namely:
- By a phased use of balances and
 - Using the Challenge Board to investigate means of reducing net expenditure.
- 3.10 The Department of Communities and Local Government (DCLG) have advised the Council that the 2009/10 settlement figure will be £7.886 million as part of the 3 year settlement (CSR07). The provisional settlement for the remaining year (2010/11) is £8.070 million.

4. CONSIDERATIONS

4.1 In arriving at the final Council Tax precept recommendation, it is necessary to consider the impact of a number of items on the budget namely, the local Government Finance Settlement, the Collection Fund, position of Balances, other Reserves and Provisions, the efficiency options being accepted, the investment options being supported, the base revenue estimates for 2009/2010 and the associated risks. The following sections of the report will deal with each item in turn.

4.2 Local Government Finance Settlement

4.2.1 As provisionally predicted the announcement made on 26th November 2008 confirmed a settlement totalling £7.886 million, some £144k more than this year. In the announcement, the Minister for Local Government stated that all authorities would receive an increase in grant in cash terms. In our case, the Government figures show that we have received an additional £144k, a 1.86% increase compared to the Adjusted 2008/09 Formula Grant as per table 1 below. The provisional figures were confirmed on 21st January 2009.

Table 1 Adjusted figures for 2008/09, settlement for 2009/10 and provisional figures 2010/11

	Original 2008/09	Adjusted 2008/09	2009/10	Diff to Adjusted	%	Provisional 2010 /11
	£000's	£000's	£000's	£000's		£000's
RSG	946	946	1,479	-		N/A
NNDR	6,796	6,796	6,407	-		N/A
Total	7,742	7,742	7,886	-	1.86	8,070

4.2.2 The figures in table 1 above confirm the 3 year CSR07 finance settlement notified last year. In terms of the Council's forward planning, in view of the Government's current fiscal and monetary policies, no annual increase in grant has been included from 2011/12 onwards.

4.2.3 Cabinet is asked in Recommendation 10.1 to note that Government support for 2009/10 totals £7.886 million.

4.3 Collection Fund

4.3.1 The Council is required to maintain a Collection Fund to account for the costs of collecting the Council Tax. The Fund is required to break even over time and should a surplus/deficit develop, this must be returned/repaid to/from the Council Taxpayers. Any surplus/deficit must be shared with the County Council and Police authority in proportion to their share of the overall Council Tax bill.

4.3.2 The balance on the Collection Fund as at 1st April 2008 was a deficit of £142k and the proportion relating to North Hertfordshire was £21k. The provisional figures for 2008/09 indicate a year-end surplus on the collection fund of £6k, see Table 2 and Appendix 1. North Hertfordshire's share is a net surplus of £55k, against this amount. The County and Police Authority partly offset this surplus with deficits of £44k and £5k, respectively. These deficits follow payments repaid to County and the Police Authority from the fund for the surplus in 2007/08. In the current economic climate it is anticipated that in 2009/10 losses on the fund will arise from increasing bad debt and the carried forward surplus will help mitigate these losses.

Table 2 – 2008/09 Estimated Year End Collection Fund Balance

Authority	Estimated Year End Surplus / (Deficit) £,000
North Herts District Council	55
Hertfordshire County Council	(44)
Hertfordshire Police Authority	(5)
Year End Surplus	6

4.3.3 Should the Government decide to use capping powers, the Council tax increase before application of any collection fund reduction is the figure used to determine whether an authority is to be capped.

4.3.4 The Committee is asked in Recommendation 10.2 to note the position on the Council Tax Collection Fund and agree no contribution to and from the Collection Fund in 2009/10.

4.4 Balances

4.4.1 Before setting a Council Tax precept for 2009/2010, it is necessary to review the position of balances and reserves. In addition to the General Fund balance, the Council keeps specific reserves and provisions for known areas of exposure to potential additional costs (provisions are sums set aside when the Council knows with reasonable precision the likely actual costs).

4.4.2 The Council operates with a reserve balance for General Fund activities in order to provide a cushion against unexpected increases in costs, reductions in revenues and expenditure requirements. To achieve a balanced budget net expenditure on the General Fund is anticipated to be approximately £19 million for 2009/10. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggests that the revenue balances should be set at no less than 5% of net revenue expenditure, having taken account of the risks faced by the Authority in any particular year. For NHDC this would mean a minimum balance of about £960K. The minimum figure represents

the cushion against totally unforeseen items. When setting the level of balances for any particular year, known risks which are not being budgeted for should be added to this figure and the Council will be criticised for poor financial management by the District Auditor if, having considered the risks it does not budget for a higher balances figure.

4.4.3 An assessment of the risks has been compiled for the coming year based on risks identified by each Head of Service and cross referenced to the risk register. The identified areas are where the financial impact is not wholly known and prudence would therefore indicate the need to set the General Fund balance slightly higher than the minimum. The increase in balances is based on percentage proportion of the risks identified. The total risks identified are £2.956million, however only a proportion of the risk value is taken in to account. For high risk items 50%,medium risk 25% and low risk 0%. The following table summarises the identified risks over the high, medium and low assessment:

Table 3 –Budget risks 2009/10

Category	Number	Value £,000	Proportion £,000
High	7	461	215
Medium	26	1,595	415
Low	13	900	0
Total	46	2,956	630

4.4.4 The risks identified include:

- Hitchin Town Centre Development – costs for consultancy/advice on the selection of a development partner to progress the scheme and advice on Heads of Terms (total value of £250k)-high risk
- The vulnerability of the authority to interest rate changes – the net expenditure figure quoted for the general fund includes an assumed £1.8 million from current interest receipts. Any further drop in interest rates will impact on the income achieved in 2009/10 (risk value of £100k)– high risk
- A downturn in income as a result of the effects of the current economic climate on the demand for planning control and parking services (risk value of £120k) – high risk
- Redirection of landfill – proposed budget in investment proposals should be adequate providing Shanks facilities in Hitchin can be used (risk value of £200k) – medium risk
- Difficulties in staff recruitment and retention and ability to deal with consultation documents and government directives e.g. in legal and planning (risk value of £141k) -high risk
- Sustainable development of the District – possible challenge of Luton Airport Expansion Plan that cannot be dealt with by existing resources (risk value of £130k) – medium risk
- The delivery of outcomes from the Museum FSR and the achievement of anticipated efficiencies (risk value of £50k) – medium risk

Although the total assessment of risk is £2.913million, the level of risk varies from high/medium to low. Taking a proportion of the risk into account as outlined in paragraph 4.4.2 would mean it would be prudent to increase balances by £630k above the minimum level. This would seem to suggest that it is advisable to maintain a General Fund balance in the region of £1,586million for 2009/10.

4.4.5 Building Control

The risk that the Building Control service will lose market share or income will fall as a result of a downturn in the construction industry has been identified while assessing the Council's risks. However, there is no allowance within the calculated increase in balance of the general fund as it is anticipated any risk can be met by the Building Control Reserve.

4.4.6 Cabinet is asked in Recommendation 10.3 to approve a General Fund Balance of £1,586,000.

4.5 Other Reserves and Provisions

4.5.1 Balances on other reserves and provisions are estimated to total £3.2 million at the 31st March 2009. Detailed information on these reserves and provisions was reported to the December meeting, movements on these accounts for 2008/09 are shown in table 4 below:

Table 4 –Other Reserves & Provisions 2008/09

	Balances at 31 March 2008	Projected Contributions	Projected Payments to Fund expenditure	Projected Balance at 31 March 2009
	£'000	£'000	£'000	£'000
Strategic Reserve	2,569cr	0	728	1,841cr
Insurance Reserve	201cr	0	72	129cr
Information Technology Reserve	414cr	0	0	414cr
Risk Management Reserve	15cr	0	15	0
Environmental Warranty Reserve	209cr	0	0	209cr
S106 Monitoring	10cr	0	0	10cr
Planning Delivery Grant Reserve	470cr	0	7	463cr
Museum Exhibits Reserve	12cr	0	0	12cr
Building Control Reserve	201cr	0	142	59cr
Cemetery Mausoleum	33cr	0	0	33cr
Property Maintenance	0	10	0	10cr
Leisure Management Reserve	0	10	0	10cr
Total Revenue Reserves	4,134cr	20	964	3,190cr

4.5.2 In view of the current downturn in property transactions it would be prudent to create a Land Charges Reserve so any surplus income, above the adjusted base budget, is transferred into the reserve to protect against future deficits. As and when surpluses occur above those budgeted for it is recommended that they are put in to the reserve, any benefit of this proposal will not be seen until 2010/11.

4.5.3 Cabinet is asked at Recommendation 10.4 to note the position relating to the Council's other reserves and balances.

4.6 Investment and Efficiency Options

4.6.1 At the December meeting of the Cabinet, Members approved investment proposals of £414,230 for inclusion in the provisional budget calculations. Members will recall that at the December meeting the second quarter revenue monitoring report referred to the increase in demand for Parish Challenge Grants of £30K. Cabinet approved that subject to the approval of grant applications, £30K be re-instated for 2008/09, and that it be re-considered as

part of the ongoing resource requirement for 2009/10 and onwards, minute 86, an investment proposal for this scheme has been included. In addition a further investment proposal relating to advice and support towards the Court Helpdesk project which provides support to residents facing eviction from their homes as a result of mortgage or rent arrears for £10k is recommended for approval which increases the total of proposed investments to £454,230. The lists of these investment items are attached at Appendix 2.

- 4.6.2 At the same meeting, Members approved the inclusion of an estimated £811,560 efficiencies in the provisional budget calculations for 2009/2010, summarised as follows:

Table 5 Summary of Recommended Efficiencies.

Appendix	Description of Saving Category	£,000
3	Efficiency Proposals	440.6
4	Income Increases	371.0
	Total	811.6

The lists of these efficiency items included in the calculations are attached at Appendices 3 and 4.

- 4.6.3 Corporate Management Team (CMT) has considered the options for closing the immediate budget gap and the gap for 2010/11. The scale of that figure has obviously been impacted by further changes in interest rates and the situation regarding interest rates remains volatile. There are some additional efficiencies that have been included in the budget proposals to close the budget gap that is referred to in paragraph 3.4. These are detailed in appendix 4 and summarised in the paragraphs 4.6.7 to 4.6.12 below.
- 4.6.4 In addition to these efficiency proposals CMT recommends the reduction of investment proposals to no more than the £250k, in line with the FMS. In addition to the expenditure on BIDS, (RI/10 £8,460), which was committed when we agreed to support the BID processes, it is recommended that the highest ranked item, 'change of land fill site from land at Ickleford to the site at Ware', (RI/1 £206,940), is approved.
- 4.6.5 In the light of the current economic climate it is proposed that funding for the Court Helpdesk project of £10k is approved. The aim of the project is to enable tenants and homeowners to remain in their homes and thereby preventing and tackling homelessness. The service is run by the North Herts CAB and they provide a Court Helpdesk at Hitchin County Court to support local people facing action for possession and/or eviction from their property. Demand for this service has increased significantly in the current economic climate. Approval of these three investment proposals will result in a total investment of £225,400.
- 4.6.6 It is proposed that expenditure relating to remaining investment proposals, totalling £228,830, is deferred for consideration in 2010/11. In particular, Car-parking issues (TROS, lines and signs) be deferred for a year pending consideration of the full Car park strategy in June 2009. Any financial implications of that strategy could then be included in the 2010/11 Corporate Business Planning process.
- 4.6.7 Proposal RE/9, this is a targeted net reduction on staff costs following the senior management restructure currently under review, (£100K). Advantage will be taken of staff vacancies to minimise the cost of redundancy.

- 4.6.8 Proposal RE/10, increase vacancy control target from 3% to 4% to of the total staff budget, equivalent to a 4 monthly delay in appointment, currently the vacancy control target represents a 3 month delay in appointment, (£145K).
- 4.6.9 Proposal RE/11, capitalisation of salary costs of staff engaged in the administration of Disabled Facility Grants, (£65K). In future these costs will be funded from capital receipts instead of revenue.
- 4.6.10 Proposal RE/12, reverse part of the base budget reduction in the Car Park income and PCN income targets, (£50K). This reflects a rise in car parking enforcement income in the past few months that has partly offset the decline in income in the earlier part of the year. Car parking income is a high budget risk and as such is monitored closely through the year.
- 4.6.11 Proposal RE/13, reconsider 2009/10 efficiency proposal (RE/3) taken out by Cabinet in October- Area Committee budgets on highway matters, (£20K)
- 4.6.12 Proposal RE/14, close Letchworth Museum, (£50K). The efficiency assumes that Cabinet have accepted the inclusion of £3.,500,000 in the Capital budget spread over 2009 to 2011 for development of the Museum Service There is a risk that the full saving may not be achieved in 2009/10 due to consultation time-scales.
- 4.6.13 In view of the significant reduction in the Council's reserves and the estimated budget gap of £1,208 million in 2010/11, CMT has also identified that all services will need to be reviewed between now and June 2009 to assess what scope there is to make efficiencies and/or recommend ceasing to provide the service or mothballing the service until the financial position improves. The Efficiency FSR has produced a VFM strategy and a Business Strategy and these will be used to guide the review of services. A programme of Business Process Improvement reviews is already underway. Whilst it may be possible to cease provision of discretionary services, it is also possible to review the service level at which statutory services are provided and assess whether the costs can be reduced. As savings are identified during the year, they will be taken and reported through the quarterly monitoring reports rather than await the 2010 corporate business planning process.
- 4.6.14 Cabinet is asked at Recommendation 10.5 to approve the Efficiency Options referred to in paragraph 4.6.2 and detailed in Appendices 3 and 4, for inclusion in the budget estimates for 2009/10.**
- 4.6.15 Cabinet is asked at Recommendation 10.6 to confirm that Investment items are limited to a total of £225.4K as referred to in paragraph 4.6.5 and that the three investment proposals totalling that amount are included in the budget estimates for 2009/10.**
- 4.6.16 Cabinet is asked at Recommendation 10.7 to approve the additional Efficiency options RE/9 to RE/14, referred to in paragraphs 4.6.7 to 4.6.12 and detailed in Appendix 5 for inclusion in the budget estimates for 2009/10.**
- 4.6.17 Cabinet is asked at Recommendation 10.8 to note that all Efficiency and Investment proposals are in accordance with the strategic objectives for 2009/10.**

4.7 Estimates 2009/2010

4.7.1 The estimates at Appendix 6 reflect the principles of priority-led budgeting and include the Investment and Efficiency options required to achieve a balanced budget for 2009/10. The draft revenue estimates for 2009/2010, shown as total expenditure in Appendix 6 to this report, show a total net district expenditure of £19,112 million compared to the original estimate for 2008/2009 of £17,676million, an increase of £1,436million.

4.7.2 The 2009/10 General Fund estimate of £19,112 million is £47k lower than the £19,159 million estimated in December. The net reduction in spend relates largely to:

Decreases in net expenditure :

- Reduction in investment proposals by £189k.
- Additional efficiency proposals (above the £240K estimate for additional efficiencies in the December report) of £190k.
- Increase in car parking income for inflation of £39K

Increases in Net Expenditure:

- Additional reduction in interest income of £200k.
- Increase in pay inflation estimate following reconciliation work, £100k.
- Increase in other inflation estimates and base budget adjustments as a result of updates, £70k.

4.7.3 The Committee is asked at recommendation 10.9 to note the General Fund net expenditure estimates for 2009/10.

4.8 Other Considerations

4.8.1 Having considered the implications outlined above, the Cabinet is free to set the Council Tax at whatever level it wishes. In practice, however, effective limitations still remain in relation to tax setting options. As outlined in paragraph 3.5 the Government has indicated that Council Tax increases should be 'substantially below' 5%, but no indication has been given as to what level of increase the capping regime would be applied. Members will have to justify the level of increase to the Council Taxpayers and have to balance the costs of providing services to the public with the implications of non-provision or variation to the level of provision.

The analysis at Appendix 6 indicates the impact of the above-mentioned items on the precept required to balance the budget for 2009/10 and shows that at this stage, an average District Council precept of £194.79 (4.50% increase) would be required across the District.

5. CONCLUSIONS AND COUNCIL TAX PRECEPT

5.1 For the purposes of producing this report the decisions of the December meeting regarding investment and efficiencies have been used as a reference point and the General Fund summary attached as Appendix 6 reflects those decisions. The investment and efficiencies as outlined in Appendices 2-5 have been included.

5.2 An analysis of the risks facing the General Fund for 2009/10 suggests that a balance of £1,586,000 is advisable during that year to provide a cushion against the risks identified.

- 5.3 The analysis at Appendix 6 indicates the impact of the decisions already taken and the revised anticipated General Fund Balance requirement on the required Council Tax precept and indicates that a precept of £9,634,696 is applied, an annual increase of £8.38 (16p per week) on a band D property, (4.5%). The increase meets the objective set in the financial strategy to keep council tax increases to no more than 2 percentage points above inflation which stood at 4.2% at October 2008, this means the Council Tax increase of 4.5% is only 0.3% above RPI.
- 5.4 Indications from County are that they are likely to set a precept between 2.5 and 4.5% and the likely precept for the Police Authority is not known.
- 5.5 The Committee is asked at Recommendation 10.9 to indicate the level of precept it wishes to recommend to Council to be levied upon the Collection fund for 2009/2010.**

6. LEGAL IMPLICATIONS

- 6.1 Members are reminded of the requirement under section 30 of the Local Government Finance Act 1992 to set a balanced budget by 11th March 2009. This requires that the Council Tax level be set at a level which bridges the gap between budget requirements and the expected income from local taxes and the Revenue Support Grant. The formula for calculating the Council Tax base rate is as prescribed in the Local Government Finance Act 1992 and the Regulations thereto.
- 6.2 The Local Government Finance Act 1992 requires the billing authority to consult with representatives of the non-domestic ratepayers about their expenditure for the financial year.
- 6.3 The Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of estimates and the adequacy of reserves allowed for in the budget. It requires Councillors to have regard to that report in making their budget decisions. Paragraphs 4.4.2 to 4.4.5 summarise the risks which have been considered in proposing the estimates and paragraph 4.5 refers to the review of reserves and recommends that a new reserve is created for Land Charges from any surplus Land Charges income which may arise in the year.

7. FINANCIAL AND RISK IMPLICATIONS

- 7.1 As outlined in the body of the report.

8. HUMAN RESOURCE AND EQUALITY IMPLICATIONS

- 8.1 Human resource and equality implications that may relate to Efficiency and Investment proposals are referred to in Appendices 2-5 attached to the report. Staff that are effected by the efficiency options are undergoing consultation and the council is applying its Reorganisation Policy.

9. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 9.1 In accordance with the Service and Financial Planning process, this report has been referred to the Scrutiny Finance Sub Committee for comment. Comments from Member budget workshops, committees and Parishes were reported at the December Committee.

9.2 In accordance with the Local Government Act 1992, the Business Ratepayers were consulted on the draft budget proposals on the 28th November 2008, no comments have been received to date.

10. RECOMMENDATIONS

- 10.1 That the Cabinet notes that Government support for 2009/10 of £7.886m.
- 10.2 That the Cabinet notes the position on the Council Tax Collection Fund and notes that there is a surplus of £6K projected at 31st March 2009. The North Hertfordshire share is a surplus of £55K.
- 10.3 That the Cabinet notes the position relating to the Council's balances and that a General Fund balance of £1,586,000 has been used in the precept calculations.
- 10.4 That the Cabinet notes the position of the other Reserves and Balances as detailed in section 4.5.
- 10.5 That Cabinet approves the Efficiency Options referred to in paragraph 4.6.2 and detailed in Appendices 3 and 4 for inclusion in the budget estimates for 2009/10.
- 10.6 That the Cabinet approves that Investment items are limited to a total of £225.4K as referred to in paragraph 4.6.5 and that this figure be included in the budget estimates for 2009/10.
- 10.7 That Cabinet approves the additional Efficiency options RE/9 to RE/14, referred to in paragraphs 4.6.7 to 4.6.12 and detailed in Appendix 5 for inclusion in the budget estimates for 2009/10.
- 10.8 That the Cabinet notes that all Efficiencies and Investment proposals are in accordance with strategic objectives.
- 10.9 That the Cabinet notes the estimated net expenditure for 2009/10.
- 10.10 That the Cabinet indicates the level of Precept it wishes to recommend to Council to be levied upon the Collection Fund for 2009/2010.

11. REASONS FOR RECOMMENDATIONS

- 11.1 To ensure that Members consider all relevant factors when arriving at the proposed Council Tax precept for 2009/10.
- 11.2 To ensure that the Cabinet recommends a prudent and balanced budget to Council on 5th February 2009.
- 11.3 To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes.

12. APPENDICES

- 12.1 Appendix 1 – Collection Fund forecast 2008/09
Appendix 2 – List of efficiency items
Appendix 3 – List of income increases
Appendix 4 – List of additional efficiency items
Appendix 5 – List of revenue investment items
Appendix 6 - General Fund Estimates 2009/10 and onwards

13. CONTACT OFFICERS

13.1 Norma Atlay, Director of Financial & Regulatory Services, Tel 474297, email, norma.atlay@north-herts.gov.uk.

13.2 Kim Sawyer Corporate Legal Manager, Tel 474561, email, kim.sawyer@north-herts.gov.uk

13.3 Barrie Jones, Head of Financial Services, Tel 474243, email barrie.jones@north-herts.gov.uk

13.4 Tim Neill, Accountancy Manager, Tel 474470, email tim.neill@north-herts.gov.uk

Background Papers: Estimate working papers 2009/10
Government provisional subsidy determinations 2009/10

AMENDMENT TO BUDGET REPORT

TITLE OF REPORT: BUDGET PROPOSALS 2009-10

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE AND REGULATORY SERVICES

PORTFOLIO HOLDER: COUNCILLOR T.W. HONE

1. SUMMARY

- 1.1 To consider new information which came to light on 23rd January 2009 and which has an impact on the base budget estimates and hence the budget gap.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision to be taken by Council on 5th February 2009 that was first notified to the public in the Forward Plan on 1st November 2008.

3. BACKGROUND

- 3.1 The budget report refers to the need to bridge a £620k gap in 2009/10 and £1.2m in 2010/11 and puts forward a number of options to bridge the immediate gap and a strategy for early action to address the 2010/11 situation.
- 3.2 The report now presented includes a revision to the base budget of £59k which reduces the budget gap to £561k. The £59k relates to the full revenue consequences of the request in the capital report on the Cabinet Agenda which seeks approval to re-allocate the funds for the scheme in 2008/09 to extend the organic waste collection service to multiple occupancy properties to a dry recycling service instead. The Capital report explains that further work has found that introducing the recycling of cans, paper and glass rather than organic waste would provide the maximum return regarding tonnage diverted from landfill. Providing this multi-materials collection service will ensure all properties within the District receive a basic level of recycling collection service, whilst maximising opportunity for landfill diversion and meeting governmental, local and Hertfordshire Waste Partnership recycling and diversion targets.
- 3.3 Further analysis of the contract costs has revealed that a revenue provision in 2009/10 relating to the original capital scheme will not be required. Subject to the approval of the request to reallocate the funds, a reduction of £59k may be made to the 2009/10 base budget

4. CONSIDERATIONS

- 4.1 In view of the difficult choices to be made in arriving at a balanced budget, it is appropriate to inform Members of the change to the base budget position at the earliest opportunity. A revised Appendix 6 is attached to show the impact of the reduction in base expenditure and this now shows a General Fund estimate of £19,052 million. All other assumptions remain the same as those reported in the budget report.
- 4.2 Although the position on the budget gap for 2009/10 has improved by £59k, a gap of £1.2m remains for 2010/11.

5. CONCLUSIONS

- 5.1 A reduction in the base budget estimate for 2009/10 of £59k has been identified following further work to assess the on-going revenue implications of the proposal to amend the recycling regime for multi-occupancy properties and this reduces the immediate budget gap for 2009/10 to £561k.

6. LEGAL IMPLICATIONS

- 6.1 As outlined in the main budget report.

7. FINANCIAL AND RISK IMPLICATIONS

- 7.1 As outlined in the main budget report.

8. HUMAN RESOURCE AND EQUALITY IMPLICATIONS

- 8.1 As outlined in the main budget report.

9. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 9.1 As outlined in the main budget report.

10. RECOMMENDATIONS

- 10.1 **That the Cabinet notes the revised estimated net expenditure for 2009/10 of £19,052 million and the revised budget gap of £561k.**

11. REASONS FOR RECOMMENDATIONS

- 11.1 To ensure that Members consider all relevant factors when arriving at the proposed Council Tax precept for 2009/10.

12. APPENDICES

- 12.1 Revised Appendix 6 - General Fund Estimates 2009/10 and onwards as revised.

13. CONTACT OFFICERS

- 13.1 Norma Atlay, Director of Financial & Regulatory Services, Tel 474297, email, norma.atlay@north-herts.gov.uk.

- 13.2 Kim Sawyer Corporate Legal Manager, Tel 474561, email, kim.sawyer@north-herts.gov.uk

- 13.3 Barrie Jones, Head of Financial Services, Tel 474243, email barrie.jones@north-herts.gov.uk

- 13.4 Tim Neill, Accountancy Manager, Tel 474470, email tim.neill@north-herts.gov.uk

Background Papers: Estimate working papers 2009/10
Government provisional subsidy determinations 2009/10

COUNCIL TAX COLLECTION FUND PROJECTION 2008/2009

	£'000	£'000
INCOME		
Council Tax:		
Income from Council Tax	63,814	
Council Tax Benefits	7,001	70,815
Income in respect of National Non-Domestic Rates		34,131
Community Charge Bad Debt Provision adjustment Council Tax Bad Debt Provision (Decrease)		0
Contributions re:previous years Council Taxes		0
Total		<u>104,946</u>
 EXPENDITURE		
Precepts		
North Hertfordshire District Council	10,482	
Hertfordshire Police	6,680	
Hertfordshire County Council	52,841	70,003
Contribution of prior year Surplus to Funds		
North Hertfordshire District Council	0	
Hertfordshire Police	40	
Hertfordshire County Council	316	356
National Non-Domestic Rate:		
Payment to national Pool	33,429	
Cost of Collection Allowance	702	34,131
Council Tax Bad Debt Provision (Increase)		308
Total		<u>104,798</u>
SURPLUS FOR THE YEAR		<u>148</u>
DEFICIT AS AT 31 MARCH 2008 B/fwd		-142
SURPLUS AS AT 31 MARCH 2009		<u>6</u>
APPORTIONMENT OF COLLECTION FUND SURPLUS		
North Hertfordshire District Council		55
Hertfordshire County Council		-44
Hertfordshire Police Authority		-5
		<u>6</u>

INVESTMENT PROPOSALS

Ref No	Description of Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8 £	Budget 2008/9 £	Proposed Budget 2009/10 £	Investment in 2009/10 £	Investment in 2010/11 £	Investment in 2011/12 £	Ongoing (Y/N) or No of further years available	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
RI/1	Closure of the North Herts land fill at Ickleford and redirection to an alternative site at Ware.	Green - (Sustainable Communities) Score 14 Rank 1	3,698,266	3,839,780	4,046,720	206,940	310,420	310,420	Y	Y	Maintaining the current level of service provision. Final cost is an approximation and subject to contract negotiations with Veolia.
RI/2	Works identified in the Allotment Strategy	Green - (Healthy Communities) Score 10 Rank 5	Deferred by Cabinet 27/01/09						N	Y	Completion of the following work programme, in accordance with adopted Allotment Strategy; a) A £500 sign at Prior Way, Letchworth, b) A £500 gate at Norton, Letchworth, c) £2,000 of fencing at Pirton Road, Hitchin, d) £2,500 of fencing & a gate at Burford Way, Hitchin
RI/3	Car Park resurfacing and re-lining	Town centres - (Sustainable Communities) Score 13 Rank =2	Deferred by Cabinet 27/01/09						Y	N	The Council's car parks are currently in a poor state and will require a programme of resurfacing. The improved quality of the car parks should lead to a reduction in the number of challenges to Penalty Charge Notices (PCNs) and an increase in the volume of cars which can be accommodated within the car parks. This may increase income generation by the parking service and provide better quality parking facilities.
RI/4	Customer Profiling - Purchase of an Experian mosaic license	Other - (Satisfied Communities) Score 4 Rank =7	Deferred by Cabinet 27/01/09						Y	N	In order to best serve an individual customer we need to know which services they use and how they prefer to contact us. An Experian licence will enable us to use the esd-toolkit which can take details of our transactions from any source and identify the profile type of the customer for any transaction. Reports and charts show us the customer profile of our services by channel and also allow us to compare service profile with that of other local authorities. The toolkit allows us to record unit costs for providing services across different channels. Analysis tools give us the capability of identifying savings which could be made if you were able to 'shift' customers to alternative channels.
RI/5	Second hand folding and collating equipment for the Document Centre to allow more work to be retained in house. The payback is demonstrated by an income increase (IE / 1) as more work is performed in house.	Other - (Satisfied Communities) Score 7 Rank 6	Removed by Cabinet 27/01/09 - in order to achieve the linked efficiency from this investment it is proposed that the funding will be sought from existing budgets.						N	N	A payback period of 18 months on the purchase of updated equipment is expected and 99% of current work outsourced for folding and collating can be brought back in house.

INVESTMENT PROPOSALS

Ref No	Description of Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8	Budget 2008/9	Proposed Budget 2009/10	Investment in 2009/10	Investment in 2010/11	Investment in 2011/12	Ongoing (Y/N) or No of further years available	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
			£	£	£	£	£	£			
RI/6	Enhanced Town Centre Maintenance - Hitchin and Royston	Town centres - (Sustainable Communities) Score 13 Rank =2	Deferred by Cabinet 27/01/09						Y	N	Additional funding for the maintenance of Hitchin and Royston town centres. Such funding would be complementary to the BIDS initiatives and would be on going maintenance of street scene furniture. A catch up is needed following a period of low investment in maintenance and hence the higher investment in 2009/10 of £45,000. Letchworth Town centre is subject of a refurbishment scheme by LGCHF where they are entering into agreements with HCC over on going maintenance. Letchworth is, therefore, excluded from this initiative at this stage.
RI/7	Planned Maintenance Baldock town centre street scene.	Town centres - (Sustainable Communities) Score 12 Rank =3	Deferred by Cabinet 27/01/09						Y	N	Enable a planned maintenance programme of the newly refurbished town centre in Baldock. Through the formulation of the specification there are detailed asset schedules and funding would seek to maintain the scheme in good condition.
RI/8	Implementation of Area Based TROs	Town centres - (Sustainable Communities) Score 12 Rank =3	Deferred by Cabinet 27/01/09						Y	N	Currently there is no budget for the implementation of CPZ schemes or TROs to control parking. Arguably this is an HCC function and is therefore a provision of subsidy to the County. If the Council wishes to undertake this service then it needs to be funded and the emerging conclusions of the transport FSR indicate that a town area based approach will reduce the displacement affect of TROs/CPZs. CPZs are very expensive to implement and do not meet their full costs. TROs would provide a more cost effective solution although the full cost of implementation is difficult to accurately assess.
RI/9	Planned maintenance - lines & signs on street parking.	Town centres - (Sustainable Communities) Score13 rank =2	Deferred by Cabinet 27/01/09						Y	N	There is currently no budget for the planned maintenance of lines & signs. Work has been undertaken to ensure that in the most heavily used areas they are checked and maintained however in the longer term there needs to be a clear maintenance plan.
RI/10	Revenue costs to support the Hitchin & Royston BIDs including the Council's projected BID Levy charge	Town centres - (Prosperous Communities) Score 11 Rank 4	0	0	8,460	8,460	8,460	8,460	Y	Y	Annual costs of administering BIDS and the Council's own BID Levy. It supports the Council's immediate priority to promote & improve our Town Centres.

INVESTMENT PROPOSALS

Ref No	Description of Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8 £	Budget 2008/9 £	Proposed Budget 2009/10 £	Investment in 2009/10 £	Investment in 2010/11 £	Investment in 2011/12 £	Ongoing (Y/N) or No of further years available	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
RI/11	Signage - brand reinforcement	Other - (Satisfied Communities) Score 4 rank =7	Proposal of £30,000 investment in 2009/10 only removed by Cabinet on 21 October 2008							N	One of the recommendations of the recent Peer review was a need to:- Review the brand of the council and the impact it has in the community to ensure a visible connection between the successful programmes the council delivers and how the community recognises these, creating a greater sense of place and purpose. An increase in branding used is expected to have a significant impact upon the publics understanding of where their money goes and hence their perception of the value for money NHDC delivers. This is also referred to in the Communication Strategy
RI/12	Parish Challenge Grant Fund - reinstate the efficiency of £30K	Sustainable - (Sustainable Communities) Score 10 rank =5	Removed by Cabinet 27/01/09						Y	N	A reinstatement of the budget will enable more applications from the Community to be approved.
RI/13	Additional 10 hours per week of a Hitchin County Court helpdesk worker: This funding will enable the Hitchin County Court worker (currently funded in collaboration with Stevenage BC and DCLG) to assist with more cases concerning mortgage default associated with the current housing credit problem.	Sustainable - (Sustainable Communities) Score 10 rank =5	10,000	10,000	20,000	10,000	10,000	0	N	Partially	This investment will assist with homelessness prevention work associated with the increasing number of mortgage defaults due to the current credit crisis. This will assist with the delivery of the Government's objective concerning the use of temporary accommodation. At Hitchin County Court the listings for repossession cases (rent and mortgage) have increased from 1.5 days to 2.5 full days per month. This results in between 125 and 200 cases being heard each month. This investment will enable the Court Helpdesk worker to assist more North Hertfordshire residents who require assistance from this service.

TOTAL REVENUE INVESTMENT OPTIONS IDENTIFIED	3,708,266	3,849,780	4,075,180	225,400	328,880	318,880
----------------------------------------------------	------------------	------------------	------------------	----------------	----------------	----------------

EFFICIENCY PROPOSALS

Ref No	Description of Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8 £	Budget 2008/9 £	Proposed Budget 2009/10 £	Efficiencies in 2009/10 £	Efficiencies in 2010/11 £	Efficiencies in 2011/12 £	Ongoing (Y/N) or No of further years available	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
CHALLENGE BOARD SCRUTINY						300,940	270,610	270,610			
RE/1	Part of the Disposal Authority's efficiency as a consequence of sending less waste to landfill.	Other - (Satisfied Communities) Score -10 Rank = 1	nil	nil	180,000	70,000	70,000	70,000	Y	N	Impact is minimal. The saving is ongoing providing NHDC continues to meet its targets for a reduction in landfill..
RE/2	Negotiate a new stationery supply contract.	Other - (Satisfied Communities) Score -10 Rank = 1	53,721	55,260	40,260	15,000	15,000	15,000	Y	N	No adverse impact on service provision.
RE/3	Area Committee Development budgets - reduction of expenditure on highways	Other - (Satisfied Communities) Score +2 Rank 4	Proposal of £20,000 ongoing efficiency removed by Cabinet on 21 October 2008							N	Highways are a County Council responsibility and it is NHDC policy not to subsidize work of other Authorities. Consequently, there no longer needs to be an allocation within the Area Committee budgets for this expenditure. The efficiency savings identified reflect the indicative allocations given by Area Committees in 2008/9 for Highways work which should be provided by HCC.
RE/4	Cease Use of 5 blackberries amongst IT maintenance officers	Other - (Satisfied Communities) Score -5 Rank = 3	£2,946 including mobile phones	£3,000 (including mobile phones)	1,670	1,330	1,330	1,330	Y	N	Rationalisation of mobile technology. Blackberries cost approximately £80 per quarter. Citrix access at home for adhoc or full time home workers negates the need for Blackberry technology. No capability of reading emails, viewing calendars or arranging meetings when out of the office.
RE/5	Take out 3 year warranty agreements on Dell equipment instead of the current 5 year agreements	Other - (Satisfied Communities) Score -7 Rank =2				20,790	20,790	20,790	Y	N	No adverse impact on service provision.
RE/6	Cease use of the Sunrise Helpdesk Pro software.	Other - (Satisfied Communities) Score -7 Rank =2	3,677	3,670	0	3,670	3,670	3,670	Y	N	The helpdesk function has been transferred to the Customer Service Centre utilising the LAGAN package. Impact is minimal.
RE/7	Cease planning advertisements in local papers.	Other - (Satisfied Communities) Score -5 Rank = 3	42,562	27,830	0	27,830	27,830	27,830	Y	Y	Proposed changes to the Planning Regulations indicate that placing advertisements in local papers will no longer be required from April 2009. There is little 'value' to the local community now from such adverts as most interested parties use the web or other communication channels to ascertain such information. On the basis that this change takes place the total budget is offered as a saving.

EFFICIENCY PROPOSALS

Ref No	Description of Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8 £	Budget 2008/9 £	Proposed Budget 2009/10 £	Efficiencies in 2009/10 £	Efficiencies in 2010/11 £	Efficiencies in 2011/12 £	Ongoing (Y/N) or No of further years available	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
RE/8	Reducing print, collation and postage costs on resourcing for RAG and LSP partnership meetings by using email to despatch Agenda and meeting papers etc	Other - (Satisfied Communities) Score -5 Rank = 3	2,650	5,300	3,850	1,000	1,100	1,200	Y	Y (RAG)	The intention is to switch to electronic despatch of meeting papers for statutory partners in the RAG and LSP, in order to reduce not only print and paper costs, but also the collation time spent by officers in the PPP team throughout the year. The Voluntary or community sector partners could be adversely impacted by such a proposal since they are less likely to have sufficient IT/prINTER capacity. It is estimated that the cost of continuing to provide traditional hard copies in the post to the voluntary and community sector partners is £450 and as a consequence the efficiency achieved in 2009/10 would be reduced to £1,000.
EFFICIENCY OPTIONS			102,610	92,060	225,780	139,620	139,720	139,820			
TOTAL EFFICIENCY OPTIONS & SCRUTINY			102,610	92,060	225,780	440,560	410,330	410,430			

INCOME INCREASE PROPOSALS

Ref No	Description of Income Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8	Budget 2008/9	Proposed Budget 2009/10	Efficiencies in 2009/10	Efficiencies in 2010/11	Efficiencies in 2011/12	Ongoing (Y/N) or No of further years available	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
			£	£	£	£	£	£			

REVENUE INCOME INCREASES

IE/1	Linked to Investment in second hand folding and collating equipment for the document centre. 99% of this work currently out sourced can be retained if second hand machinery is purchased. Pay back period 18 months,. Equipment life expected to be minimum of 5 years. (see RI/5)	Other (Satisfied Communities) Score -7 Rank =2	0	0	6,000	6,000	6,000	6,000	Y	N	NHDC Document Centre would be able to keep more work in house . Allowing it to generate extra income to contribute to overhead recovery and better control over work loads. The purchase of quality, second hand technology in itself contributes further to our 'green' agenda.
IE/2	Introduction of charges for non statutory diversions under the Planning Acts.	Other - (Satisfied Communities) Score -5 Rank = 3	0	0	2,000	2,000	2,000	2,000	Y	N	Levy a charge to recoup costs where requests are made for non statutory diversions of rights of way.
IE/3	Provide external training to other Local Authorities on the consultation software, SNAP, and charge a consultancy fee	Other - (Satisfied Communities) Score -7 Rank =2	0	0	3,000	3,000	3,000	3,000	Y	N	A SNAP (consultation) training course was provided to staff at Hertsmere Borough in June 2008. There is potential to offer this service to other Authorities. The aspiration that authorities provide such joint working opportunities is part of new statutory guidance coming into place in 2009, and forms part of our CAA assessment from April 2009. The evidence that we can achieve additional income can be used to demonstrate VFM.
IE/4	New paper recycling contract	Other - (Satisfied Communities) Score -10 Rank = 1	256,758	270,360	630,360	360,000	360,000	360,000	Y	Y	The current contract for selling the paper that NHDC recycles is coming to an end. The new contract is part of a Hertfordshire wide consortium, supported by the Hertfordshire Waste Partnership, and as a result income will significantly increase. This also contributes further to our 'green' agenda, and provides increased evidence of joint partnership working plus the financial benefits of doing so, required from April 2009.
TOTAL INCOME OPTIONS			256,758	270,360	641,360	371,000	371,000	371,000			

BUDGET GAP EFFICIENCY PROPOSALS

Ref No	Description of Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8 £	Budget 2008/9 £	Proposed Budget 2009/10 £	Efficiencies in 2009/10 £	Efficiencies in 2010/11 £	Efficiencies in 2011/12 £	Ongoing (Y/N) or No of further years available	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
RE/9	Impact upon staff costs following Senior management restructure	Other - (Satisfied Communities) Score - Rank =	13,902,000	14,500,000	14,400,000	100,000	100,000	100,000	Y	N	This efficiency is the result of a full structure review.
RE/10	Increase Vacancy Control (3% to 4%) 4 monthly delay in appointments	Other - (Satisfied Communities) Score - Rank =	536,000	436,000	581,000	145,000	145,000	145,000	Y	N	<ul style="list-style-type: none"> - Assuming the number of vacancies does not change each vacancy would need to be held for approximately 4 months (1 month more than current practice). - vacant posts previously contributing towards vacancy control target have now been filled. - risk of detrimental impact on service delivery which is currently cushioned by the use of agency/temporary staff. - there are currently £1M of vacancies in the establishment. The turnover rate is reducing year on year and this year's vacancy control target may not be achieved. - To achieve this efficiency there will need to be a robust review of the vacancy control procedure and more control over the use of agency/temporary staff to cover vacancies.
RE/11	Capitalisation of salary costs on the administration of Disability Facility Grants	Other - (Satisfied Communities) Score - Rank =	58,000	65,000	0	65,000	65,000	65,000	Y	N	Salary costs are capitalised for all capital programmes except DFGs. The salary costs of £65K could be justifiably charged to capital each year. This programme is already expected to be fully spent in 08/09 and there is pressure to increase the budget. Further use of capital receipts would be needed to fund the costs. However, this could be actioned immediately to improve the general fund balance in 08/09.
RE/12	Reverse part of the base budget reduction in the Car Park income and PCN income targets.	Other - Satisfied Communities - other Score Rank	1,684,766	1,573,000	1,773,760	50,000	50,000	50,000	Y	N	Latest statistics in December show an improvement in the collection of car park income and issuing of PCNs which indicates the trend may be back to similar levels in 07/08. There is currently a base adjustment in the 09/10 budget reducing the target by £103K, based on this new trend £50K can be reinstated for 09/10 with a review of the budget risk and level of balance needed.

BUDGET GAP EFFICIENCY PROPOSALS

Ref No	Description of Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8 £	Budget 2008/9 £	Proposed Budget 2009/10 £	Efficiencies in 2009/10 £	Efficiencies in 2010/11 £	Efficiencies in 2011/12 £	Ongoing (Y/N) or No of further years available	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
RE/13	Reconsider 2009/10 efficiency proposal (RE/3) taken out by Cabinet - Area Committee budgets on highway matters	Other - Satisfied Communities - other Score +2 Rank 12	Removed by Cabinet 27/01/09						Y	N	Reconsider RE/3 (reduction in Area Committee Budgets). £20,000 is an estimated amount of the Area Committees budget that is normally allocated to Highways expenditure. These budgets are carried forward each year and there has been experience of HCC not claiming the money once the work has been completed.
RE/14	Re-assessment of the timing of the closure of a museum as envisaged within the Museum FSR.	Other - Satisfied Communities - other Score Rank	Deferred by Cabinet 27/01/09						Y	N	The Museum Strategy envisages an interdependent series of developments in which NHDC first acquires a new joint resource centre and builds or refurbishes a single museum for the district securing revenue savings of c£125K per annum. This efficiency is proposed by selecting Letchworth Museum for closure subject to the inclusion of a capital budget to redevelop Museum Service Provision. Anticipate significant and adverse reaction from stakeholders involved in Heritage and Cultural Forum/project board, the media, users and public.
BUDGET GAP EFFICIENCY OPTIONS			16,180,766	16,574,000	16,754,760	360,000	360,000	360,000			

	NOTE	Actual 2007/08	Projected 2008/09	Updated from Estimate Book				
				2009/10	2010/11	2011/12	2012/13	2013/14
Total Net Spend		16,620,625	18,760,000	17,902,810	19,212,190	18,347,280	18,801,570	18,507,760
Add:								
Base Budget adjustments from 0809 1st & 2nd qtr monitoring	8			494,610			-311,000	
Year on year superannuation increase	1			-0.50%	0.00%	0.00%	0.00%	0.00%
Superannuation charge per year				22.60%	22.60%	22.60%	22.60%	22.60%
Salary Estimates Superannuation increase				-205,000	0	0	0	0
Pay Inflation & Increments	10			439,260	439,260	439,260	439,260	439,260
NI Increase				0	0	45,000	0	0
Investment interest decrease				1,094,890	-565,730	39,590	-88,070	75,000
Other Inflation	2			688,300	400,000	400,000	400,000	400,000
				2,017,450	273,530	923,850	751,190	914,260
Income Increases on discretionary income	3			-180,000	-100,000	-100,000	-100,000	-100,000
Efficiencies:								
2009/10 Onwards Gershon Efficiencies Required	4			-951,000	-954,000	-1,015,000	-1,015,000	-1,015,000
Gershon Efficiencies already achieved	9			1,155,000	1,375,560	324,440		
Additional Efficiencies required to maintain the GF Balance					-1,700,000	-70,000		
Revised Gershon Efficiencies to be achieved				204,000	-1,278,440	-760,560	-1,015,000	-1,015,000
2009/10 Efficiencies proposed above those required				-1,375,560				
Car Parking Income Increases				-180,000			-180,000	
Investment Proposals:								
2009/10 Onwards Investment Proposals	5			225,400	250,000	250,000	250,000	250,000
2009/10 Onwards Contributions to Capital	6			0	0	0	500,000	500,000
Total Expenditure		16,620,625	18,760,000	19,108,710	18,357,280	18,660,570	19,007,760	19,057,020
Government Support	12	-7,559,423	-7,741,901	-7,886,191	-8,069,703	-8,069,703	-8,069,703	-8,069,703
Use of Balances (-) / Contribution to Balances (+)		-438,947	-1,907,379	-1,587,823	-168,979	35,938	222,479	733,757
Transfer to/from Collection Fund		17,867	0	0	0	0	0	0
District Precept		8,640,122	9,110,720	9,634,696	10,118,598	10,626,805	11,160,536	11,721,074
Average Band D Council Tax		178.38	186.41	194.79	203.56	212.72	222.29	232.30
Council Tax increase		4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Tax base	11	48,433	48,876	49,461	49,708	49,957	50,207	50,458
Revised Balances at 31 March each year:								
GF Balance -cr	7	2,550,158	1,217,000	1,585,436	1,357,864	1,393,029	1,430,388	1,452,851
GF Special Reserve -cr		2,569,164	1,996,164	39,906	98,498	99,272	284,391	995,686
Total Balances		5,119,322	3,213,164	1,625,341	1,456,362	1,492,300	1,714,779	2,448,537
				- = income/reduction in net expenditure				
Estimate of budget risk	7			630,000	440,000	460,000	480,000	500,000
1% on Council Tax equals				92,198	96,829	101,692	106,799	112,163

Notes

- 1 Superannuation percentages are based on the 2007 valuation with a 10 year impact from the special repayment of £1.9 million
- 2 Inflation based on relevant RPI for contracts
- 3 Increases in discretionary income based on October 2008 RPI of 4.2%
- 4 Gershon target for three years (2009/10 to 2011/12), set at 3% of combined revenue & capital expenditure.
- 5 The objective of Gershon efficiencies is in part to transfer investment to the Council's key objectives, hence the investment target of £250K per annum could increase if the efficiencies can be achieved.
- 6 Contribution towards depleted capital reserves following disposal of Council assets.
- 7 General Fund Balance & Budget Risk - Risk element calculated on key budget risks and is additional to the required working balance, e.g. 2009/10 (£955K + £630K)
- 8 Base adjustment mainly a projected down turn in land charges income £200K and car park fees £50k, funding of market contracts £125K and Hitchin Town Hall £60K.
- 9 Consists of surplus achieved in prior years and superannuation decrease of £205K
- 10 Pay inflation at 2% (previously assumed 2.5%)
- 11 Tax base increase at 0.5% (previously assumed 1%)
- 12 No change in Government Support after 2010/11 settlement (previously assumed an annual 1% increase)

ADDENDUM**TITLE OF REPORT: REFERRAL FROM CABINET – 5 FEBRUARY 2009 – BUDGET PROPOSALS 2009/10 – IMPACT OF INTEREST RATE REDUCTION**

The following is an extract from the Draft Minutes of the Cabinet meeting held on 5 February 2009.

112. BUDGET PROPOSALS 2009-2010 – IMPACT OF INTEREST RATE REDUCTION

Cabinet considered a report of the Strategic Director of Financial and Regulatory Services in respect of the impact on the 2009/10 Budget Proposals of the base rate reduction of 0.5% announced by the Bank of England on 5 February 2009.

Cabinet was advised that the Council's expected income from investment interest had been revised at an estimate of £1.802million, based on no further base rate reductions this year and achieving an average of 1% above base rate, with an expected base rate change to 1% early in 2009 until September 2009 and a 1.5% base rate for the period October 2009 to March 2010.

Members were advised that the Bank of England had today (5 February 2009) announced a further interest rate reduction of 0.5%. The revised base rate was now 1.0%. The current economic uncertainty made it very difficult to predict what base rates would occur and how it would affect interest rates over the next 12 months, but current financial market thinking suggested that further base rate reductions might be possible, and that any future increases would not be for some time and then would be slow and steady increments. It may therefore be some time before interest rates returned to rates higher than 1% .

Reflecting this latest development in the calculations revised the expected interest rate income in 2009/10 to £1.592million, a reduction of £0.210million on the estimate within the 2009/10 budget proposals. This was based on a base rate of 0.5% for early 2009 to reflect the market assumptions of further falls in interest rates and 1.0% for October 2009 to March 2010. Challenge Board has considered the implications of this further rate reduction and, in view of the on-going volatility of interest rate changes, has sought options which will not impact on services in the short term. Challenge Board had been mindful of the need to provide an assurance that any further efficiencies to bridge the gap of £210K could be achieved in 2009/10 and had recommended the following approach as a short term option:

- Stage 1 – As an interim measure, reduce the balance of the IT reserve (revenue), currently standing at £414K by the £210k budget amount needed, and instead fund the equivalent amount (£210k) of IT infrastructure capital projects approved for next year (total value £450k subject to final business case approval) from capital receipts rather than from the IT reserve. This would not impact upon the IT infrastructure improvements planned for 2009/10 which were expected to assist in the delivery of further efficiency gains;
- Stage 2 – Proceed with the Challenge Board review of services as outlined in paragraph 4.4 of the report. As the interim measure, set out above, did not improve the Council's base budget position for 2010/11 and onwards, the efficiency target would increase to £1.488million.

Challenge Board had proposed that to achieve the revised efficiency target of £1.488million an early start to service reviews as part of the Council's Corporate Value for Money and Business Strategies was essential and that the following actions be undertaken:

- The application of the Council's Value for Money and Corporate Business Strategy, which provided a methodology to review all services during the Corporate Business Planning process, was continued over the forthcoming months for completion in June 2009;
- The highest net cost services of the Council were identified and benchmarked against the Council's nearest neighbours to identify the high cost services where there may be potential for making efficiencies;
- Challenge Board reviewed all the services provided by the Council and identified services that were statutory and those that were discretionary and hence could be reviewed as to whether continued investment in these services was appropriate. In addition the extent of discretion of spending the Council had in the provision of statutory services would form part of the review;
- For all services above it was established what contracts were in place and when they were due to expire. This would help identify the options for making short term efficiencies in 2009/10 while also informing discussion for the longer term.
- Proposals for efficiencies to meet the target were reported to Cabinet after the service review process was completed and efficiencies were then taken at the earliest opportunity.

Cabinet supported the recommendations and sought advice on with regard to capping limits. Following this advice, Cabinet considered that a 3.9% Council Tax increase for 2009/10 would be appropriate. This would equate to a further efficiency requirement of £55K.

RECOMMENDED TO COUNCIL:

- (1) That the an amendment to the 2009/10 budget proposals to reflect both the decrease in investment income and the transfer of £210K from the IT reserve in the budget proposals be noted;
- (2) That the process recommended by Challenge Board to identify proposals to address the 2010/11 efficiency target, as described in Paragraph 4.4 of the report, be noted;
- (3) That a 3.9% increase on the Council Tax (average Band D) be levied upon the Collection Fund for 2009/10, a precept of £9,579,377;
- (4) That the impact on the Capital Programme to be presented to Cabinet tonight be noted and use of Capital receipts totalling £250K be approved to support the IT schemes previously to be funded from the IT reserve.

REASON FOR DECISION:

- (1) To ensure that Members consider all relevant factors when arriving at the proposed Council Tax precept for 2009/10.
- (2) To ensure that the Cabinet recommends a prudent and balanced budget to Council on 5th February 2009.
- (3) To ensure that the Council minimises the risk of being capped.

The following is the report considered by Cabinet at its meeting held on 5 February 2009.

BUDGET PROPOSALS 2009-2010 – IMPACT OF INTEREST RATE REDUCTION

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE AND REGULATORY SERVICES

PORTFOLIO HOLDER: COUNCILLOR T.W. HONE

1. SUMMARY

- 1.1 To consider the impact on the 2009/10 Budget proposals of the base rate reduction of 0.5% announced by the Bank of England on 5 February 2009.

2. FORWARD PLAN

- 2.1 This report contains a recommendation on a key decision to be taken by Council on 5th February 2009 that was first notified to the public in the Forward Plan on 1st November 2008.

3. BACKGROUND

- 3.1 The 2009/10 Budget Proposals report at the January 2009 Cabinet has been recommended to Council as agenda item 11 in the Council meeting this evening. The proposals are based on an estimation for the expected interest rates during 2009/10.
- 3.2 The base rate, set by the Bank of England, impacts on the Council's budget because any change in the base rate significantly affects the income achieved from the Council's investments.
- 3.3 A number of interest rate cuts over the last few months have already reduced the expected income from investment interest from an original estimate for 2009/10 of £2.897million to a revised estimate of £1.802million. This created an additional pressure on the 2009/10 budget of £1.095million. The report at the January Cabinet proposed a number of actions that could be taken to resolve the resultant budget gap and ensure a balanced budget.
- 3.4 The revised estimate of £1.802million was based on no further base rate reductions this year and achieving an average of 1% above base rate, with an expected base rate change to 1% early in 2009 until September 2009 and a 1.5% base rate for the period October 2009 to March 2010.

4. ISSUES

- 4.1 The Bank of England today announced a further interest rate reduction of 0.5%. The revised base rate is 1.0%. The current economic uncertainty makes it very difficult to predict what base rates will occur and how it will affect interest rates over the next 12 months but current financial market thinking suggests that further base rate reductions might be possible and that any future increases will not be for some time and then will be slow and steady increments. It may therefore be some time before interest rates return to rates higher than 1% .
- 4.2 Reflecting this latest development in our calculations revises the expected interest rate income in 2009/10 to £1.592million, a reduction of £0.210million on the estimate within the 2009/10 budget proposals. This is based on a

base rate of 0.5% for early 2009 to reflect the market assumptions of further falls in interest rates and 1.0% for October 2009 to March 2010.

4.3 Challenge Board has considered the implications of this further rate reduction and, in view of the on-going volatility of interest rate changes, has sought options which will not impact on services in the short term. Challenge Board has been mindful of the need to provide an assurance that any further efficiencies to bridge the gap of £210K can be achieved in 2009/10 and recommend the following approach as a short term option:

- Stage 1 – As an interim measure reduce the balance of the IT reserve (revenue), currently standing at £414K by the £210k budget amount needed, and instead fund the equivalent amount (£210k) of IT infrastructure capital projects approved for next year (total value £450k subject to final business case approval) from capital receipts rather than from the IT reserve. This will not impact upon the IT infrastructure improvements planned for 2009/10 which are expected to assist in the delivery of further efficiency gains.
- Stage 2 – Proceed with the Challenge Board review of services as outlined in paragraph 4.4 below. As the interim measure, set out above, does not improve the Council's base budget position for 2010/11 and onwards, the efficiency target will increase to £1.488million.

4.4 Challenge Board propose that to achieve the revised efficiency target of £1.488million an early start to service reviews as part of the Council's Corporate Value for Money and Business Strategies is essential and that the following actions are undertaken:

- The application of the Council's Value for Money and Corporate Business Strategy, which provides a methodology to review all services during the Corporate Business Planning process, is continued over the forthcoming months for completion in June 2009.
- The highest net cost services of the Council are identified and benchmarked against the Council's nearest neighbours to identify the high cost services where there may be potential for making efficiencies.
- Challenge Board review all the services provided by the Council and identify services that are statutory and those that are discretionary and hence could be reviewed as to whether continued investment in these services is appropriate. In addition the extent of discretion of spending the Council has in the provision of statutory services will form part of the review.
- For all services above it is established what contracts are in place and when they are due to expire. This will help identify the options for making short term efficiencies in 2009/10 while also informing discussion for the longer term.
- Proposals for efficiencies to meet the target are reported to Cabinet after the service review process is completed and efficiencies are then taken at the earliest opportunity.

5. LEGAL IMPLICATIONS

5.1 Members are reminded of the requirement under section 30 of the Local Government Finance Act 1992 to set a balanced budget by 11th March 2009. This requires that the Council Tax level be set at a level which bridges the gap between budget requirements and the expected income from local taxes and the Revenue Support Grant. The formula for calculating the Council Tax base

rate is as prescribed in the Local Government Finance Act 1992 and the Regulations thereto.

- 5.2 The Local Government Finance Act 1992 requires the billing authority to consult with representatives of the non-domestic ratepayers about their expenditure for the financial year.
- 5.3 The Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of estimates and the adequacy of reserves allowed for in the budget. It requires Councillors to have regard to that report in making their budget decisions.

6. FINANCIAL & RISK IMPLICATIONS

- 6.1 The risk of not balancing the budget and ensuring that General Fund balances remain at the required minimum level would be increased if no action was taken to address the budget gap. The actions proposed in this report are aimed at reducing this risk. Members are reminded that the 2009/10 budget proposals has identified £0.630million of financial risks which have been added to the minimum General Fund reserve balance.
- 6.2 The interim proposal to utilise a portion of the IT reserve reduces the risk of not providing a balanced budget for 2009/10. The early commencement of service reviews as part of the Corporate Business Planning process will further reduce this risk.
- 6.3 Applying an additional £210k from Capital receipts in 2009/10 will increase the use of capital receipts as identified in the Capital budget report to £10.330million and reduce the capital receipt funding surplus at the end of 2012/13 to £1.523million.
- 6.4 Reducing the IT reserve is not something we would recommend in normal economic circumstances as it has proved a successful and prudent means of providing for known and planned IT infrastructure works. The reduction has medium to long term implications on our ability to fund IT projects which aim to improve overall efficiency and it will therefore be necessary to review and rebuild the reserve over the medium term. It will also be necessary to look at ways of making good the capital receipt position in the longer term by means of a future revenue contribution to capital when economic conditions permit. The reduction should be seen as a means of buying additional time to complete a detailed review of the Council's overall level of spend and establish our budget base-line for the future.

7. HUMAN RESOURCE AND EQUALITY IMPLICATIONS

- 7.1 There are no human resource or equality implications directly related to the proposal in this report. Staff that may be effected by efficiency options identified in the process would be consulted in line with Council policy.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 8.1 The timing of the Bank of England's announcement has not allowed opportunity for consultation at other forums prior to this Cabinet.

9. RECOMMENDATIONS

- 9.1 That the Cabinet notes an amendment to the 2009/10 budget proposals to reflect both the decrease in investment income and the transfer of £210K from the IT reserve in the budget proposals.
- 9.2 That Cabinet notes the impact on the Capital programme to be presented to Cabinet tonight and approves use of Capital receipts totalling £210k to support the IT schemes previously to be funded from the IT reserve.
- 9.3 That the Cabinet notes the process recommended by Challenge Board to identify proposals to address the 2010/11 efficiency target, as described in paragraph 4.4.

10. REASONS FOR RECOMMENDATIONS

- 10.1 To ensure that Members consider all relevant factors when arriving at the proposed Council Tax precept for 2009/10.
- 10.2 To ensure that the Cabinet recommends a prudent and balanced budget to Council on 5th February 2009.

11. APPENDICES

- 11.1 Appendix 1 – General Fund Estimates 2009/10 and onwards

12. CONTACT OFFICERS

- 12.1 Norma Atlay, Director of Financial & Regulatory Services, Tel 474297, email, norma.atlay@north-herts.gov.uk.
- 12.2 Kim Sawyer Corporate Legal Manager, Tel 474561, email, kim.sawyer@north-herts.gov.uk
- 12.3 Barrie Jones, Head of Financial Services, Tel 474243, email barrie.jones@north-herts.gov.uk
- 12.4 Tim Neill, Accountancy Manager, Tel 474470, email tim.neill@north-herts.gov.uk

Background Papers: Estimate working papers 2009/10

	NOTE	Actual 2007/08	Projected 2008/09	Updated from Estimate Book				
				2009/10	2010/11	2011/12	2012/13	2013/14
Total Net Spend		16,620,625	18,760,000	17,902,810	19,422,190	18,347,280	18,761,570	18,467,760
Add:								
Base Budget adjustments from 0809 1st & 2nd qtr monitoring	8			494,610			-311,000	
Year on year superannuation increase	1			-0.50%	0.00%	0.00%	0.00%	0.00%
Superannuation charge per year				22.60%	22.60%	22.60%	22.60%	22.60%
Salary Estimates Superannuation increase				-205,000	0	0	0	0
Pay Inflation & Increments	10			439,260	439,260	439,260	439,260	439,260
NI Increase				0	0	45,000	0	0
Investment interest decrease				1,304,890	-775,730	39,590	-88,070	75,000
Other Inflation	2			<u>688,300</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
				<u>2,227,450</u>	<u>63,530</u>	<u>923,850</u>	<u>751,190</u>	<u>914,260</u>
Income Increases on discretionary income	3			-180,000	-100,000	-100,000	-100,000	-100,000
Efficiencies:								
2009/10 Onwards Gershon Efficiencies Required	4			-951,000	-954,000	-1,015,000	-1,015,000	-1,015,000
Gershon Efficiencies already achieved	9			1,155,000	1,375,560	324,440		
Additional Efficiencies required to maintain the GF Balance					<u>-1,700,000</u>	<u>-110,000</u>		
Revised Gershon Efficiencies to be achieved				<u>204,000</u>	<u>-1,278,440</u>	<u>-800,560</u>	<u>-1,015,000</u>	<u>-1,015,000</u>
2009/10 Efficiencies proposed above those required				-1,375,560				
Car Parking Income Increases				-180,000			-180,000	
Investment Proposals:								
2009/10 Onwards Investment Proposals	5			225,400	250,000	250,000	250,000	250,000
2009/10 Onwards Contributions to Capital	6			<u>0</u>	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>500,000</u>
Total Expenditure		16,620,625	18,760,000	19,318,710	18,357,280	18,620,570	18,967,760	19,017,020
Government Support	12	-7,559,423	-7,741,901	-7,886,191	-8,069,703	-8,069,703	-8,069,703	-8,069,703
Use of Balances (-) / Contribution to Balances (+)		-438,947	-1,907,379	-1,797,823	-168,979	75,938	262,479	773,757
Transfer to/from Collection Fund		17,867	0	0	0	0	0	0
Transfer from IT Reserve				210,000				
District Precept		8,640,122	9,110,720	9,634,696	10,118,598	10,626,805	11,160,536	11,721,074
Average Band D Council Tax		178.38	186.41	194.79	203.56	212.72	222.29	232.30
Council Tax increase		4.90%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Tax base	11	48,433	48,876	49,461	49,708	49,957	50,207	50,458
Revised Balances at 31 March each year:								
GF Balance -cr	7	2,550,158	1,217,000	1,595,936	1,357,864	1,391,029	1,428,388	1,450,851
GF Special Reserve -cr		2,569,164	1,996,164	29,406	98,498	141,272	366,391	1,117,686
Total Balances		<u>5,119,322</u>	<u>3,213,164</u>	<u>1,625,341</u>	<u>1,456,362</u>	<u>1,532,300</u>	<u>1,794,779</u>	<u>2,568,537</u>
				- = income/reduction in net expenditure				
Estimate of budget risk	7			630,000	440,000	460,000	480,000	500,000
1% on Council Tax equals				92,198	96,829	101,692	106,799	112,163

Notes

- Superannuation percentages are based on the 2007 valuation with a 10 year impact from the special repayment of £1.9 million
- Inflation based on relevant RPI for contracts
- Increases in discretionary income based on October 2008 RPI of 4.2%
- Gershon target for three years (2009/10 to 2011/12), set at 3% of combined revenue & capital expenditure.
- The objective of Gershon efficiencies is in part to transfer investment to the Council's key objectives, hence the investment target of £250K per annum could increase if the efficiencies can be achieved.
- Contribution towards depleted capital reserves following disposal of Council assets.
- General Fund Balance & Budget Risk - Risk element calculated on key budget risks and is additional to the required working balance, e.g. 2009/10 (£955K + £630K)
- Base adjustment mainly a projected down turn in land charges income £200K and car park fees £50k, funding of market contracts £125K and Hitchin Town Hall £60K.
- Consists of surplus achieved in prior years and superannuation decrease of £205K
- Pay inflation at 2% (previously assumed 2.5%)
- Tax base increase at 0.5% (previously assumed 1%)
- No change in Government Support after 2010/11 settlement (previously assumed an annual 1% increase)

General Fund Estimates 2008/09 to 2013/14

	NOTE	Actual 2007/08	Projected 2008/09	Updated from Estimate Book				
				2009/10	2010/11	2011/12	2012/13	2013/14
Total Net Spend		16,620,625	18,760,000	17,902,810	19,422,190	18,347,280	18,761,570	18,467,760
Add:								
Base Budget adjustments from 0809 1st & 2nd qtr monitoring	8			494,610			-311,000	
Year on year superannuation increase	1			-0.50%	0.00%	0.00%	0.00%	0.00%
Superannuation charge per year				22.60%	22.60%	22.60%	22.60%	22.60%
Salary Estimates Superannuation increase				-205,000	0	0	0	0
Pay Inflation & Increments	10			439,260	439,260	439,260	439,260	439,260
NI Increase				0	0	45,000	0	0
Investment interest decrease				1,304,890	-775,730	39,590	-88,070	75,000
Other Inflation	2			<u>688,300</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
				2,227,450	63,530	923,850	751,190	914,260
Income Increases on discretionary income	3			-180,000	-100,000	-100,000	-100,000	-100,000
Efficiencies:								
2009/10 Onwards Gershon Efficiencies Required	4			-951,000	-954,000	-1,015,000	-1,015,000	-1,015,000
Gershon Efficiencies already achieved	9			1,155,000	1,375,560	324,440		
Additional Efficiencies required to maintain the GF Balance					<u>-1,700,000</u>	<u>-110,000</u>		
Revised Gershon Efficiencies to be achieved				204,000	-1,278,440	-800,560	-1,015,000	-1,015,000
2009/10 Efficiencies proposed above those required				-1,375,560				
Car Parking Income Increases				-180,000			-180,000	
Investment Proposals:								
2009/10 Onwards Investment Proposals	5			225,400	250,000	250,000	250,000	250,000
2009/10 Onwards Contributions to Capital	6			0	0	0	500,000	500,000
Total Expenditure		16,620,625	18,760,000	19,318,710	18,357,280	18,620,570	18,967,760	19,017,020
Government Support	12	-7,559,423	-7,741,901	-7,886,191	-8,069,703	-8,069,703	-8,069,703	-8,069,703
Use of Balances (-) / Contribution to Balances (+)		-438,947	-1,907,379	-1,853,142	-227,076	14,923	198,400	706,459
Transfer to/from Collection Fund		17,867	0	0	0	0	0	0
Transfer from IT Reserve				250,000				
District Precept		8,640,122	9,110,720	9,579,377	10,060,501	10,565,790	11,096,457	11,653,776
Average Band D Council Tax		178.38	186.41	193.68	202.39	211.50	221.02	230.96
Council Tax increase		4.90%	4.50%	3.90%	4.50%	4.50%	4.50%	4.50%
Tax base	11	48,433	48,876	49,461	49,708	49,957	50,207	50,458
Revised Balances at 31 March each year:								
GF Balance -cr	7	2,550,158	1,217,000	1,595,936	1,357,864	1,391,029	1,428,388	1,450,851
GF Special Reserve -cr		2,569,164	1,996,164	14,087	25,082	6,841	167,881	851,877
Total Balances		5,119,322	3,213,164	1,610,022	1,382,946	1,397,869	1,596,269	2,302,728
				- = income/reduction in net expenditure				
Estimate of budget risk	7			630,000	440,000	460,000	480,000	500,000
1% on Council Tax equals				92,198	96,273	101,108	106,186	111,519

Notes

- 1 Superannuation percentages are based on the 2007 valuation with a 10 year impact from the special repayment of £1.9 million
- 2 Inflation based on relevant RPI for contracts
- 3 Increases in discretionary income based on October 2008 RPI of 4.2%
- 4 Gershon target for three years (2009/10 to 2011/12), set at 3% of combined revenue & capital expenditure.
- 5 The objective of Gershon efficiencies is in part to transfer investment to the Council's key objectives, hence the investment target of £250K per annum could increase if the efficiencies can be achieved.
- 6 Contribution towards depleted capital reserves following disposal of Council assets.
- 7 General Fund Balance & Budget Risk - Risk element calculated on key budget risks and is additional to the required working balance, e.g. 2009/10 (£955K + £630K)
- 8 Base adjustment mainly a projected down turn in land charges income £200K and car park fees £50k, funding of market contracts £125K and Hitchin Town Hall £60K.
- 9 Consists of surplus achieved in prior years and superannuation decrease of £205K
- 10 Pay inflation at 2% (previously assumed 2.5%)
- 11 Tax base increase at 0.5% (previously assumed 1%)
- 12 No change in Government Support after 2010/11 settlement (previously assumed an annual 1% increase)

TITLE OF REPORT: REFERRAL FROM CABINET – 27 JANUARY 2009 – PROVISIONAL CAPITAL PROGRAMME - 2009/10 TO 2012/13

The following is an extract from the Draft Minutes of the Cabinet meeting held on 27 January 2009.

106. PROVISIONAL CAPITAL PROGRAMME – 2009/10 TO 2012/13

The Portfolio Holder for Finance presented the report of the Strategic Director of Financial and Regulatory Services, seeking approval of the Provisional Capital Programme for 2009/10 to 2012/13. The following appendices were included with the report:

Appendix A – Capital Programme Strategic Summary;
Appendix B – Capital Programme Detailed Summary;
Appendix C – Capital Investment items.

The Portfolio Holder for Finance drew attention to Appendix B to the report, which detailed the estimated capital spend in 2009/10 of £8.895 million, which included all proposed investment schemes. The total estimated capital spend over the period 2009/10 to 2012/13 was £29.023 million.

The report now presented sought approval for a number of matters which had been built in to the Programme, namely:

- Statutory and Strategic Investment proposals totalling £0.630million;
- A revaluation of the cost of provision of new office accommodation;
- Reduction of £1.5million in partnership scheme funding of Housing;
- Proposed closure of Letchworth Museum and the subsequent re-provision of museum services;
- Investment in two play area developments following the successful application for Play Pathfinder Status;
- Investment in Baldock Road Play Area for which Section 106 monies had been secured;
- A revised timetable for the disposal of those assets identified for disposal.

RECOMMENDED TO COUNCIL:

- (1) That the provisional Capital Programme for 2009/10 to 2012/13, which includes the projects listed in Appendix C to the report, be approved;
- (2) That the 2009/10 Capital Investment Proposals, listed in Appendix C to the report, and totalling £0.630million, be approved;
- (3) That the reduction in the Capital Programme of £1.5million per annum for Housing Association grants, as set out in Paragraph 4.4 of the report, be approved;
- (4) That the changes to the Capital Programme to reflect the development of museum services, involving an investment of £3.5million, as set out in Paragraph 4.3 of the report, be approved;
- (5) That the investment in two play areas of £100,000 following the successful application for Play Pathfinder status, as set out in Paragraph 4.3 of the report, be approved;

- (6) That the investment in Baldock Road play area of £75,000 to be funded by Section 106 monies, as set out in Paragraph 4.3 of the report, be approved;
- (7) That the change to the 2008/09 Capital scheme to extend dry recycling to multiple occupancy properties, as set out in Paragraph 3.7 of the report, be approved;
- (8) That the application for the capitalisation of a pension fund contribution, as set out in Paragraph 4.9 of the report, be approved.

REASON FOR DECISION: To ensure that the Capital Programme meets the Council's objectives and officers can plan the implementation of the approved schemes.

The following is the report considered by Cabinet at its meeting held on 27 January 2009 (Note: The appendices to the report have been updated to incorporate the amendments made by Cabinet on 27 January 2009).

TITLE OF REPORT: PROVISIONAL CAPITAL PROGRAMME 2009/10 TO 2012/13

REPORT OF THE STRATEGIC DIRECTOR OF FINANCIAL & REGULATORY SERVICES

PORTFOLIO HOLDER: COUNCILLOR T.W. HONE

1. PURPOSE OF REPORT

- 1.1 To obtain Cabinet's approval for the provisional capital programme for 2009/10 to 2012/13.

2. FORWARD PLAN

- 2.1 This Report contains a recommendation on a key decision to be taken by Council on 5th February 2009 that was first notified to the public in the Forward Plan on 1st November 2008.

3. BACKGROUND

- 3.1 Members will be aware that the Council's medium term financial strategy (MTFS) for 2009/10 to 2013/14 was reported at the June 2008 Cabinet. The strategy reported the capital programme was funded until 2011/12 and was then expected to be in deficit from 2012 onwards. The strategy noted the deficit would require a review of the capital programme or the identification of alternate resources to fund the projected spend.
- 3.2 The Corporate Business Planning Process begins each year with consideration of policy priorities and the Council's Corporate Plan. Finance and other resources are aligned to the Strategic Objectives set out in the Corporate Plan. In order to provide clear evidence to support decisions on resource allocation, the methodology for scoring individual projects has been refined from the 2008/09 process and used again. This requires that each proposal for additional investment is linked to one of the six strategic objectives and three immediate priorities identified in the Corporate Plan.
- 3.3 The December meeting received the capital investment options proposals following discussions at Member workshops and Committees. Members indicated those items that should remain in the budget process for 2009/10. All capital proposals remained after this consultation.
- 3.4 Members were reminded that further work to refine the estimates was ongoing and that final figures would be reported to this meeting.
- 3.5 The report now presented includes the results of the consultation exercises undertaken and seeks approval for a number of matters which have been built in to the programme, namely:
- Statutory and Strategic Investment proposals totalling £0.630million
 - A revaluation of the cost of provision of new office accommodation
 - Reduction of £1.5million in partnership scheme funding of Housing
 - Proposed closure of Letchworth Museum and the subsequent re-provision of museum services.
 - Investment in two play area developments following the successful application for Play Pathfinder Status

- Investment in Baldock Road Play Area for which S106 monies has been secured.
 - A revised timetable for the disposal of those assets identified for disposal.
- 3.6 The 2008/09 second quarter monitoring report advised Members in December of a reduction of £2.955 million in the projected expenditure in 2008/09 to £7.499 million. This reduction in spend was partially accounted for by £1.676 million of revisions in the timing in completion of schemes, leading to slippage into 2009/10 and 2010/11 and partly offset by a decrease in spend on schemes of £1.279 million.
- 3.7 This report also seeks approval to re-allocate the funds for the scheme in 2008/09 to extend the organic waste collection service to multiple occupancy properties to a dry recycling service instead. Further work has found that introducing the recycling of cans, paper and glass rather than organic waste would provide the maximum return regarding tonnage diverted from landfill. Providing this multi-materials collection service will ensure all properties within the District receive a basic level of recycling collection service, whilst maximising opportunity for landfill diversion and meeting governmental, local and Hertfordshire Waste Partnership recycling and diversion targets. The total anticipated capital cost is £0.184million with a contribution from Hertfordshire County Council of £45k. Apart from a one-off revenue cost of £26k for promotional work no further revenue costs are anticipated.
- 3.8 The funding of the approved capital programme assumes an asset disposal programme. Members were advised in December of an increase of the disposals due to be received in 2008/09 by £0.135 million to an expected £2.813 million.

4. CAPITAL PROGRAMME

Capital Programme 2009/10 and onwards

- 4.1 The strategic summary in Appendix A summarises the capital programme by strategic objective and immediate priorities while also demonstrating the overall funding surplus year on year. The programme detail is shown in Appendix B. The estimated capital spend in 2009/10 is £8.895 million and includes all proposed investment schemes. The total estimated capital spend over the period 2009/10 to 2012/13 is £29.023 million.
- 4.2 Appendix C lists the proposed capital investment items for inclusion in the 2009/10 Capital Programme, total £0.630 million. The IT bids of £0.450 million (CI/5, 6 & 7), included in the capital investment options, will be funded via the IT reserve, these are subject to approved business cases and co-ordination with the Information Technology Transformation Board.
- 4.3 In addition to the investment proposals detailed in Appendix C it is proposed to incorporate the following into the capital programme:
- **Closure of Letchworth Museum.** Revenue efficiencies have already been achieved but further envisaged efficiencies were dependent on a capital investment proposal for the overall case. A provisional sum of up to £3.5m has been put in the capital programme in anticipation of a decision on the rescheduling options of the programme which would anticipate between £1m - £2.5m third party grants may be available. If third party contributions are not available, the investment would be funded from capital receipts.

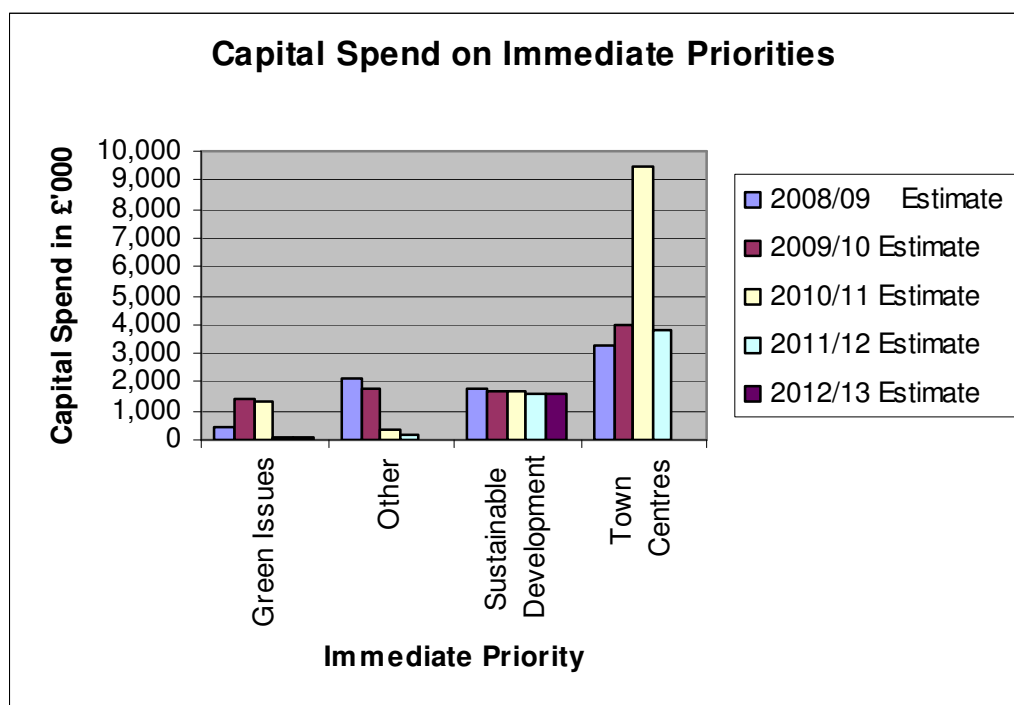
- **Two Play Areas.** The Authority has been awarded Play Pathfinder Status and as a result will get capital funding for two play area developments, approximately £50K per development. The locations have yet to be finalised and will involve consultation with the local community.
- **Baldock Road Play Area.** Planning permission granted for a new development on the site along Dunhams Lane, Letchworth requires a s106 payment of £75,000 for the construction of a local equipped play area on the recreation ground. This money has been secured and it is a planning condition to provide the play area.

4.4 The current economic climate has reduced the demand from Housing Associations for grants in support of developments. Reducing the allocation in 2009/10 to 2012/13 by £1.5million per annum will leave at least £0.5million within the capital programme each year.

Link to the three immediate priorities

4.5 The contribution towards the three immediate priorities of Town Centres, Sustainable Development and Green Issues, as opposed to 'other' objectives, is demonstrated in Chart 1.

Chart 1: Distribution of capital spend on the immediate priorities



Capital Programme Funding 2009/10 and onwards

4.6 The capital programme is funded by a combination of third party contributions (e.g. S106 and grants), government grants, revenue contributions, prudential borrowing, IT reserve and capital receipts. The estimated split over funding sources is shown in Appendix A.

4.7 The largest source of funding is the use of capital receipts. Over the period 2009/10 to 2012/13 the total use of capital receipts is estimated to be £10.120 million. The capital receipt funding available in the reserves, at the start of 2009/10, is estimated to be £5.730 million. The capital programme is, therefore, dependant on the Authority achieving asset disposals to meet £4.390 million of the programme to 2012/13.

- 4.8 The capital receipt funding surplus at the end of 2012/13 is estimated to be £1.733million. Prudential borrowing may be required if the amount from capital receipts and third parties is insufficient to fund the capital programme.
- 4.9 In order to alleviate financial pressure on the general fund in future years, as a result of higher superannuation employer contribution rates, approval is requested to apply for approval to capitalise a pension fund contribution.
- 4.10 Allowance has been made in the capital programme to fund development of the museum service subject to further work on detailed options.

Asset Disposals

- 4.11 The capital receipts due to be received in 2009/10 total £0.873million and in 2010/11 total £5.250million. The total capital receipts due to be received over the period 2009/10 to 2012/13 is £6.123million. These estimations reflect a more prudent approach with consideration given to the current economic climate.
- 4.12 Further Delays and falls in asset values could have a significant impact upon meeting the Council's planned objectives.

Managing Risk

- 4.13 The Authority can call upon prudential borrowing or the disposal of its non-core assets if needed and if considered affordable. The capital programme is dependent upon over £6 million of asset disposals over the period to 2012/13, under the current downturn in property values this represents a high risk.
- 4.14 The Authority operates a 10% tolerance limit on capital projects and on this basis over the next four-year programme a funding reserve of £2.902 million is required. The estimated funding reserve at the end of 2012/13 is £1.733million, this is below the 10% tolerance limit.

5. LEGAL IMPLICATIONS

- 5.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering the capital programme and its impact upon the revenue budget Cabinet is able to make informed recommendations on the budget to Council.
- 5.2 Asset disposals must be handled in accordance with the Council's Contract Procurement Rules.

6. FINANCIAL AND RISK IMPLICATIONS

- 6.1 The main financial implications are covered in section 4 of the report.
- 6.2 Management of risk is referred to in paragraphs 4.13 to 4.14 above.

7. HUMAN RESOURCE AND EQUALITY IMPLICATIONS

- 7.1 Care will be taken to ensure that where efficiency proposals or service reviews may effect staff, appropriate communication and consultation is provided in line with HR policy.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 8.1 In accordance with the Corporate Business Planning process, this report has been referred to the Scrutiny Finance Sub group for comment. Comments from Member budget workshops, committees and Parishes were reported at the December Committee.
- 8.2 In accordance with the Local Government Act 1992, the Business Ratepayers were consulted on the draft budget proposals prior to the December Committee. No comments were received.

9. RECOMMENDATIONS

- 9.1 **That the Cabinet approves the provisional capital programme for 2009/10 to 2012/13, which includes the projects listed in Appendix C.**
- 9.2 **That Cabinet approves the 2009/10 investment proposals, listed in Appendix C, which total £0.630million.**
- 9.3 **That Cabinet approves the reduction in capital programme of £1.5million per annum for Housing Association grants, para 4.4.**
- 9.4 **That Cabinet approves the changes to the capital programme to reflect the development of museum services. An investment of £3.5million, para 4.3.**
- 9.5 **That Cabinet approves the investment in two play areas of £100k following the successful application for Play Pathfinder status, para 4.3.**
- 9.6 **That Cabinet approves the investment in Baldock Road play area of £75K to be funded by S106 monies, para 4.3.**
- 9.7 **That Cabinet approves the change to the 2008/09 capital scheme to extend composting to multiple occupancy properties, para 3.7.**
- 9.8 **That Cabinet approves the application for approval to capitalise a pension fund contribution, para 4.9.**

10. REASONS FOR RECOMMENDATIONS

- 10.1 To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes.

11. APPENDICES

- 11.1 Appendix A - Capital Programme Strategic Summary
Appendix B - Capital Programme Detailed Summary
Appendix C - Capital investment items

12. CONTACT OFFICERS

- 12.1 Norma Atlay, Director of Financial & Regulatory Services, Tel 474297, email, norma.atlay@north-herts.gov.uk.
- 12.2 Kim Sawyer, Corporate Legal Manager, Tel 474371, email, kim.sawyer@north-herts.gov.uk

12.3 Barrie Jones, Head of Financial Services, Tel 474243, email barrie.jones@north-herts.gov.uk

12.4 Tim Neill, Accountancy Manager, Tel 474470, email tim.neill@north-herts.gov.uk

13. BACKGROUND PAPERS

13.1 Estimate Working Papers 2009/10

CAPITAL PROGRAMME EXPENDITURE SUMMARY

Strategic Objective	Immediate Priorities	2007/08 Outturn £	2008/09 Revised Estimate £	2009/10 Estimate £	2010/11 Revised Estimate £	2011/12 Revised Estimate £	2012/13 Revised Estimate £
Equal Communities							
	Other	9,810		0			
Equal Communities Total		9,810		0			
Healthier Communities							
	Green Issues	103,513	228,990	1,310,000	1,250,000		
	Other	1,148,614	1,324,684	1,257,960	179,000	179,000	0
Healthier Communities Total		1,252,127	1,553,674	2,567,960	1,429,000	179,000	0
Prosperous Communities							
	Other	58,513	266,250	5,000			
	Town Centres	679,124	3,005,340	1,183,230	830,000	830,000	0
Prosperous Communities Total		737,637	3,271,590	1,188,230	830,000	830,000	0
Safer Communities							
	Other	27,160		0			
	Town Centres	36,910	130,490	33,000	33,000		
Safer Communities Total		64,070	130,490	33,000	33,000		
Satisfied Communities							
	Other	2,537,953	555,750	490,000	190,000	0	0
	Town Centres	30,035	127,970	2,750,000	8,387,000	2,943,000	
Satisfied Communities Total		2,567,988	683,720	3,240,000	8,577,000	2,943,000	0
Sustainable Communities							
	Green Issues	0	254,050	130,000	100,000	100,000	100,000
	Sustainable Development	3,267,942	1,805,750	1,685,750	1,647,000	1,555,000	1,555,000
	Town Centres	0	0	50,000	250,000	0	0
Sustainable Communities Total		3,267,942	2,059,800	1,865,750	1,997,000	1,655,000	1,655,000
Grand Total		7,899,573	7,699,274	8,894,940	12,866,000	5,607,000	1,655,000

FUNDING SOURCE FOR CAPITAL PROGRAMME

Funding Source	2007/08 Outturn Funding £	2008/09 Working Budget Funding £	2009/10 Working Budget Funding £	2010/11 Working Budget Funding £	2011/12 Working Budget Funding £	2012/13 Working Budget Funding £
Capital Contribution	395,442	1,397,941	1,928,000	2,490,000		
Capital Receipt	6,694,209	5,211,403	3,921,940	3,219,000	1,579,000	1,400,000
Government Grant	496,245	803,910	805,000	1,080,000	1,085,000	255,000
Revenue Contribution	262,166	86,020				
Prudential Borrowing			1,750,000	5,887,000	2,943,000	
IT Reserve	51,512	200,000	490,000	190,000		
Grand Total	7,899,574	7,699,274	8,894,940	12,866,000	5,607,000	1,655,000

CAPITAL RECEIPTS ANALYSIS

	2007/08 Outturn £	2008/09 Working Budget £	2009/10 Working Budget £	2010/11 Estimate £	2011/12 Estimate £	2012/13 Estimate £
B/fwd Capital Receipt Funding	-14,492,232	-8,128,931	-5,730,296	-2,681,125	-4,712,125	-3,133,125
Add: Capital Receipts Received in Year	-330,908	-2,812,768	-872,768	-5,250,000		
Less: Capital Receipts Pooled						
Less: Capital Receipts Used in Year	6,694,210	5,211,403	3,921,940	3,219,000	1,579,000	1,400,000
C/Fwd Capital Receipt Funding	-8,128,931	-5,730,296	-2,681,125	-4,712,125	-3,133,125	-1,733,125

Programme Summary

Appendix B

Strategic Objective	Project	2007/08	2007/08	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
		Working Capital Budget	2007/08 Outturn	Year End Variance	Revised Estimate	Estimate	Revised Estimate	Revised Estimate	Revised Estimate
		£	£	£	£	£	£	£	£
Green Issues									
Healthier Communities									
	Mrs Howard Park Gardens	14,000	23,513	9,513	228,990	1,250,000	1,250,000		
	Cycling route development at Royston Crossing	30,000	30,000	0	0	60,000			
Healthier Communities Total		44,000	53,513	9,513	228,990	1,310,000	1,250,000		
Sustainable Communities									
	Extend Composting (brown bin) to all properties	81,050	0	-81,050	184,050	0			
	Green Space Strategy works			0	70,000	130,000	100,000	100,000	100,000
Sustainable Communities Total		81,050	0	-81,050	254,050	130,000	100,000	100,000	100,000
Green Issues Total		125,050	53,513	-71,537	483,040	1,440,000	1,350,000	100,000	100,000
Other									
Healthier Communities									
	Avenue Park paddling Pool	0	0	0		150,000			
	Grange Central (Refurb Play & Youth Facility)	38,250	38,250	0	35,430	0			
	Parish Amenities Capital Improvement Fund	221,330	161,071	-60,259	312,900	45,060	179,000	179,000	
	Provision of local sports & play facilities for Youth	230,070	22,049	-208,021	364,260	0			
	Replacement/Refurbishment of Pavilions/Changing Rooms	0		0	0	458,000			
	Grange Community Ctre: Re-roofing and removal of asbestos				78,786				
	Hitchin Swimming Pool Car Park extension	0	1,850	1,850		291,900			
	Hitchin Pool Reception Improvements & Café Improvements	173,400	104,695	-68,705	164,997	0			
	Refurbishment of Hitchin outdoor Pool Tank	7,510	7,505	-5	34,828	0			
	Refurbishment of Letchworth Outdoor Pool Tank	2,390	2,393	3	32,948	0			
	Refurbishment of Grange Pavilion	551,380	481,459	-69,921	161,535	0	0	0	0
	Coombes Community Centre			0	72,000	8,000			
	Letchworth Museum Major Repairs				36,000	0			
	Burymead Museum Major Repairs	0		0	31,000	0			
	Artificial Turf Pitch - Meridian School, Royston	0	0	0	0	50,000	0	0	0
	Refurb of Cadwell Land Sports Pavilion and Pitch	0	0	0	0	40,000	0	0	0
	Refurb of Jackmans Play Area, Letchworth	0	0	0	0	40,000	0	0	0
	Two play areas funded by Pathfinder	0	0	0	0	100,000	0	0	0
	Baldock Road Play Area		0		0	75,000	0	0	0
Healthier Communities Total		1,224,330	819,271	-405,059	1,324,684	1,257,960	179,000	179,000	0
Prosperous Communities									
	Area Visioning	65,410	58,513	-6,897	266,250	5,000			
Prosperous Communities Total		65,410	58,513	-6,897	266,250	5,000			

Programme Summary

Appendix B

Strategic Objective	Project	2007/08	2007/08	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
		Working Capital Budget	2007/08 Outturn	Year End Variance	Revised Estimate	Estimate	Revised Estimate	Revised Estimate	Revised Estimate
		£	£	£	£	£	£	£	£
Satisfied Communities									
	Business Mapping Software	18,000	0	-18,000	18,000	0			
	Capitalisation of commutation adjustment	44,050	44,050	0	28,660	0			
	PDG funded remote/mobile working for Acolaide	18,700	18,700	0	130,280	0			
	Service at North Herts	453,880	290,334	-163,546	163,550	0			
	Committee Management System	0		0	26,400	0			
	Replacement of HR Payroll system	41,070	34,206	-6,864	6,860	0			
	GIS system	63,510	51,512	-11,998	12,000	0			
	Archiving IT data			0	50,000	0			
	NDL Metascribe Software			0	45,000	0			
	Disk Storage Array Hardware	0	0	0	50,000	50,000	100,000	0	0
	Corporate Management Performance System (Covalent)			0	25,000	0			
	Financial System upgrade - E-series	0		0	0	40,000			
	Server Strategy	0	0	0	0	150,000	90,000	0	0
	Upgrade of Microsoft Licences	0	0	0	0	250,000	0	0	0
Satisfied Communities Total		639,210	438,802	-200,408	555,750	490,000	190,000	0	0
Other Total		1,928,950	1,316,586	-612,364	2,146,684	1,752,960	369,000	179,000	0
Sustainable Development									
Sustainable Communities									
	Burleigh Park phase 2 (Warden)	351,000	351,000	0	101,000	8,000			
	Crown Site, Lilley	0		0		224,000	56,000		
	Dark Lane Sandon (NHH)	0		0	144,000		36,000		
	Grove Road Brookers Yard (was part of Grove Road site)	834,000	834,000	0		208,500			
	Grove Road, Hitchin Jephson - 66 units	641,000	641,000	0		160,250			
	Ling Dynamics (Jepherson Housing Association) 15 units	0		0	368,000	0	92,000		
	Mandatory Disabled Facility Grants	587,720	602,000	14,280	884,000	745,000	745,000	745,000	745,000
	Milestone Road Hitchin (NHH)	120,000	120,000	0		30,000			
	Partnership Scheme Funding (Unallocated)	0		0	0	0	408,000	500,000	500,000
	Private Sector Grants	117,760	99,806	-17,954	100,000	135,000	135,000	135,000	135,000
	Tenants Cash Incentives	67,500	33,750	-33,750	208,750	175,000	175,000	175,000	175,000
Sustainable Communities Total		2,718,980	2,681,556	-37,424	1,805,750	1,685,750	1,647,000	1,555,000	1,555,000
Sustainable Development Total		2,718,980	2,681,556	-37,424	1,805,750	1,685,750	1,647,000	1,555,000	1,555,000
Town Centres									

Programme Summary

Appendix B

Strategic Objective	Project	2007/08 Working Capital Budget £	2007/08 Outturn £	2007/08 Year End Variance £	2008/09 Revised Estimate £	2009/10 Estimate £	2010/11 Revised Estimate £	2011/12 Revised Estimate £	2012/13 Revised Estimate £
Prosperous Communities									
	Controlled Parking Zones, All Towns	30,210	30,332	122	60,000	0	0	0	0
	Baldock - High Street Enhancement	284,960	292,503	7,543	2,531,260	318,870			
	Royston - Fish Hill Square Enhancement	0	0	0	0	210,000	0	0	0
	2008/09 Growth Fund Allocation				270,000	560,000	830,000	830,000	
	Public Convenience Refurb & Replacement	355,800	356,290	490	144,080	94,360			
	Prosperous Communities Total	670,970	679,124	8,154	3,005,340	1,183,230	830,000	830,000	0
Safer Communities									
	CCTV Cameras x5	43,200	36,910	-6,290	27,290	0			
	CCTV cameras from tilt to dome mechanism (18 cameras)			0	33,000	33,000	33,000		
	Upgrade of 3 cameras with new technology			0	16,200	0			
	CCTV Camers x2, fixing poles and fibre optic links				54,000	0			
	Safer Communities Total	43,200	36,910	-6,290	130,490	33,000	33,000		
Satisfied Communities									
	Baldock Town Hall- Refurbishment works				68,000	0			
	New Office Accommodation	0	0	0	55,000	1,750,000	5,887,000	2,943,000	
	Traffic Management Software	35,000	30,035	-4,965	4,970	0			
	Museum Service Development		0	0	0	1,000,000	2,500,000		
	Satisfied Communities Total	35,000	30,035	-4,965	127,970	2,750,000	8,387,000	2,943,000	
Sustainable Communities									
	Car Parking Management Systems	0	0	0	0	50,000	250,000	0	0
	Sustainable Communities Total	0	0	0	0	50,000	250,000	0	0
Town Centres Total		749,170	746,069	-3,101	3,263,800	4,016,230	9,500,000	3,773,000	0
Grand Total		5,522,150	4,797,724	-724,426	7,699,274	8,894,940	12,866,000	5,607,000	1,655,000

CORPORATE PLANNING 2009/10
CAPITAL INVESTMENT PROPOSALS

APPENDIX C

Ref No	Description of Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8	Budget 2008/9	Proposed Budget 2009/10	Investment in 2009/10	Investment in 2010/11	Investment in 2011/12	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
			£	£	£	£	£	£		

Immediate Priorities

CI/1	Car parking collection and control system.	Town centres - (Sustainable Communities) Score 13 Rank 1	0	0	50,000	50,000	250,000	0	N	This is a proposal that forms part of the outcome from the Transport FSR and implementation plan. The anticipated impact of replacing machines will be to increase security and hence reduce money stolen from machines, reduce the cost of maintenance of old machines and improve the collection of good data and information for future policy decisions. It will allow the introduction of a barrier system on most of the Council's car parks.
CI/2	Contribution towards Community use Artificial Turf Pitch, Meridian School, Royston	Other - (Healthy Communities) Score 7 Rank 4	0	0	50,000	50,000	0	0	N	Councils adopted a Sports Pitch Strategy which identified a need for provision in Baldock and £50,000 was contributed towards the Baldock scheme. Royston have secured £150,000 external funding and require a £50,000 contribution from NHDC.
CI/3	Refurbishment of Cadwell Lane Sports Pavilion and Pitch enhancements.	Other - (Healthy Communities) Score 8 Rank = 3	0	0	40,000	40,000	0	0	N	Councils adopted Sports Pitch Strategy has identified need for refurbishment of pavilion and works to pitches to improve safety of playing surface.
CI/4	Refurbishment of Play Area, Jackmans Playing Fields, Letchworth (next to the Pavilion)	Other - (Healthy Communities) Score 8 Rank = 3	0	0	40,000	40,000	0	0	N	The Council's adopted Play Area Strategy has identified the need for refurbishment of the play area at Jackmans Playing Fields. All play area refurbishments are being completed in line with the strategy.

CORPORATE PLANNING 2009/10
CAPITAL INVESTMENT PROPOSALS

APPENDIX C

Ref No	Description of Proposal	Link to Immediate Priorities - Town Centres / Green Issues / Sustainable Development	Actual 2007/8	Budget 2008/9	Proposed Budget 2009/10	Investment in 2009/10	Investment in 2010/11	Investment in 2011/12	Statutory Function (Y/N)	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc)
			£	£	£	£	£	£		
CI/5	Server Strategy (IT reserve funding)	Other - (Satisfied Communities) Score 9 Rank = 2	0	0	150,000	150,000	90,000	0	N	The Council currently has 40 servers which will need replacing, a programme of replacing 25 in 2009/10 and 15 in 2010/11 has been proposed, this will allow improvements in capacity, speed and resilience and disaster recovery. A number of the servers will be more than 5 years old in 2009/10 and will be at the end of their life cycle. Consideration will be given to alternatives as part of the business case and consultation with Anite is currently ongoing to look at virtualisation. Subject to a satisfactory business case the preferred option will be funded from the IT reserve.
CI/6	Purchase of Disk Storage Array hardware (IT reserve funding)	Other - (Satisfied Communities) Score 9 Rank = 2	0	50,000	50,000	50,000	100,000	0	N	This hardware is required to consolidate the core technology SQL/Oracle to support the infrastructure programmes. The current hardware, purchased in 2004 is now unable to cope with the volume of data and the formatting is incompatible with new systems. Subject to a satisfactory business case the preferred option will be funded from the IT reserve.
CI/7	Upgrade of Microsoft Licences. (IT reserve funding)	Other - (Satisfied Communities) Score 8 Rank = 3	0	0	250,000	250,000	0	0	N	This is the cost of upgrading from Microsoft Office 2003 to 2007 and upgrading SQL server licences. There is a need to upgrade to remain compatible with third party systems i.e. DIP/security releases. There is a risk that 2003 will become unsupported by 2009/10. The business case will cover licences for a new exchange, Citrix and the combination of how licences for home and mobile will be covered. Consideration is given to acquiring open source (free) software and is used where possible. However, open source software is restrictive, limited in capability and often incompatible with existing systems. Subject to a satisfactory business case the preferred option will be funded from the IT reserve.
TOTAL STRATEGIC PRIORITIES			0	0	630,000	630,000	440,000	0		

TOTAL OF CAPITAL INVESTMENT OPTIONS IDENTIFIED	0	0	630,000	630,000	440,000	0
-------------------------------------------------------	----------	----------	----------------	----------------	----------------	----------

TITLE OF REPORT: QUESTIONS FROM MEMBERS

To consider any questions submitted by Members of the Council, in accordance with Standing Order 10.4(a).

THIS PAGE IS BLANK

PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

13

TITLE OF REPORT: NOTICE OF MOTIONS

To consider any Motions submitted by Members of the Council, due notice of which has been given in accordance with Standing Order 11.1.

THIS PAGE IS BLANK

TITLE OF REPORT: NOTICE OF MOTIONS

To consider the following motion submitted by a Member of the Council, due notice of which has been given in accordance with Standing Order 11.1:

(A) Economic Development

To be moved by Cllr Martin Stears-Handscomb (seconder to be advised)

“That this Council regrets the negative commentary accompanying the report to Cabinet of the Scrutiny Review of Economic Development and Town Centres. At a time of economic downturn it recognises the importance of using all the available resources through our various partnerships to alleviate the destructive effects of the economic downturn and to ensure that the economy of the District emerges from the downturn in the best way possible.

To this end it agrees to ask the Chief Executive to ensure that in the imminent restructure, at least one officer is dedicated to Economic Development as recommended by all those giving evidence to the Review.”

THIS PAGE IS BLANK